

PANEL STATEMENT

OVERALL IMPRESSION

The stakeholder panel considers Geberit's sustainability strategy and reporting to be very comprehensive. It is apparent that the sustainability approach is firmly established within the company: economic, environmental and social goals are pursued. The panel is impressed at how Geberit has consistently and continuously improved its sustainability performance over the years, and how it backs up achievements with facts. The successful integration of Sanitec is also seen as having made a significant contribution to sustainable development.

Geberit should continue to work on its goals and address new challenges. The panel sees Geberit as a beacon for sustainable transformation in the sanitary industry. The company should continue to take a visible leading role in the industry in terms of sustainability and climate change mitigation – what is built today still has to meet sustainability demands and be able to be dismantled decades down the line.

Another task is the commitment towards long-term goals. Above all, climate change mitigation incorporating a climate neutrality strategy will pose a challenge here. There is also a need for action in implementing the circular economy in the construction industry.

OPPORTUNITIES AND RISKS ASSOCIATED WITH CLIMATE CHANGE

The panel members assume that the political and regulatory framework conditions in terms of climate change mitigation will change and become stricter. In connection with this, it is expected that the interest in environmental and sustainability data on the part of the various stakeholders will also continue to increase. The panel estimates a "moderate" demand for water-saving products as a result of climate change. The reasoning given for this is that Geberit is mainly active in Europe, while saving water is primarily of importance in non-OECD countries in the medium term. However, it is expected that there will be a general growth in demand for products that improve drinking water quality and hygiene. The market will also increasingly demand products that can be repaired and reused, or which are compatible with a circular economy.

Geberit has performed strongly in continuously reducing CO₂ emissions over the past 15 years. Of particular note is that the reduction of greenhouse gas emissions is upheld by all business areas, and that the CO₂ strategy is focused on important energy savings and energy efficiency potential. The presentation of the calculated CO₂ and water footprint across the entire value chain is considered as being important contextual information.

A long-term goal of climate neutrality can only be achieved if Geberit continues to follow this path consistently and aligns itself to the political framework conditions. In production, for example, renewable hydrogen could be considered as a combustible for the ceramic kilns. The kilns are currently still powered by natural gas. The company must align itself to current efforts from similar branches in the European Union here. In logistics, renewable hydrogen could also play a role in operating trucks with fuel cells. A systematic change in methods is needed to achieve climate neutrality within the company.

Outside the company, solutions should be sought primarily in collaboration with partners from the supply chain, logistics or the construction industry. The panel is sceptical of the value of CO₂ certificates for Geberit as the focus should be on the company's own efforts. Certificates can only be an interim solution. However, the panel believes it is a good idea to monitor this topic further.

SUSTAINABILITY STRATEGY AND PERFORMANCE

In general, the sustainability strategy is assessed as "convincing". According to the panel, challenges exist above all in topics with a more fundamental and longer-term orientation: the need for a decoupling of economic growth and resource consumption was put forward, which may result in new approaches in terms of the business model. The panel also broached the issue of the dominance of ceramic as a product material in the bathroom, which brings challenges from an eco-balance perspective due to its energy-intensive production.

Strategically, Geberit should drive forward the transformation of the sanitary industry in its role as European market leader. Above all, this also applies to the circular economy. According to the panel, technical building systems must also quickly become compatible with the circular economy. This means that all products meet the requirements of the circular economy in full. In order to be able to fulfil these criteria, bonded and welded connections should be dispensed with and the declaration of materials ensured. Geberit should strive towards achieving zero waste and ensure that sold products can be returned to the manufacturer at the end of their service life or otherwise reused. Disruptive business models could also be considered here, such as renting products instead of selling them.

In terms of social aspects, in isolated cases the panel sees the need to address topics in a more strategic way or to take greater account of these in the performance specification. One example here is diversity in the Group Executive Board and in managerial positions. The company's performance could be illustrated more clearly under employer responsibility. Ergonomic aspects for plumbers during product installation should be explored in more detail.

SUSTAINABILITY COMMUNICATION

According to the panel, Geberit's annual sustainability reporting is of a high standard. It includes all important areas, is transparent and documents the commitment of the company in a credible way. The commitment towards the Sustainable Development Goals (SDG) and the targeted reporting here were also met with positive feedback.

In the opinion of the panel, the comparison of sustainability performance across several years (up to ten years) is of particular interest and could be enhanced further. At some points, reporting on social aspects could be more concise. Additional information on how diversity is promoted among the workforce and which goals Geberit wishes to achieve here would also be desirable.

In discussions, it becomes clear that future challenges will be seen more in customer and marketing communications: Geberit is well positioned to convincingly demonstrate the challenges and sustainable solutions for the sanitary industry, investors and end users. A key topic here in communications is the long-term perspective, as what is built today will still be standing in 2050.

FINAL REMARKS

The panel members thank Geberit for its open and respectful dialogue. They would like to see Geberit management implement topics such as climate neutrality within the company or the establishment of climate change mitigation in the remaining value chain, and promote sustainable innovations.

The continuation of a biennial stakeholder panel as proposed by Geberit is welcomed in order to provide input on the sustainable transformation of Geberit and the sanitary industry as part of a think tank.