

# Sustainability performance report

Geberit's sustainability reporting is fully integrated in the online Annual Report, as it has been for some years. The company's systematic and transparent communication on the subject of sustainability is addressed to a range of target groups, including customers and partners, investors, the general public and company employees. Overall, Geberit thus wishes to demonstrate to its stakeholders the many ways in which added value is created. To this end, information is made available at different levels:

- → **CEO statement on sustainability**
- → **Current Highlights sustainability**
- → **Business and financial review**, as part of the Annual Report integrated into the chapters → **Employees**, → **Customers**, → **Innovation**, → **Production**, → **Logistics and procurement**, → **Sustainability**, → **Compliance** and → **Social responsibility**
- → **Sustainability strategy** with objectives, measures and results
- → **Materiality analysis**
- → **Key figures sustainability**
- → **Communication on Progress UN Global Compact**

Since 2007, a sustainability performance review has been published annually in accordance with the guidelines of the Global Reporting Initiative (GRI), currently in accordance with the GRI G4 guidelines.

The information disclosed within the scope of this report fulfils the "comprehensive" transparency grade set out in the GRI G4 guidelines. Sustainability reporting has been subjected to and successfully completed the GRI Materiality Disclosures Service, see GRI label in the → **formal GRI Content Index**. The Report is available in German and English. The German version is binding.

As prescribed by the GRI, a → **process to determine the material aspects of sustainability** based on the aspects defined by the GRI was the strategic starting point. An external stakeholder panel was also consulted in 2012, 2014 and 2016. Its mandate consisted of scrutinising the results of the internal materiality analysis and providing feedback on the sustainability strategy and sustainability communication. The results were summarised in a panel statement. The response from Geberit to the panel statement illustrates how the recommendations are being taken into consideration in the further development of the sustainability strategy and reporting:

- → **Introduction to the Stakeholder Panel**
- → **Members of the Stakeholder Panel**
- → **Panel statement**
- → **Response from Geberit to the Panel Statement**

The next stakeholder panel is planned for 2018.

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# 1. Strategy and analysis

## G4-1 CEO Statement

For the statement of Christian Buhl (CEO), see → [CEO Statement on sustainability](#).

## G4-2 Key impacts, risks and opportunities with regard to sustainability

For Geberit, sustainability means being oriented towards the future and being successful over the long term. This means striking a balance in decision-making processes between various economic, ecological and social aspects. In essence it also means identifying important technological and social trends in good time in dialogue with our stakeholders and developing suitable products and services that provide solutions for customers and added value for other stakeholders. The long-term orientation also minimises risks for business development that are increasingly not of a purely financial nature but arise from social developments and ecological risks. Geberit has a decades-long commitment to sustainability and is a leader in this area, setting standards for customers, employees, suppliers and other partners. Various awards and rankings serve to confirm Geberit's role as a leader in sustainability in various stakeholder groups' perceptions.

Supplementary to the established → [Sustainability strategy](#) based on the GRI G4 guidelines, the → [Materiality analysis](#) carried out prioritises the key topics for Geberit and simultaneously highlights the areas in which added value for stakeholders is created: water-saving and sustainable products, environmentally friendly and resource-efficient production, procurement and logistics with high environmental and ethical standards, and good, safe working conditions for the some 12,000 employees worldwide. The social responsibility is realised among other things within the scope of global social projects relating to the core competencies of water and sanitary facilities, and is intensified through memberships such as that with the non-profit organisation Swiss Water Partnership aimed at promoting international dialogue on water. There is also a long-term partnership with the Swiss development organisation Helvetas.

As illustrated by the UN 2030 Agenda for Sustainable Development, the world is facing major challenges. The UN Sustainable Development Goals (SDGs) define concrete targets and indicators for 17 different themes which the states are required to implement by 2030. Integration of the economy plays a pivotal role in implementing these targets and indicators. As a result, major opportunities with growth potential are also arising for companies geared towards sustainable products and services – such as Geberit. In accordance with the → [external Stakeholder Panel](#) which was conducted for the third time in September 2016, Geberit sees its contribution above all in four UN Sustainable Development Goals:

UN Sustainable Development Goal number 6 "Ensure availability and sustainable management of water and sanitation for all" has the greatest relevance for Geberit. The efficient and responsible handling of water plays an important role here. A growing world population, migration, urbanisation, climate change and natural disasters can lead to regions that are currently well supplied with water becoming problem regions in future. These global trends will have an impact on future sanitary technology: water-saving and resource-efficient products and high drinking water quality are becoming ever more important. The results achieved by the water-saving products are impressive: According to one model calculation, all Geberit dual-flush and flush-stop cisterns installed since 1998 have so far saved around 22,600 million cubic metres of water in comparison with traditional flushing systems. In 2016 alone, the water saved amounted to around 2,430 million cubic metres. This is more than half of the annual consumption of all German households.

The focus on innovative products and their development is closely linked to UN Sustainable Development Goal number 9 "Build resilient infrastructure, promote sustainable industrialisation and foster innovation". Thanks to targeted investments in research and development as well as modern infrastructures and production processes, Geberit is a global driving force in the development and manufacture of sanitary products. In addition to classic product development, investments are made in the following → [relevant fields of competence](#) as the basis for future innovations: hydraulics, materials technology, hygiene, surface technology, electronics, sound insulation, statics, fire protection, process engineering and virtual engineering. The focus is on the different areas working together and the continuous testing of new, integrated product and system solutions, materials and concepts. In the product development process managed in a uniform manner throughout the Group, → [eco-design](#) plays a role at an early stage, meaning that new products are systematically examined and optimised in terms of environmental and safety aspects. This takes place along the entire value chain – from the selection of raw materials and utilisation right through to disposal.

Geberit also contributes to the implementation of UN Sustainable Development Goal number 11 "Make cities and human settlements safe, resilient and sustainable". As well as saving water, Geberit products impress with their quality, durability, easy installation and maintenance, easy cleaning, design, resource efficiency and good environmental compatibility, thereby contributing to innovation in sanitary applications, sustainable infrastructure and green building. → [Green building](#) is becoming ever more important in both the public and private construction sector, with European standards that define the use of sustainable products and systems in buildings gaining in significance. More and more buildings are being constructed in accordance with sustainability standards such as LEED, DGNB, Minergie and BREEAM. Consequently, there is demand among investors, project developers, owners and tenants for system providers with comprehensive know-how in green building in order to ensure the relevant standards are met. Geberit is addressing this demand with water-saving and energy-saving, low-noise and durable products, thereby positioning itself in the front line with regard to green building. This is demonstrated by the numerous reference projects incorporating green building, see → [reference magazine View](#). Cooperation with research institutes such as → [NEST](#) future projects therefore makes sense as this offers innovative companies a unique opportunity to test new technology, materials and systems in real-life conditions.

Furthermore, as a profitable company with a sound financial basis and as an attractive employer of around 12,000 staff, Geberit makes a tangible contribution to UN Sustainable Development Goal number 8 "Promote sustainable economic growth, employment and decent work for all". The high level of participation and great commitment overall on the part of the employees during the employee survey carried out across the Group in 2016 show that the commitment and performance of Geberit are perceived positively and upheld by the employees. Attractive working conditions, comprehensive further development opportunities and long-term goals such as the vision of an accident-free company are made possible thanks to the sustainable business performance that Geberit has consistently implemented for many years.

Geberit combats risks posed by increasing regulation and changing framework conditions with an effective → [compliance system](#) that focuses on compliance in the five key topic areas of antitrust legislation, corruption, employee rights, product liability and environmental protection.

## 2. Organizational profile

### G4-3 Name of the organization

Geberit Group.

### G4-4 Brands, products and/or services

Geberit offers customers high-quality system solutions for applications in private residential construction and public buildings. The systems are used in both renovation projects and new buildings.

The product area Sanitary Systems comprises all sanitary technology found in buildings (with the exception of pipes) and is divided into four product lines: Installation Systems, Cisterns and Mechanisms, Faucets and Flushing Systems and Waste Fittings and Traps. The product area Piping Systems comprises all piping technology found in buildings for drinking water, heating, gas and other media and is divided into the product lines Building Drainage Systems and Supply Systems. The product area Sanitary Ceramics comprises nearly all relevant equipment in the bathroom and is divided into the product lines Bathroom Ceramics and Ceramics Complementary Products.

For further information on the product range, see → [www.geberit.com](http://www.geberit.com) > Products > Product range.

For 2016 net sales by product area and product line, see → [Business Report > Business and financial review > Financial Year 2016 > Net sales](#).

### G4-5 Headquarters location

The Geberit Group has its headquarters in Rapperswil-Jona (CH).

### G4-6 Countries with business operations

Geberit has its own representatives in 49 countries. The products are sold in over 122 countries throughout the world. Following the integration of the former Sanitec Group, the company has 33 specialised production companies in 14 different countries close to the most important sales markets and a central logistics centre in Pfullendorf (DE).

For a list of the countries in which Geberit operates, see → [Financial Report > Consolidated financial statements Geberit Group > Notes > Note 33](#).

### G4-7 Ownership and legal form

Geberit AG, the parent company of the Geberit Group, is a stock corporation (AG) under Swiss law.

### G4-8 Markets served

In terms of market cultivation, Geberit relies on a three-stage distribution channel. Numerous products are distributed via the wholesale trade. Dealerships then sell them to plumbers and present them at exhibitions where end customers can gain information. At the same time, Geberit provides plumbers and sanitary planners with intensive support through training and advice. This leads to increased demand for Geberit products from wholesalers.

With the integration of the ceramics business in its tried-and-tested sales structures, Geberit substantially strengthened its presence in many markets. Since the beginning of 2016, each market has been serviced by one local sales company only. The more than 800 advisors deployed throughout Europe no longer focus on specific product areas, but rather on different customer segments, such as the wholesale trade, plumbers and planners, architects and exhibitions. This means that sales representatives must have very broad product knowledge in order to provide comprehensive support to their customers.

For net sales by markets and regions as well as by product areas and product lines, see → [Business Report > Business and financial review > Financial Year 2016 > Net sales](#).

### G4-9 Scale of the reporting organization

The Geberit Group's market capitalisation reached CHF 15,429 million as of the end of 2016 (previous year CHF 12,859 million). For the consolidated balance sheet with details of current assets, non-current assets, equity and liabilities, see → [Financial Report > Consolidated financial statements Geberit Group > Balance sheet](#). In 2016, net sales amounted to CHF 2,809.0 million (previous year CHF 2,593.7 million).

At the end of 2016, the Group had 11,592 employees (previous year 12,126 employees). For the number of business sites, see → [G4-6](#).

### G4-10 Total number of employees by employment type, employment contract, region and gender

At the end of 2016, the Geberit Group employed 11,592 staff worldwide, which is 534 employees or 4.4% less than in the previous year. This is mainly because fewer people are employed in the ceramic plants due to efficiency-enhancing measures and synergies.

For key figures on the workforce by employment type, employment contract, region and gender, see → [Key figures sustainability > Employees and society](#).

### G4-11 Employees covered by collective bargaining agreements

There are currently 9,014 employees (corresponding to 78% of the workforce) who are covered by collective agreements (e.g. collective labour agreements, wage agreements). In Germany, Austria, Switzerland, France, Italy, Ukraine, Finland and Sweden, over 90% of employees

are subject to a collective labour or wage agreement. While collective agreements with employees have been in place in China since 2016, there are still none in the USA.

#### **G4-12 Description of the organization's supply chain**

See → [chapter Suppliers](#).

#### **G4-13 Significant changes regarding size, structure or ownership**

There was a significant change in 2015 due to the acquisition of the Sanitec Group. The divestment of the Koralle business was implemented in the reporting year as of the end of June 2016. See → [Financial Report > Consolidated financial statements Geberit Group > Notes > Note 2](#).

#### **G4-14 Precautionary approach**

The precautionary approach plays an important role for Geberit as a production company. This approach is described in the → [Geberit Code of Conduct](#).

The Geberit Group has a → [Group certificate](#) in accordance with ISO 9001 (quality), ISO 14001 (environment) and OHSAS 18001 (occupational health and safety) that is valid until the end of 2018. All 17 Geberit production plants and 13 of the 16 former Sanitec plants are certified to ISO 14001. By the end of 2018, all new plants will be integrated into the Geberit management system and certified according to ISO 9001 and 14001, as well as OHSAS 18001. Five plants have already been certified according to ISO 50001. Furthermore, all Geberit companies implemented the European Energy Efficiency Directive 2012/27/EU in 2015.

In the environmental area, the company remains committed to its ambitious goals of improving the relative environmental impact and relative CO<sub>2</sub> emissions by 5% annually. In addition, a long-term CO<sub>2</sub> target was developed in 2016 that is compatible with the two-degree target set out in the Paris Agreement (science-based). It comprises a reduction of absolute CO<sub>2</sub> emissions (Scopes 1 and 2) by 6% between 2015 and 2021 to under 240,000 tonnes (based on organic growth).

In the area of occupational safety, the aim is to halve the frequency and severity of accidents by 2025 based on the reference year 2015.

The Geberit Production System (GPS 2.0) was implemented at all new plants in the reporting year. Best-practice standards in production will be uniformly implemented using methods such as SMED (Single Minute Exchange of Dies), TPM (Total Production Maintenance), 5S (Workplace Organisation Methodology) and CIP (Continuous Improvement Process).

An extensive system for the control and management of all risks involved in business activities is in place throughout the Group. For further information, see → [Business Report > Corporate Governance > Board of Directors > Information and control instruments vis-à-vis the Group Executive Board](#).

#### **G4-15 External agreements and initiatives**

Geberit has been a formal member of the UN Global Compact since October 2008 and was a founding member of the local Swiss network in 2011. The company has been a member of the Transparency International organisation since June 2000 and supports its objectives for combating corruption. Since 2007, Geberit has voluntarily applied the comprehensive guidelines of the Global Reporting Initiative (GRI) for sustainability reporting and has thereby made an active contribution towards ensuring transparency and comparability in this reporting.

Geberit has cooperated with the non-profit organisation Swiss Water Partnership since 2012. This platform seeks to bring together all those involved in the topic of water supply (from academic, economic as well as public and private spheres) to collectively address future challenges and promote international dialogue on water.

#### **G4-16 Membership in associations and organizations**

Geberit is involved in various associations and organisations that make a contribution toward sustainability. In addition, various Geberit companies are members of national associations on topics such as green building, environmentally friendly production, energy, waste management and employee protection. For major commitments, see → [www.geberit.com > Company > Sustainability > UN Global Compact and Memberships](#).

## 3. Material Aspects and Boundaries

### G4-17 Reporting boundaries in the consolidated financial statements

In general, the report covers the entire Geberit Group and the 2016 financial year. Owing to the divestment of the Koralle business at the end of June 2016, the latter's contributions are only included for the first six months of the reporting year.

If only part of the company is meant as an example or due to the availability of data, this is clearly indicated.

For the reporting limits in the consolidated financial statements, see → [Financial Report > Consolidated financial statements Geberit Group > Notes > Note 33](#).

### G4-18 Process for defining report content

For the third time in succession, the GRI G4 guidelines serve as the basis for this report. Geberit implements the report option "comprehensive" and adheres closely to the GRI guidelines regarding the determination of material aspects and boundaries. The starting point is a comprehensive → [Materiality analysis](#) based on the sustainability topics described in the GRI aspects.

For the materiality analysis, it was possible to build on the substantial basis of GRI reporting that has been created since 2007. Material sustainability topics and related measures are already presented in compact form within the → [Sustainability strategy](#) Global Compact, which Geberit has committed itself to uphold and which are presented in the → [Communication on Progress UN Global Compact](#).

On this basis an internal materiality analysis was developed in 2014 as part of workshops with members of the Group Executive Board and later approved by the Executive Board. The results were reviewed and amended slightly by an external stakeholder panel in September 2014. As part of the integration of Sanitec, a further review was carried out in 2015. There were no major changes in the material aspects. The materiality analysis was again discussed by an external stakeholder panel in September 2016. It became clear that a high degree of consensus existed between the internal standpoint of the company and the assessment of the stakeholder panel, see → [Panel statement](#) and the → [Response from Geberit to the Panel statement](#).

### G4-19 Material aspects

Material aspects are deemed material if they are significant from the internal perspective of the company and/or the external perspective of stakeholders. No differentiation was made between internal and external dimensions. The aspects were divided into four categories: most material, material, less material and not material or not requiring any action. The GRI aspects that Geberit identified as material in the economic, environmental and social dimensions can be seen in a → [dynamic chart](#).

The results of the internally conducted materiality analysis were reviewed and approved by the external stakeholder panel in September 2016, see → [Panel statement](#).

The following aspects were identified as not material or as not requiring any action:

**GRI aspects that are not material or not requiring any action**

**Reason**

Procurement practices (in the narrower sense in connection with local suppliers)	Collaboration with local suppliers has no strategic significance for Geberit. Criteria such as reliability and price, quality and sustainability etc. are material, whereas the supplier's proximity to the production site is not (except in a handful of individual cases). As a result, there is no preferential treatment of local suppliers or special criteria for them. For comprehensive information on the subject of the supply chain, see → <a href="#">chapter Suppliers</a> .
Biodiversity	Geberit production sites do not endanger biodiversity in protected areas. Biodiversity plays a role when procuring mineral raw materials for ceramic production. This subject was addressed and examined as part of supplier audits. During these audits, it was found that the suppliers in this sector actively address the topic of biodiversity and take appropriate measures within the context of their licence to operate.
Investments environment	Geberit plans holistically and integrates the aspect of environmental protection in the development of its products and production sites. In the context of integrated, sustainable planning, it makes no sense for Geberit to report investments in environmental protection separately.
Environmental grievance mechanisms	Any risks or problems cited by stakeholders are addressed and resolved directly. The newly introduced Geberit Integrity Line available to suppliers for anonymously reporting irregularities in the procurement process also contributes to this.
Labour/Management relations (in the narrower sense of formal notice periods)	Geberit cultivates transparent internal communication and a close dialogue between management and → <a href="#">employees</a> . There are no formally binding agreements on communication in case of severe measures.
Security practices	Geberit is not active in any countries where special security precautions have to be taken.
Indigenous rights	Geberit is not active in any countries or regions where the rights of indigenous people are endangered.
Human rights grievance mechanisms	The risks of human rights violations by Geberit are low in general. Any risks or problems cited by stakeholders are addressed and resolved directly. The newly introduced Geberit Integrity Line available to suppliers for anonymously reporting irregularities in the procurement process also contributes to this.
Local communities	Geberit production sites do not entail special risks for local communities or adverse effects on the neighbourhood. Geberit attaches great importance to maintaining good relations with its neighbours in the vicinity of its production sites. Continuous exchanges with authorities and the local community are part of this process.
Public policy	No support is given to political parties or politicians. Participation in the political process is confined to membership in certain associations and is therefore limited.
Social grievance mechanisms	Any risks or problems cited by stakeholders are addressed and resolved directly. The newly introduced Geberit Integrity Line available to suppliers for anonymously reporting irregularities in the procurement process also contributes to this.
Marketing communications	Owing to its marketing strategy, Geberit is little exposed to risks from aggressive advertising or marketing. All external means of communication are checked for correctness and appropriateness.
Customer privacy	Geberit does not possess sensitive data on end users. Data on customers and end users are safeguarded as required by statutory requirements.

**G4-20/21 Material aspects and report boundaries outside and within the organization**

In the case of the GRI aspects determined to be material, Geberit's business activities have an impact on internal and external stakeholders. The following table shows the stakeholder groups (within the value chain) for which the impact is material and therefore determines the reporting limits for the information presented.

Material GRI aspects	Reporting limits inside the organisation			Reporting limits outside the organisation			
	Company, total	Employees	Production, logistics	Customers	Suppliers, partners	Society	Others
Economic performance	x	x			x	x	Shareholders
Market presence		x				x	
Indirect economic impacts		x		x	x	x	Regional economy
Materials			x	x	x		
Energy	x			x		x	
Water	x			x		x	
Emissions	x			x		x	
Effluents and waste			x			x	
Products and services	x			x	x	x	
Compliance environment			x			x	
Transport			x		x	x	
Supplier environmental assessment					x	x	



Material GRI aspects	Reporting limits inside the organisation			Reporting limits outside the organisation			
	Company, total	Employees	Production, logistics	Customers	Suppliers, partners	Society	Others
Employment		x					Regional economy
Occupational health and safety		x					Regional economy
Education and further training		x					Regional economy
Diversity and equal opportunity		x					
Equal remuneration for women and men		x					
Supplier assessment for labour practices					x	x	
Labour practices grievance mechanisms		x					
Investments	x					x	
Non-discrimination		x					
Freedom of association and right to collective bargaining		x					Unions
Child labour		(x)			x	x	
Forced or compulsory labour		(x)			x	x	
Human rights assessment	x				x	x	
Supplier human rights assessment					x	x	
Anti-corruption	x			x	x	x	
Anti-competitive behaviour	x			x		x	Competitors
Compliance	x					x	
Supplier assessment on impacts on society					x	x	
Customer health and safety	x			x			
Product and service labelling	x			x			
product responsibility	x			x			

#### G4-22 Effects of any restatements of information provided in earlier reports

If, in individual cases, a new form of presentation, calculation method or optimised data collection has led to other results for the previous years, then this is noted as a restatement under the respective indicator.

#### G4-23 Changes from previous reporting periods in scope, boundary or measurement methods

The annual sustainability reporting for the 2006 to 2013 financial years is based on the GRI G3 guidelines in force since October 2006. The 2014 financial year was the first time the GRI G4 guidelines were followed, and they were also applied to the 2015 and 2016 financial years. In this way, Geberit has developed a consistent reporting system in which individual indicators are further developed each year. The switchover to the new GRI standards is planned for the 2018 financial year.

There were no significant changes during the reporting period for topics identified as material (GRI aspects). If, in individual cases, a new measuring method is used, this is noted under the respective indicator. With regard to the change to reporting limits, see → G4-17.

## 4. Stakeholder engagement

### G4-24 Relevant stakeholder groups

Significant stakeholder groups for Geberit are customers, shareholders and analysts, banks, the media, employees and trade unions, neighbours, research institutes, suppliers, transport companies, competitors, associations, non-government organisations and the general public, as well as regulators. Details on stakeholder engagement can be found under → [G4-26](#).

### G4-25 Basis for selection of stakeholders

Systematic guided dialogue with stakeholders helps Geberit to identify possible conflict issues and opportunities for further development and to respond to these in good time. At the national and international levels, the Geberit Group and its local companies maintain relations with organisations and institutions in the respective countries that direct requests and suggestions to the company. The stakeholders listed under → [G4-24](#) have been identified as important for systematic stakeholder dialogue as they fulfil one of two criteria: Either the stakeholder group exerts a strong influence on the economic, environmental or social performance of Geberit and/or the stakeholder group is strongly affected by the economic, environmental or social performance of Geberit. An → [external Stakeholder Panel](#) helps Geberit to review its assessment of important stakeholder groups and their concerns.

### G4-26 Approaches to stakeholder engagement

Geberit consulted an → [external Stakeholder Panel](#) for the third time in September 2016. Its mandate consisted of providing feedback on the sustainability strategy and sustainability communication and also discussing the materiality analysis. The results are presented in the → [Panel statement](#). In the → [Response from Geberit to the Panel statement](#) Geberit deals in detail with the external assessment and the recommendations contained therein.

A stakeholder analysis is performed at all production plants as part of environmental management in accordance with ISO 14001, based on this information, Geberit identifies potential for conflict or opportunities and essentially pursues a cooperative approach in order to discuss and further develop possible measures with the stakeholders concerned.

Engagement of stakeholders according to stakeholder group:

#### Customers:

- More than 800 technical advisors working in the field are in daily contact with plumbers, planners and architects in particular.
- During the reporting year, more than 30,000 customers were provided with basic and further training in Geberit systems and software tools at the 25 information centres in Europe and overseas.
- Mobile AquaClean lounge: Over 15,000 end users in Switzerland and Austria alone received the opportunity to try out a shower toilet for themselves.
- Mobile exhibition Geberit On Tour that presented the advantages of Geberit products at more than 900 events in 16 countries in 2016. More than 25,000 visitors were registered at the events in total.
- For trade fairs and customer surveys, see → [Business Report > Business and financial review > Financial Year 2016 > Customers](#).

#### Shareholders, analysts:

- For the participatory rights of the shareholders, see → [Business Report > Corporate Governance > Participatory rights of shareholders](#).
- Regular conference calls, bilateral meetings, conferences and roadshows by the CEO, CFO and Head Corporate Communications and Investor Relations.

#### Media:

- Regular conference calls, bilateral meetings/interviews with the relevant media for Geberit.
- Regular conference calls, bilateral meetings/interviews with the relevant media for Geberit.

#### Employees, trade unions:

- Extended Europe Forum in 2016 with employee representatives from all European countries, during which a member of the Group Executive Board and the Head Corporate HR meet with the delegates.
- Training and feedback opportunities on topics regarding the Code of Conduct.
- Group-wide Geberit Integrity Line in place since 2013 to enable all employees across the world to report internal irregularities anonymously.
- Employee survey in 2016 with all employees of the Geberit Group.

#### Neighbors, municipalities:

- Consultation with and inclusion of the neighbours of production plants in larger construction projects.
- Open days at various production sites.

#### Research institutes:

- Partner of the → [research platform NEST](#) (Next Evolution in Sustainable Building Technologies) at EMPA in Dübendorf (CH).

- Cooperation with EAWAG Dübendorf, HSR Rapperswil, ZHAW Winterthur, ETH Zurich (CH) and Tongji University (CN) on technological trends and developments directly related to sanitary technology.

#### Suppliers:

- Initial contact within the scope of the assessment procedure and implementation of the Code of Conduct for Suppliers, see → [chapter Suppliers](#).
- Regular discussions between buyers and suppliers on site.
- On-site audits (quality, environment, occupational safety) carried out by Geberit and since 2012 also by certified third-party specialists.
- Introduction of an Integrity Line for suppliers: irregularities in the purchasing process can be anonymously reported.
- Cooperation with manufacturers of infrastructure facilities, e.g. for the retrofitting of eleven tunnel kilns for ceramic production.

#### Transport companies:

- Discussions with transport service providers concerning the results of the environmental monitoring, see → [chapter 9.8](#).

#### Associations:

- Collaboration with FECS (European Federation of Ceramic Sanitary Ware Manufacturers) on a new voluntary European standard for assessing the sustainability of ceramic sanitary appliances (EN 16578).
- Involvement in various → [associations and organisations](#) with participation in corresponding management bodies and programmes.

#### Non-government organizations, general public:

- Partnership with the Swiss development organisation Helvetas.
- Participation in the non-profit organisation Swiss Water Partnership.

Feedback from the stakeholder dialogues is incorporated into the → [Materiality analysis](#) and into the → [Sustainability strategy](#).

#### G4-27 Response to and dealing with key topics and concerns of stakeholders

The topics introduced by the → [external Stakeholder Panel](#) have been integrated into the updated sustainability strategy and reporting by Geberit, see → [Panel statement](#) and the → [Response from Geberit to the Panel statement](#).

Examples of important topics that were introduced by stakeholders and have been implemented by Geberit include:

- Integration of employees of the Sanitec Group, see → [Business Report > Business and financial review > Financial Year 2016 > Employees](#).
- Geberit standards for all processes and production plants, see → [Business Report > Business and financial review > Financial Year 2016 > Production](#).
- Investments in ceramic production with state-of-the-art burner technology, see → [Business Report > Business and financial review > Financial Year 2016 > Production](#).
- Holistic solutions for products and systems in front of and behind the wall, see → [Business Report > Business and financial review > Financial Year 2016 > Innovation](#).
- Expansion of the portfolio of water-saving products, see → [G4-EN27](#) and → [Water footprint](#), which covers the entire Geberit value chain (excluding former Sanitec products).
- Transparency in the selection of water-saving products, see → [Business Report > Business and financial review > Financial Year 2016 > Sustainability](#).
- Uniform sales organisation, see → [Business Report > Business and financial review > Financial Year 2016 > Customers](#).
- Customer training, see → [Business Report > Business and financial review > Financial Year 2016 > Customers](#).
- Direct information for end users, see → [Business Report > Business and financial review > Financial Year 2016 > Customers](#).
- Transparency of the remuneration system, see → [Business Report > Remuneration report](#).
- Long-term CO<sub>2</sub> target compatible with the two-degree target set out in the Paris Agreement (science-based), see → [Management Approach Emissions](#).
- Transparency in the environmental impact of logistics, see → [Management Approach Transport](#).
- Best-in-class approach to occupational safety, see → [Business Report > Business and financial review > Financial Year 2016 > Employees](#).
- Implementation of social projects, see → [Business Report > Business and financial review > Financial Year 2016 > Social responsibility](#).

## 5. Report profile

### G4-28 Reporting period

2016 reporting year.

### G4-29 Date of most recent previous report

Geberit published extensive, magazine-like Sustainability Reports in 2004, 2007 and 2010. GRI reporting regarding all GRI G3 guideline requirements at the Level A application stage was published annually for the financial years 2006 to 2013. Reports were prepared in accordance with the GRI G4 guidelines with the report option "comprehensive" for the first time for the financial year 2014. The → [last report](#) for 2015 is still available online; for reports from previous years, see → [www.geberit.com](http://www.geberit.com) > [Downloads](#) > [Publications](#).

### G4-30 Reporting cycles

Annually as part of the integrated online reporting for a given financial year.

### G4-31 Contact point for questions regarding the report or its contents

Should you have any questions concerning sustainability at Geberit, please contact:

Roland Högger  
Head of Environment and Sustainability  
Geberit International AG  
Schachenstrasse 77, CH-8645 Jona  
Tel: +41 55 221 63 56, Fax: +41 55 221 67 47  
[sustainability@geberit.com](mailto:sustainability@geberit.com)

### G4-32 Reporting option chosen

The reporting implements the GRI G4 reporting option "comprehensive". For the formal GRI index, see → [formal GRI index](#).

### G4-33 External assurance for the report

There is no external review of the sustainability reporting in its entirety. Instead, individual processes, results and indicators are inspected in detail by external parties:

- The → [Stakeholder Panel](#) examined the selection of material aspects (see → [G4-18](#) and → [G4-19](#)), see → [Panel statement](#) and → [Response from Geberit to the Panel statement](#).
- Financial reporting is audited by an external auditor, see → [Financial Report > Financial statements Geberit AG > Report of the statutory auditor](#).
- Reporting on the energy and greenhouse gas balance sheet is submitted as part of the Carbon Disclosure Project (CDP) and reviewed and assessed as part of the usual evaluation. In this, the world's largest climate protection ranking, Geberit has achieved the status of "Sector Leader Industrials" in reporting, meaning that it is one of the ten best companies in the sector in Germany, Austria and Switzerland.
- In 2016, Geberit also published its detailed water balance as part of the CDP Water Program for the first time. The results of the evaluation have been integrated into the 2016 Annual Report of Corporate Water Disclosure from CDP.
- The Geberit Group has a → [Group certificate](#) in accordance with ISO 9001 (quality), ISO 14001 (environment) and OHSAS 18001 (occupational health and safety) that is valid until the end of 2018. All 17 Geberit production plants and 13 of the 16 former Sanitec plants are certified to ISO 14001. By the end of 2018, all new plants will be integrated into the Geberit management system and will be certified according to ISO 9001 and 14001, as well as OHSAS.
- In 2015, all Geberit companies implemented the European Energy Efficiency Directive 2012/27/EU, with five production plants already certified to ISO 50001.
- On-site audits (quality, environment, occupational safety) are carried out by Geberit and since 2012 also by certified third-party specialists as part of on-site supplier auditing, see → [chapter Suppliers](#).

## 6. Governance

### G4-34 Governance structure, committees under the Board of Directors

The Board of Directors determines the strategic objectives and the general resources for achieving these, and decides on major business transactions. For details about the internal organisation of the Board of Directors and its committees, see → [Business Report > Corporate Governance > Board of Directors > Internal organisational structure](#).

Since 1 September 2016, the operating management structure of Geberit is broken down into seven Group divisions:

- CEO division
- Sales Europe
- Sales International
- Marketing & Brands
- Operations
- Product Management & Innovation
- Finance

The assignment of clearly distinguished responsibilities minimises the number of interfaces. For more details about the organisational structure, see → [Business Report > Management structure](#).

### G4-35 Delegation of authority on economic, environmental and social matters

The Board of Directors determines the overall strategy. This includes the corporate strategy, see → [Business Report > Business and financial review > Strategy and goals > Strategy](#) and the → [Sustainability strategy](#). To the extent legally permissible and in accordance with the Organisation Regulations, the Board of Directors has assigned the operational management and the implementation of the strategy to the Chief Executive Officer. Within the operational management structure, responsibility for specific economic, environmental and social issues is delegated further, see → [Business Report > Management structure](#).

At every meeting, the members of the Group Executive Board inform the Board of Directors of current business developments and major business transactions of the Group or Group companies, as the case may be. Between meetings, the Board of Directors is comprehensively informed in writing about current business developments and the company's financial situation on a monthly basis.

### G4-36 Responsibility for economic, environmental and social matters

The Board of Directors determines the strategic objectives and the general resources for achieving these, and decides on major business transactions. Within the operational management structure, responsibility is determined for specific economic, environmental and social issues, see → [Business Report > Management structure](#). The responsible individuals report either directly to the CEO (including Corporate Human Resources, Corporate Communications and Investor Relations, Strategic Planning), or to other members of the Group Executive Board.

The way in which the topic of sustainability is approached has been regularly reviewed within the company. For over 20 years, Geberit has had an Environment and Sustainability department, which has been reporting directly to the CEO for more than a decade. In recent years, this department has coordinated the further development of the sustainability strategy and related activities, although the responsibility for planning and implementation lies with the individual areas themselves.

### G4-37 Consultation process between stakeholders and the Board

For the participatory rights of the shareholders, see → [Business Report > Corporate Governance > Participatory rights of the shareholders](#).

There is no employee representative on the Board of Directors. The employee representatives of the European sites meet regularly with a member of the Group Executive Board and the Head Corporate Human Resources. Selected concerns can be addressed to the Board of Directors through this channel. In 2016, the Europe Forum was expanded to include employee representatives from all European countries.

### G4-38 Independent members of the Board of Directors

At the end of 2016, the Board of Directors comprised one woman and five men. Albert M. Baehny is Chairman of the Board of Directors. All of the committees formed by the Board of Directors are comprised exclusively of independent members. For further details, see → [Business Report > Corporate Governance > Board of Directors](#).

### G4-39 Separation of chair of Board of Directors and Executive Management

Christian Buhl is Chief Executive Officer (CEO) and Chairman of the Board of Directors is Albert M. Baehny. For further details, see → [Business Report > Corporate Governance > Board of Directors](#).

### G4-40 Nomination and selection process of the Board of Directors

With regard to the election and terms of office of members of the Board of Directors, see → [Business Report > Corporate Governance > Board of Directors > Elections and terms of office](#).

#### **G4-41 Processes in place for the Board of Directors to avoid conflicts of interest**

Detailed information on all members of the Board of Directors, including their memberships in other organisations, can be found in → [Business Report > Corporate Governance > Board of Directors](#).

The Articles of Incorporation and the → [organisational regulations of the Board of Directors](#) stipulate how conflicts of interest of members of the Board of Directors are avoided. The members of the Board of Directors are obliged to refrain from involvement in the handling of matters affecting either their personal interests or those of a company with which they have an affiliation. This obligation to refrain from involvement has no influence on the requirements for a quorum when passing resolutions. Business dealings between the company and governing bodies or related parties are subject to the principle of conclusion at conditions as with independent third parties.

#### **G4-42 Role of top management and Board of Directors in development of guiding principles and strategies**

Geberit's long-standing success is based on the fact that, together with the Board of Directors, the Group Executive Board pursues a long-term perspective. The Board of Directors and Group Executive Board have defined and adopted key mission statements and principles such as the Geberit Compass and the Geberit Code of Conduct, see → [G4-56](#). The → [Sustainability strategy](#) is examined and approved by the Group Executive Board and the Board of Directors, see → [G4-45](#).

#### **G4-43 Measures to further enhance the top management's and Board of Directors' related know-how on economic, ecological, and social topics**

Internal business processes are designed to ensure continuous improvement and innovation. These values are closely associated with the Geberit brand. At the same time, stakeholder concerns are taken seriously, and the Group Executive Board and Board of Directors receive feedback and input for the continued development of the sustainability strategy as part of the stakeholder panel, for example.

Every year, the Board of Directors undertakes at least one assessment of the way in which it works together. This includes an assessment of how well-informed the members of the Board of Directors are about the Group and its business performance, see → [organisational regulations of the Board of Directors](#).

#### **G4-44 Processes for evaluation of the sustainability performance of the Board of Directors**

Geberit's long-standing success is based on the fact that, together with the Board of Directors, the Group Executive Board pursues a long-term perspective, thus enabling the company to demonstrate its performance clearly in areas including sustainability. There is no formal procedure for assessing the performance of the Board of Directors from an integrated sustainability perspective. As part of the annual review of the sustainability strategy, findings are discussed and areas where action is needed are determined, see → [G4-45](#).

Geberit's remuneration policy states that remuneration programmes must be balanced between the reward of short-term success and long-term value creation. For information about the remuneration of the management bodies, see → [Business Report > Remuneration report](#).

#### **G4-45 Board level procedures for overseeing sustainability performance**

The → [Sustainability strategy](#) is examined and approved by the Group Executive Board and the Board of Directors. Results and the achievement of objectives are submitted to the Group Executive Board for verification at least once annually. This also comprises the → [Communication on Progress UN Global Compact](#) and the Geberit Compliance Report, including the audit results with respect to the Code of Conduct.

In 2016, Geberit consulted an → [external Stakeholder Panel](#) for the third time. Its mandate consisted of providing feedback on the sustainability strategy and sustainability communication, as well as the associated risks and opportunities. This input is used for the strategic review and continued development of the company. The next stakeholder panel is planned for 2018.

#### **G4-46 Assessment of the effectiveness of sustainability related risk management procedures**

Based on the Organisation Regulations of the Board of Directors, the Audit Committee has implemented a comprehensive system for monitoring and controlling the risks linked to the business activities. This process includes risk identification, analysis, control and reporting.

Operationally, the Group Executive Board is responsible for controlling risk management. In addition, responsible persons are designated in the company for significant individual risks. These responsible parties decide on specific actions for risk mitigation and monitor their implementation. Every other year, the Internal Audit Department issues a risk report for the attention of the Board of Directors. Significant risks are also constantly discussed in the meetings of the Group Executive Board and Board of Directors, which take place on a regular basis.

For an overview of the Geberit compliance topics, see → [Business Report > Business and financial review > Financial Year 2016 > Compliance](#).

#### **G4-47 Frequency of review of risks and chances in the area of sustainability**

The impacts, risks and opportunities are discussed by the Group Executive Board and Board of Directors annually in connection with the sustainability reporting and the → [Sustainability strategy](#).

#### **G4-48 Review and approval of sustainability reporting**

Sustainability reporting is examined and approved by the Board of Directors and Group Executive Board as part of the integrated annual report.

#### **G4-49 Procedure for communicating crucial concerns to the Board**

The Board of Directors is available at any time to address the concerns of stakeholders and shareholders.

#### **G4-50 Nature and total number of critical concerns communicated to the Board**

Matters brought forward by shareholders within the context of the General Meeting will be dealt with in accordance with the Articles of Incorporation. Only a very small number of matters were submitted directly to the Board of Directors in 2016. It proved possible to discuss and to settle these matters directly with the individuals concerned. There are no significant matters outstanding at the present time.

#### **G4-51 Remuneration policies for highest governance body**

Geberit publishes a detailed annual Remuneration Report, which discloses the precise points of its remuneration policy, see → [Business Report > Remuneration report](#).

#### **G4-52 Process for determining remuneration**

Geberit publishes a detailed annual Remuneration Report, which discloses the precise points of remuneration to the Board of Directors and Group Executive Board, see → [Business Report > Remuneration report](#).

#### **G4-53 Handling of stakeholder views on remuneration**

The remuneration to the Board of Directors and Group Executive Board disclosed in the detailed Remuneration Report addresses the concerns of stakeholders and shareholders, see → [Business Report > Remuneration report](#).

#### **G4-54 Annual total compensation ratios**

The ratio of the annual remuneration paid to the highest-paid employee to the average annual remuneration for all employees (excluding the highest-paid employees) was (excluding the former Sanitec) 19.6 in Switzerland, 6.4 in Germany, 5.5 in Austria and 3.7 in Italy.

#### **G4-55 Annual compensation related percentage increase ratios**

The ratio of the percentage increase in annual remuneration paid to the highest-paid employee to the percentage increase in annual remuneration for all employees (excluding the highest-paid employees) was (excluding the former Sanitec) 14.5 in Switzerland, 6.3 in Germany, 30.0 in Austria and 6.3 in Italy.

## 7. Ethics and Integrity

### G4-56 General principles and code of conduct

Geberit aims to act as a role model for ethically unimpeachable, environmentally friendly and socially responsible operations. In this regard, the → [Geberit Compass](#) (what we do, what motivates us, how we work together, what is responsible for our success) and the → [Geberit Code of Conduct for Employees](#) serve as the applicable guidelines. At the end of 2015, the Compass, together with a letter from the CEO, was delivered to the homes of all our employees and was also explained in the employee magazine. The revised Code of Conduct was communicated to the employees at the start of 2015.

Other specific guidelines that are important to Geberit are the:

- → [Geberit policy on occupational health and safety, environment and energy](#)
- → [Geberit Code of Conduct for suppliers](#)
- → [Geberit Code of Conduct for business partners](#) (only available in English)
- → [Geberit compliance commitment for contractors](#)
- UN Guiding Principles on Business and Human Rights
- → [SQS and IQNet Group certificate ISO 9001/14001 and OHSAS 18001](#)

### G4-57 Mechanisms for securing ethical and lawful behavior

Geberit has established an effective compliance system to ensure that its conduct is both ethical and legal compliant. Action on compliance focuses on the following five key topics: antitrust legislation, corruption, employee rights, product liability and environmental protection, see → [Business Report > Business and financial review > Financial Year 2016 > Compliance](#).

Conformity with the Code of Conduct for Employees is subject to controls each year. All companies receive around 50 questions on the five above-mentioned topic areas. In addition, on-site audits are performed by the Internal Audit Department and corrective measures taken in the event of misconduct. The audits also comprise special interviews with the managing directors of the individual companies on the topics mentioned in the Code of Conduct. The respective information is verified. The findings from the survey and audits form the basis for the annual Compliance Report submitted to the Group Executive Board and are published in accordance with the guidelines of the Global Reporting Initiative (GRI) in this report.

### G4-58 Mechanisms for reporting concerns regarding unethical or unlawful behavior

The Board of Directors and Group Executive Board are available at any time to address the concerns of stakeholders.

Employees who openly address irregularities which represent breaches of applicable law, ethical standards or the Code of Conduct are acting correctly and in accordance with the Geberit Code of Conduct. As a general rule, employees should seek a personal meeting with their supervisor. The Geberit Integrity Line is available to all employees as a whistleblower hotline. The service is intended to enable employees to anonymously report cases such as sexual harassment or when a corrupt payment is being covered up. The Integrity Line is operated by an external company with experience in this area, and is available around the clock seven days a week. From 2017, an Integrity Line will also be available to suppliers for anonymously reporting irregularities in the procurement process.



## 8. Economy (EC)

### 8.1 Economic Performance (EC)

#### Management Approach - Economic Performance

As a key objective of the company, the economic performance of the Geberit Group is under the strategic control of the Board of Directors and the operational management of the Group Executive Board (aspects economic performance, market presence, indirect economic effects).

With its innovative solutions in the field of sanitary products, Geberit aims to achieve sustained improvement in the quality of people's lives. Its proven, focused strategy for doing so is based on four pillars: Focus on sanitary products, Commitment to innovation and design, Selective geographic expansion and Continuous optimisation of business processes.

For detailed explanations of the four strategic pillars, see → [Business Report > Business and financial review > Strategy and goals](#).

For a description of the economic position of the Geberit Group, see → [Business Report > Business and financial Review > Financial Year 2016](#).

#### G4-EC1 Economic performance

Significant indicators for the creation and distribution of value in accordance with the GRI requirements can be found in the financial report:

##### Direct Economic Value Added

- Net sales and operating profit, see → [Financial Report > Consolidated financial statements Geberit Group > Consolidated Statements of Cashflow](#).

##### Economic Values Passed On

- Operating expenses excl. personnel expenses, see → [Financial Report > Consolidated financial statements Geberit Group > Income statements](#).
- Personnel expenses, see → [Key figures sustainability > Employees and society](#).
- Payments to providers of capital, see → [Financial Report > Consolidated financial statements Geberit Group > Statements of cashflows](#).
- Social engagement, see → [G4-EC7](#).

##### Retained Economic Values

- Investments in and divestments of property, plants and equipment, see → [Financial Report > Consolidated financial statements Geberit Group > Income statements](#).
- Share buyback, see → [Financial Report > Consolidated financial statements Geberit Group > Notes > Note 22](#).

#### G4-EC2 Financial implications of climate change

The 2015 UN climate change conference in Paris and the agreement reached by its participants to limit global warming to below two degrees Celsius represent far-reaching goals for limiting climate change. Now, there is a growing need to take action to minimise climate change and its consequences. One of the most visible effects of climate change that we are already experiencing is the limited availability of water resources in many areas, which is becoming a major issue in the eyes of the public. In the Global Risks Report periodically published by the World Economic Forum (WEF), water scarcity was classified in 2016 as one of the three highest risks in terms of impact. Consequently, the subject of water has also been included in the Sustainable Development Goals (SDGs) of the UN 2030 Agenda for Sustainable Development, which have been applicable since the beginning of 2016. Goal number 6 calls for people around the world to receive access to clean drinking water and sanitary facilities.

These trends will determine the sanitary technologies of the future. Water-saving, resource-efficient products will become increasingly important. Geberit is taking advantage of the opportunity to meet the growing worldwide demand for water-saving products and to contribute towards the diligent handling of water, thus making a name for itself as a leader in sustainability. Products classified as special water-saving products already make a substantial contribution to Group sales.

Compared to these relatively high chances of success, Geberit is exposed to an average risk of natural disasters triggered by climate change, which can fundamentally affect production areas or transport areas. None of the production sites are particularly at risk in this respect, however.

The manufacture of ceramic sanitary appliances is a resource and energy-intensive process that has become a part of Geberit production. This increases the company's exposure to CO<sub>2</sub> regulations, meaning that their future development must be carefully monitored. However, these risks are currently still low – only one ceramic plant in Sweden pays CO<sub>2</sub> taxes. With the definition of a long-term CO<sub>2</sub> target in 2016 that is compatible with the two-degree target set out in the Paris Agreement (science-based), an increasingly detailed understanding is becoming established within the company regarding CO<sub>2</sub> emissions. The aim is to reduce absolute CO<sub>2</sub> emissions (Scopes 1 and 2) by 6% between 2015 and 2021 to under 240,000 tonnes (based on organic growth).

In addition, Geberit is indirectly affected by higher energy or raw materials prices and by generally increasing requirements in terms of energy management. With its internal energy master plan, the targeted introduction of the ISO 50001 energy management system, and the measures related to its CO<sub>2</sub> strategy (see → [aspect emissions](#)), Geberit is reacting proactively and working continuously on saving energy, improving its energy efficiency and reducing its CO<sub>2</sub> emissions. For example, Geberit is currently investing in the infrastructure of ceramic production: By the end of 2016, five tunnel kilns for ceramic production had already been equipped with state-of-the-art burner technology, with the equipping of a further six planned. Each kiln can bring about energy savings of over 20%.

As far as corporate risks are concerned, the Audit Committee of the Board of Directors introduced a comprehensive system for the monitoring and management of the risks associated with the company's business activities, including the risk category CO<sub>2</sub> emissions, see → [Financial Report > Consolidated financial statements Geberit Group > Notes > Note 4](#).

#### G4-EC3 Scope of the organization's defined benefit plan obligations

The Geberit Group sponsors defined benefit plans for its employees in Switzerland, Germany, Austria and the USA. For further details on pension and benefit plans, see → [Financial Report > Consolidated financial statements Geberit Group > Notes > Note 3 > Retirement benefit plans](#) and → [Financial Report > Consolidated financial statements Geberit Group > Notes > Note 17](#).

#### G4-EC4 Significant financial assistance received from government

Significant assistance received from the public sector includes:

- Income taxes, see → [Financial Report > Consolidated financial statements Geberit Group > Notes > Note 25](#).
- Investment subsidies for new investments to promote the respective business location and secure jobs: CHF 1.2 million (of which approx. CHF 0.54 million for the Kolo plant and CHF 0.66 million for the Ozorkow plant).
- Contributions received to support training and part-time employment prior to retirement: CHF 0.3 million.
- Support for apprentices and subsidies for severely disabled persons: CHF 0.05 million.

The public sector is not represented on the Board of Directors of the Geberit Group.

## 8.2 Market Presence (EC)

### Management Approach - Market Presence

Geberit has grown from a family-run firm into a listed global company that has proven its ability to adapt to a rapidly changing environment. Within its core strategy, see → [Management approach economic performance](#), Geberit's aim is to ensure that production plants and sales companies alike function well as units which enjoy a high degree of autonomy. A high level of acceptance among the local workforce is a fundamental part of this, thanks in part to an attractive pay structure and the involvement of local know-how at the management level.

#### G4-EC5 Ratio of standard entry-level wage compared to local minimum wage

Geberit pays market-rate wages, taking into account local circumstances and laws. When selecting employees and determining their assignment in the company, Geberit attaches great importance to qualifications appropriate to the task description. In accordance with their qualifications, the majority of Geberit employees at the 33 production sites and at the sales companies are paid well above the minimum wage range. Stability and a high level of motivation among employees are important to Geberit. This is being encouraged at the new site in India, for example, by means of a comparatively attractive pay structure. The applicable requirements on minimum wages are well met.

#### G4-EC6 Procedures for local hiring

Geberit has no personnel policy or employment practices providing for the preferential treatment of persons from local vicinities in connection with the hiring of members of management boards for the respective country organisations. However, Geberit would like to establish organisations at its production and sales sites that function on a local basis, which is why it often integrates locally appointed managers. For example, the sales companies in India and China are both headed by managing directors who have been recruited locally.

## 8.3 Indirect Economic Impacts (EC)

### Management Approach - Indirect Economic Impacts

Indirect economic impacts arise primarily due to positive side-effects from direct economic action. With its innovative solutions for sanitary products, Geberit aims to achieve sustained improvement in the quality and standard of people's lives. The economy benefits from this in several respects: through the contribution to better sanitary standards, a durable, resource-efficient sanitary infrastructure, through know-how transfer in the sanitary industry, via impetus for the economy in regional economic areas, and through orders with suppliers. There is no management approach to indirect economic impacts in the narrower sense. Instead, the company works with the stakeholders concerned to identify the best solutions in each case.

Geberit pursues a clear strategy as part of its social responsibility, and therefore supports social projects each year that exhibit a relationship to the topic of water and sanitary facilities, as well as to Geberit's core competencies and corporate culture. Equally important is the aspect of personal and professional education: By getting actively involved in the social projects in developing regions across the world, apprentices become familiar with other cultures and also acquire new social, linguistic and professional competencies. Furthermore, these social projects make a tangible contribution to the Sustainable Development Goals (SDGs) of the United Nations, which include giving all humans access to clean drinking water and basic sanitation by 2030.

#### G4-EC7 Investments in infrastructure and services primarily for public benefit

Donations and financial contributions, including product donations, totalling CHF 3.7 million (previous year CHF 2.6 million) were made during the reporting year. In addition, Geberit employees contributed 2,336 hours of charitable work (previous year 1,657 hours). Geberit also supports facilities for disabled persons and long-term unemployed, where simple assembly and packaging work in the amount of around CHF 6.3 million was carried out in 2016 (previous year CHF 6.2 million), see also → [Key figures sustainability > Employees and society](#).

The focus was on the following projects and partnerships in 2016:

- A → [social project](#) carried out in Warsaw (PL) with apprentices: renovation of several sanitary facilities at a primary school with a team of ten apprentices from Geberit, as well as volunteer work with students on the subject of water.
- The partnership with Helvetas on projects relating to clean drinking water and sanitary facilities and supporting the new Helvetas campaign for clean drinking water and latrines with a substantial contribution.

- Participation in the charitable organisation Swiss Water Partnership to promote international dialogue on the topic of water.
- Implementation of the project Change of Perspective, in which two Swiss plumbers travelled to Nepal and worked together with two Nepalese colleagues for one week. This project was repeated in Switzerland a short time later.
- Volunteer work of 17 Geberit employees for two weeks helping a village community in western Nepal to construct a water pipeline. Geberit also made a major donation to support Helvetas-run water projects in Nepal.
- Support for six vocational schools for plumbers in Ukraine with the goal of providing professional, contemporary training in plumbing.
- Various local initiatives and collection campaigns in Poland, the UK, France, Germany and Switzerland round off the Geberit Group's social engagement at the local level.

#### G4-EC8 Indirect economic impacts

Geberit forms part of the value chain in the construction industry. It has significant indirect economic impacts downstream on the customer side at planners, plumbers and end users, as well as upstream at suppliers and transport companies. Continuous investment in 33 production plants in Europe, China, India and the USA, as well as the logistics centre in Germany, will strengthen these individual economic areas.

Geberit know-how and products significantly reduce the burden on water and waste water systems. According to one model calculation, all dual-flush and flush-stop cisterns installed since 1998 have so far saved around 22,600 million cubic metres of water in comparison with traditional flushing systems. In 2016 alone, the water saved amounted to 2,430 million cubic metres. This is more than half of the annual consumption of all German households.

Geberit is committed to sustainable sanitary systems which, as elements in construction, help to shape the infrastructure as a whole. For example, Geberit actively worked on adapting the applicable standard for the dimensioning of waste water piping to smaller diameters. This is important so that the full functionality of the piping system is ensured even with lower quantities of waste water. Geberit also supported WELL (Water Efficiency Label), a product classification system for water-saving and resource-efficient sanitary products that was introduced in 2011. Similar to its work in the field of waste water hydraulics, Geberit also played a major part in ensuring that topics such as noise insulation and fire protection, as well as hygiene in drinking water and sanitary areas, have been developed to the benefit of the end user and laid down in standards and recommendations.

Geberit lends impetus to the sanitary industry with innovation and new products that are sold and implemented worldwide by wholesalers, plumbers and planners. In 2016 alone, around 30,000 customers were provided with education and further training on Geberit products and software tools in the 25 information centres in Europe and overseas, see → [Business Report > Business and financial review > Financial Year 2016 > Customers](#).

Geberit employed 233 apprentices at the end of 2016 (previous year 255). The transfer rate to a permanent employment relationship was 75% (previous year 64%). All apprentices are essentially required to work at several sites during their training. Experience abroad and the transfer of know-how are beneficial, especially for young employees.

Geberit employed 233 apprentices at the end of 2016 (previous year 255). The transfer rate to a permanent employment relationship was 75% (previous year 64%). All apprentices are essentially required to work at several sites during their training. Experience abroad and the transfer of know-how are beneficial, especially for young employees.

## 9. Environment (EN)

Geberit has long stood for a high level of environmental awareness and been committed to environmentally friendly, resource-efficient production as well as the development of water-saving and sustainable products. Eco-design is an integral part of the product development process, with the goal of making each product more environmentally friendly than its predecessor throughout the entire product life cycle. Environmental criteria are considered in all decision-making processes. These processes are continuously being optimised so that a proven high standard is achieved which often greatly exceeds legal requirements. Geberit's environmental principles are defined in the → [Code of Conduct](#).

Systematic, Group-wide environmental management takes centre stage. This is the remit of Corporate Environment and Sustainability. Guidelines and measures pertaining to all aspects of the GRI requirements are coordinated here. A network of environmental managers practises active environmental protection at the production plants, thus ensuring that the targets and measures laid down in the → [Sustainability strategy](#) are implemented worldwide. All environmental and occupational safety managers from all production plants were present at the annual international meeting in 2016.

The Geberit Group has a → [Group certificate](#) in accordance with ISO 9001 (quality), ISO 14001 (environment) and OHSAS 18001 (occupational health and safety) that is valid until the end of 2018. Out of 33 production plants, 30 were certified to ISO 14001, 24 to OHSAS 18001 and five to ISO 50001 at the end of 2016. By the end of 2018, all new plants will be integrated into the Geberit management system and will be certified according to ISO 9001 and 14001 as well as OHSAS 18001.

The annual preparation of a corporate eco-balance has been an established part of Geberit's environmental management since 1991. It covers 33 production plants worldwide, the logistics centre in Pfullendorf (DE), other smaller logistics units and the larger sales companies. The corporate eco-balance permits an overall assessment of environmental impact in terms of eco-points. For the reporting in 2016, as in the previous year, the new basic data from the internationally recognised Ecoinvent database (version 3.1) and the latest version of the method of ecological scarcity (version 2013) were used. The calculation was based on the national electricity mix.

It was possible to make a year-on-year comparison with the expanded company for the first time. Both the environmental impact and the CO<sub>2</sub> emissions were reduced. The absolute environmental impact reduced by 4.0% (3.6% in organic terms) and CO<sub>2</sub> emissions by 3.0% (2.7% in organic terms). The environmental impact per net sales (currency-adjusted) dropped by 10.8%, or 11% in organic terms (adjusted by the sale of the Koralle business). This figure is above the long-term target of 5% per year.

Detailed key figures on the environmental impact are provided at → [Key figures sustainability > Environment](#).

### 9.1 Materials (EN)

#### Management Approach - Materials

The use of raw materials, semi-finished products and finished products with a global procurement value of CHF 789.3 million is a significant production factor for Geberit. At around 12,200 TJ (previous year 11,500 TJ) – based on basic data from Ecoinvent (version 3.1) – the consumption of grey energy associated with purchased materials (including mineral raw materials at the ceramics plants) is 3.9 times the entire energy consumption of the production plants themselves. This emphasises the importance of treating raw materials with care. The resource-efficient use of raw materials is determined as early as the product development process as part of eco-design workshops, see → [Management approach products and services](#).

#### G4-EN1 Materials used

The use of materials depends on the various manufacturing processes: 17 plants for processing plastic and metal, twelve plants for manufacturing sanitary ceramics and four other plants for processing acrylic, mineral casting compound as well as aluminium and glass (in the case of shower partition walls). The range of manufacturing technologies used thus includes the areas of injection moulding, blow moulding, extrusion, metalforming and thermoforming, assembly and ceramic production.

The most important materials for production are plastic and metal raw materials, mineral raw materials and various semi-finished products and finished products. A total of 390,421 tonnes of materials were used in 2016 (previous year 384,807 tonnes). At present, this amount includes only the mineral raw materials from the former Sanitec Group. Detailed key figures on the use of materials can be found at → [Key figures sustainability > Environment](#).

For packaging materials used, see → [G4-EN28](#).

#### G4-EN2 Percentage of recycled material

When estimating the share of recycled material in production, a distinction is made between internal and external sources.

##### Internal sources:

In terms of the raw material plastic, recycled material is primarily generated internally and is ground on site or via a decentralised mill and fed back into the process. The proportion fluctuates depending on the manufacturing process. For blow moulding it is around 35%, for injection moulding around 15%, depending on product class, and for pipe extrusion around 3%. This corresponds to a total of around 8,450 tonnes.

Raw materials are also recycled internally and fed back into the process in ceramic production. The recycling rate for the ceramic slip is around 10%, while this figure is 20 to 40% for the glaze.

##### External sources:

The share of recycled material in purchased metals is relatively high. This data originates from the Wuppertal Institute for Climate, Environment and Energy. Extrapolated, the raw material metal purchased contains around 32,500 tonnes of recycled material.

With plastics, virgin material is primarily used. The search for suitable, high-quality regranulate from external plastic waste is an integral part of Geberit's procurement strategy. In terms of the material ABS, a suitable alternative made of 100% recycled material was found. This alternative is based on high-quality plastic waste from the electronics industry (e.g. used computer cases). According to the supplier, the manufacture of this regranulate consumes over 80% less energy compared to the manufacture of a tonne of new petrochemical-based plastic. Furthermore,

between one to three tonnes less CO<sub>2</sub> are released into the atmosphere, depending on the material. In 2016, over 700 tonnes of ABS regrgranulate were used for the mounting frames for concealed cisterns, the technical cisterns, the Monolith and the flush valve type 240. Thanks to an intelligent redesign, half of the material used for the flush valve can be made of high-quality ABS regrgranulate. The use of plastic regrgranulate is generally to be increased further and applied to other product areas.

## 9.2 Energy (EN)

### Management Approach - Energy

A software introduced in 2012 permits monthly monitoring of water and energy consumption, as well as the Group-wide calculation of environmental impact and CO<sub>2</sub> emissions. With a share of 96.9%, the consumption of energy in the form of electricity, combustibles and fuels represents Geberit's greatest environmental impact. In addition, a systematic energy monitoring and an energy master plan are being implemented in the most energy-intensive plants to manage and plan energy consumption. This is based on the three pillars energy saving, increased energy efficiency and the targeted expansion of the share of renewable energy sources. Targets were also defined for the share of renewable energy sources as part of the development of a long-term CO<sub>2</sub> target that is compatible with the two-degree target set out in the Paris Agreement (science-based). By 2021, the share of renewable energy sources should account for 45% of electricity and 10% for combustibles.

At present, the German plants in Lichtenstein, Pfullendorf, Langenfeld, Wesel and Haldensleben are certified according to the ISO 50001 standard for energy management. Furthermore, all Geberit companies implemented the European Energy Efficiency Directive 2012/27/EU in 2015.

For the development of energy-efficient products, see → [Management approach products and services](#).

### G4-EN3 Energy Consumption within the Organization

Geberit generally uses energy purchased externally. The direct energy carriers (Scope 1) include the combustibles natural gas, biogas, liquefied petroleum gas (LPG), diesel for power generation, heating oil extra light and solid combustibles as well as the fuels diesel, gasoline and liquefied petroleum gas (LPG). The indirect energy carriers (Scope 2) include electricity and district heating.

Energy consumption decreased by 5.2% in the reporting year and is now 864.7 GWh, corresponding to a reduction of 4.9% when adjusted for the divestments of the Koralle business. After the strong increase in energy consumption in 2015 as a result of the Sanitec acquisition, Geberit has successfully adopted a reduction plan within the enlarged company.

Combustibles (primarily from ceramic production) still account for the greatest share of energy consumption at 70.7%, followed by electricity with 26% and fuels with 3.3%.

In 2015, errors were made in some companies from the former Sanitec due to the initial consolidation when collecting the energy consumption data. This led to a shortfall of around 27 GWh of energy and thus the environmental impact and CO<sub>2</sub> emissions reported were too low on a Group level at 2.0% and 2.5% respectively. The values from previous years have been amended in the information disclosed within the scope of this report.

Renewable sources of energy are to be expanded continuously as a part of the sustainability strategy. Since 2012, a block heating station has been in use in Pfullendorf (DE). This plant was fed by 8.8 GWh of regionally produced biogas in 2016. The electricity generated by the plant (3.4 GWh) is fed into the transmission grid and the resulting heat (4.1 GWh) can be used in production, thereby reducing the use of natural gas. In total, renewable energy sources accounted for 6.3% of combustibles.

Since 2013, the roof area at the plant in Givisiez (CH) has been made available to an energy services provider for a 3,050 m<sup>2</sup> photovoltaic installation. It generated 0.5 GWh of electricity in 2016. However, this contribution is not included in the energy balance as the energy produced is managed by the regional energy supplier. Overall, the share of purchased green electricity was increased by 3 GWh to 44 GWh in 2016 – meaning that renewable sources of energy now account for 37.7% of total electricity consumption.

For detailed key figures on the consumption of combustibles and fuels (Scope 1), as well as electricity and district heating (Scope 2) and the electricity mix, see → [Key figures sustainability > Environment](#).

### G4-EN4 Energy Consumption outside of the Organization

Where the energy balance outside the organisation is concerned, Geberit concentrates on purchased materials, intercompany and distribution logistics, and business travel.

In 2016, purchased materials (including mineral raw materials at the new ceramic plants) resulted in grey energy consumption of around 12,200 TJ.

For the environmental impact caused by logistics, see → [G4-EN30](#).

Business flights have been recorded and included in the assessment since 2012. The flight distances are calculated according to the respective departure and arrival airports. The CO<sub>2</sub> emissions comprise direct and indirect emissions and are based on the Ecoinvent database (version 3.1) and the IPCC conversion factors from 2013, see → [G4-EN17](#).

### G4-EN5 Energy Intensity

Energy intensity is an important performance indicator at the production plants, and is monitored monthly in the management cockpit. Those plants which are certified to ISO 50001 have also introduced a more refined system of monitoring.

### G4-EN6 Energy saved

Important energy-saving measures in production include:

- The optimisation of production processes in terms of efficiency, scrap, stability, energy and resource consumption
- The continuous modernisation of the machine fleet and the purchase of energy-efficient systems
- Increasing the capacity utilisation and efficiency of production installations
- The optimisation of cooling systems through the use of natural ambient cold (free cooling, ground water)
- The improved use of waste heat available internally (heat recovery)
- The careful use of compressed air

- The insulation of buildings

Concrete examples which show the reduction in energy consumption:

- In 2016, a focus was on the demolition and safe disposal of infrastructure and systems in Wesel and Haldensleben (DE), Gaeta (IT), Limoges, Digoin and Selles-sur-Cher (FR) and Ekenäs (FI) that were obsolete and no longer required. Inefficient machines in Langenfeld (DE) and a total of four tunnel kilns in Haldensleben (DE) and Slavuta (UA) put out of operation and scrapped.
- Five tunnel kilns were retrofitted for ceramic production with the latest burner technology by the end of 2016, with a further six kilns currently being planned. This reduces NO<sub>x</sub> emissions and gas consumption per kiln by more than 20%. Overall, annual savings of around 27 GWh of gas and 6,500 tonnes of CO<sub>2</sub> are expected.
- The number of injection moulding machines retrofitted with energy-efficient drive technology was increased in the reporting year from 137 to 150. Analyses show that modifying a machine can reduce energy consumption by up to 40%.
- A new raw material for the inner layer of Mepla pipes is being used at the plant in Givisiez (CH). While maintaining the very highest product quality for customers, this reduced the consumption of water and natural gas for manufacturing by over 70%.
- In Weilheim (DE), an optimised manufacturing process for the production of urinal divisions reduces throughput times and energy consumption thanks to heat recovery, and at the same time reduces occupational safety risks.
- In 2015, the first fully electrically driven production line for fitting bends was put into operation in Langenfeld (DE). This increases process stability while reducing the set-up time, electricity consumption and lubricant quantities needed.
- In Lichtenstein (DE), savings of around 80% per metal frame are expected as a result of switching from hydraulic to servomechanical drives on the new Kombifix production line.

#### G4-EN7 Energy-efficient products

The biggest environmental contribution by Geberit products lies in the conservation of water, which indirectly also saves on energy. A number of estimates illustrate the scale of this saving: According to the Ecoinvent database (version 3.1), some 10.3 MJ of energy are required and 0.64 kg of CO<sub>2</sub> emissions are released per cubic metre for the conveyance, processing and distribution of water and the subsequent treatment of the unpolluted waste water in a waste water treatment plant. The → **water footprint** calculated for Geberit (excluding former Sanitec products) shows that nearly 100% of water consumption is attributable to the usage phase. The water volume saved owing to Geberit products is enormous: According to one model calculation, all dual-flush and flush-stop cisterns installed since 1998 have so far saved around 22,600 million cubic metres of water in comparison with traditional flushing systems. These water savings go hand-in-hand with substantial energy savings.

Direct energy savings when using the products are made possible thanks to systematically improved energy efficiency. Current examples include:

- The → **shower toilet Geberit AquaClean Mera Comfort** is a premium-class complete solution featuring the highest levels of comfort. The patented WhirlSpray shower technology ensures particularly thorough, gentle cleaning while virtually halving water and energy consumption. The hybrid hot water technology with continuous flow heater and boiler only heats the water spray when required. Despite these additional comfort functions, the energy consumption is comparable to that of the AquaClean 8000plus.
- Geberit's latest shower toilet → **Geberit AquaClean Tuma** stands out with a sophisticated product concept and simple yet elegant design. It is offered as a complete solution including rimless WC ceramic appliance. Alternatively, it is also available as a WC enhancement solution that can be combined with the previously installed ceramic appliances. The innovative WhirlSpray and heating-on-demand technology considerably reduces energy consumption compared to its predecessor.
- The new → **Geberit urinal system** comprises urinals with electronic flush controls but also with completely waterless operation. The central elements are the two rimless urinal ceramics Preda and Selva, which were developed by Geberit. Thanks to the low consumption of resources and the option of a control system supplied with electricity by an autonomous energy source, the urinals satisfy the most stringent requirements for green building and economic operation. For this purpose, a proprietary environmental and cost calculator was developed for various sales companies, see → [www.international.geberit.com](http://www.international.geberit.com) > **Plumbers and planners > Products > Sanitary Products > Urinal systems**.
- The new modular → **Geberit tap system** is the ultimate in sophisticated installation technology, different energy concepts and elegant wall-mounted or deck-mounted taps. The taps can be mounted quickly and flawlessly. The mixer, valves, electronics and power supply are stored in a function box, which is mounted under the washbasin where it is protected from moisture. The product boasts both optimal user-friendliness and ease of installation as well as minimal water and energy consumption.

### 9.3 Water (EN)

#### Management Approach – Water

The → **water footprint**, which covers Geberit's entire value chain (excluding former Sanitec products), shows that nearly 100% of water consumption is attributable to the use of the products, while the manufacture of the products by Geberit accounts for less than 0.1% of water consumption. For the development of water-saving products and Geberit's commitment beyond product development, see → **Management approach products and services**.

The corporate eco-balance shows a similar picture. Here, the environmental impact caused by water consumption and subsequent waste water treatment also accounts for only a minor share of the company's overall impact (1.1%). Despite this, Geberit also aims to serve as a role model with respect to its own water consumption and to further optimise its water consumption every year. This includes measures such as reusing water in laboratories and production processes.

In 2016, Geberit also published its detailed water balance as part of the CDP Water Program for the first time. The results of the evaluation have been integrated into the 2016 Annual Report of Corporate Water Disclosure from CDP.



#### G4-EN8 Water consumption

Water consumption dropped compared to the previous year by 3.1% to 1,133,946 m<sup>3</sup> (previous year 1,170,356 m<sup>3</sup>). Above all, the manufacture of ceramic sanitary appliances requires a great deal of water, both for preparing the ceramic slip and glaze and for cleaning the moulds and systems.

Water consumption can be categorised into drinking water (26%), well water (47%), lake and river water (26%) and rain water (1%).

Key figures concerning water consumption by source can be found at → [Key figures sustainability > Environment](#).

#### G4-EN9 Water sources significantly affected by withdrawal of water

Geberit production plants' water consumption does not place a considerable burden on water sources as defined in the GRI guidelines.

#### G4-EN10 Water recycling

Throughout the Group, two processes are primarily responsible for much of the water requirements:

- Relatively large quantities of water are used in ceramic production. An initial estimate shows that 5 to 10% of the water used was also recycled internally, corresponding to around 100,000 m<sup>3</sup> per year.
- Newly developed products are tested at the Geberit sanitary laboratory in Rapperswil-Jona (CH). The tests required 114,033 m<sup>3</sup> of water. Only around 2% or 1,877 m<sup>3</sup> of this is fresh water. The remaining 98% was reused in a closed-circuit system.

### 9.4 Emissions (EN)

#### Management Approach – Emissions

Production emissions are recorded and analysed in detail as part of the corporate eco-balance – CO<sub>2</sub> emissions are particularly important to Geberit. → [Other air emissions](#) (NO<sub>x</sub>, SO<sub>2</sub>, hydrocarbons etc.) are also recorded and calculated, but have a comparatively minor impact on the environment. Under the established → [CO<sub>2</sub>-strategy](#) the CO<sub>2</sub> emissions per net sales (currency-adjusted) should be reduced annually by 5% per year on average. Geberit is on track here, see → [G4-EN18](#). A long-term CO<sub>2</sub> target was developed in 2016 that is compatible with the two-degree target set out in the Paris Agreement (science-based). Within this context, Geberit plans to reduce its absolute CO<sub>2</sub> emissions (Scopes 1 and 2) by 6% between 2015 and 2021 to under 240,000 tonnes (based on organic growth). Specific goals for the share of renewable energy sources were also established: 45% for electricity and 10% for combustibles.

A CO<sub>2</sub> footprint across the entire value chain has been calculated since 2012. This carbon footprint covers the provision of raw materials, combustibles and fuels, the manufacturing of products at Geberit, logistics, use and disposal. With regard to the former Sanitec Group, only production and mineral raw materials are currently taken into account. An analysis revealed that product use (64.5%) and the provision of raw materials (19%) are by far the largest sources of CO<sub>2</sub> emissions. During product use, the provision of water, treatment of unpolluted waste water and generation of hot water play a central role. Production by Geberit accounts for only 7.5% of total CO<sub>2</sub> emissions. Similarly, transport (1%), the provision of combustibles and fuels (1%) and the disposal (7%) of the products also cause only few emissions.

The measures for implementing the CO<sub>2</sub> strategy are based on the three pillars energy saving, increased energy efficiency and targeted expansion of the share of renewable energy sources, see also → [Management approach energy](#).

The calculation of greenhouse gas emissions is based on the internationally recognised Ecoinvent Database (version 3.1), with the IPCC 2013 factors used, production-related process emissions included and the national electricity mix taken into account. The seven leading substances (CO<sub>2</sub> fossil, CH<sub>4</sub>, N<sub>2</sub>O, HFC, PFC, SF<sub>6</sub> and NF<sub>3</sub>) are used for the calculation of the greenhouse gas emissions and shown as a sum parameter according to IPCC (CO<sub>2</sub> equivalents or simply CO<sub>2</sub>).

#### G4-EN15 Direct greenhouse gas emissions (Scope 1) and G4-EN16 Indirect greenhouse gas emissions (Scope 2)

In 2016, CO<sub>2</sub> emissions amounted to 250,108 tonnes (previous year 257,909 tonnes), corresponding to a decrease of 3.0%, or 2.7% in organic terms (adjusted for the sale of the Koralle business). CO<sub>2</sub> emissions per net sales (currency-adjusted) fell by 9.9% (in organic terms 10.2%), meaning that Geberit exceeded its long-term target of 5% per year.

At 50.9%, combustibles are the largest source of CO<sub>2</sub>, followed by electricity at 45.9% and fuels at 3.0%, as well as process emissions and district heating at 0.2% in total. The purchase of 44 GWh of green electricity in Pfullendorf and Weilheim (DE), Bromölla and Mörrum (SE), Givisiez (CH) and Daishan (CN) meant that it was possible to reduce CO<sub>2</sub> emissions by around 17,700 tonnes.

Key figures concerning greenhouse gas emissions can be found at → [Key figures sustainability > Environment](#).

#### G4-EN17 Other relevant greenhouse gas emissions (Scope 3)

Where other indirect greenhouse gas emissions (Scope 3) are concerned, Geberit concentrates on the following categories:

- Raw materials used (incl. mineral raw materials from ceramic production) and the resulting CO<sub>2</sub> emissions: 632,225 tonnes (previous year 598,946 tonnes).
- The provision of combustibles and fuels, which accounted for 38,573 tonnes from combustibles and 5,377 tonnes from fuels in 2016.
- CO<sub>2</sub> emissions of power generation from the upstream chain are included in → [G4-EN15](#).
- Logistics, (→ [see G4-EN30](#)), which caused a total of 42,179 tonnes of CO<sub>2</sub> emissions in 2016 (previous year 29,671 tonnes). The increase was mainly caused by the increase in locations included as well as the rise in sales and the related expansion in transport volumes.
- Business travel by air, at 1,655 tonnes of CO<sub>2</sub> emissions (previous year 1,956 tonnes) – this includes the whole of Geberit.

#### G4-EN18 Greenhouse gas emissions intensity

CO<sub>2</sub> emissions (Scopes 1 and 2) in relation to currency-adjusted net sales decreased by 9.9% in the reporting year, and in organic terms (adjusted for the sale of the Koralle business) by 10.2%. This figure is above the long-term target of 5% per year. For the previous year's figure, it must be noted that the CO<sub>2</sub> emissions relate to the entire year and that net sales include only eleven months of the former Sanitec business.

#### G4-EN19 Initiatives to reduce greenhouse gas emissions

In 2016, Geberit purchased another 3 GWh of certified green electricity, bringing the total to 44 GWh. Overall, renewable energy sources thus accounted for 37.7% of electricity (previous year 36.5%). According to the CO<sub>2</sub> strategy, the share of renewable energy sources should be expanded by 3 GWh annually so that it reaches 45% by 2021.

For combustibles, the share of renewable energy sources should be increased to 10% by 2021. The block heating station in Pfullendorf (DE), which was commissioned in 2012 and which was fed by 8.8 GWh of regionally generated biogas in 2016, makes a key contribution. In addition, 15.9 GWh of wooden pellets were burned and 14.1 GWh of district heating were obtained from a paper mill. This brought the share of renewable energies for district heating and combustibles to 6.3% in total in 2016 (previous year 7.2%).

Fuel consumption is determined primarily by the company's own and leased fleet of cars and delivery vans. Since early 2008, binding guidelines have applied for the purchase of new vehicles. An emission value of 100 grams of CO<sub>2</sub>/km is to be reached by 2020, as targeted by the EU. In 2016, Geberit gained experience in using electric vehicles as pool vehicles as part of a pilot project.

Substantial volumes of CO<sub>2</sub> emissions can also be saved by consistently applying eco-design principles in new product development. One concrete example is the flush valve type 240 for cisterns. Half of the material used is made of high-quality ABS regranulate. Indirectly, this means that almost 500 tonnes of CO<sub>2</sub> can be saved, corresponding to savings of about 1 GWh of average European electricity.

Geberit also promotes awareness among all employees for the promotion of environmentally friendly behaviour. New employees receive training on the subject of sustainability at Geberit as part of their job orientation programme. In the largest plants, this is also tailored to the target group of production employees. There are also local initiatives, e.g. tree planting work, forest clearing, environmental competitions and environmental newsletters.

All targets and measures for improving the CO<sub>2</sub> balance sheet are disclosed in detail as part of the company's participation in the Carbon Disclosure Project (CDP). In this largest climate protection ranking, Geberit has achieved the status of "Sector Leader Industrials" in reporting, meaning that it is one of the ten best companies in the sector in Germany, Austria and Switzerland.

#### G4-EN20 Ozone depleting substances

Emissions of ozone-depleting substances, measured in CFC11 equivalents, can be calculated based on the Geberit corporate eco-balance using the base data from the Ecoinvent Database (version 3.1). The calculation includes both direct emissions (Scope 1) from the burning of combustibles and fuels and process emissions (solvents), as well as indirect emissions (Scope 2) resulting from electricity consumption and the provision of district heating.

Key figures on ozone-depleting substances can be found at → [Key figures sustainability > Environment](#).

#### G4-EN21 NO<sub>x</sub>, SO<sub>x</sub> and other air emissions

Emissions of NO<sub>x</sub>, SO<sub>2</sub>, NMVOC (non-methane VOC) and dust (PM10) can be calculated on the basis of the Geberit corporate eco-balance using the base data from the Ecoinvent Database (version 3.1). The calculation includes both direct emissions (Scope 1) from the burning of combustibles and fuels and process emissions (solvents), and indirect emissions (Scope 2) resulting from electricity consumption and the provision of district heating.

Key figures concerning greenhouse gas emissions can be found at → [Key figures sustainability > Environment](#).

### 9.5 Effluents and Waste (EN)

#### Management Approach - Effluents and Waste

Waste disposal accounted for 1.4% of the overall environmental impact in 2016. The reduction and safe handling of waste water and waste is promoted at the plants within the scope of the environmental management system according to ISO 14001. Where waste is concerned, it is ensured that this is sorted so that as much as possible is recycled, and as little as possible has to be incinerated or sent to landfill sites.

As part of the European vision for a resource-saving circular economy, efforts are being made to generate secondary material for other processes from waste. In both the Kolo and Wloclawek ceramic plants in Poland, for example, gypsum waste from ceramic production, which had previously been disposed of as waste to landfills, is now being used as secondary material in the cement industry since the end of 2016. This reduces waste quantities in landfills by around 8,000 tonnes per year.

#### G4-EN22 Water discharge

The 2016 figure for waste water was 846,998 m<sup>3</sup> (previous year 927,053 m<sup>3</sup>). At 71%, process waste water from the production of sanitary ceramic appliances accounted for the largest share of the total. Other important categories are domestic waste water (26%), which passes into the communal waste water treatment plant or is pretreated and fed into receiving waters, and other waste water (3%), which is pretreated and fed to a communal waste water treatment plant. Waste water was not directly reused by third-party companies. Geberit does not engage in the unplanned discharge of water. All resulting process waste water and domestic waste water is treated.

Key figures on waste water can be found at → [Key figures sustainability > Environment](#).

#### G4-EN23 Waste

The total waste quantity in 2016 was 79,864 tonnes (previous year 83,405 tonnes).

74% of waste was channelled to external recycling processes (previous year 72%). The measures focused on the further separation of waste and the reduction of mixed waste and hazardous waste, as well as the utilisation as secondary material.

Key figures concerning waste by category are provided at → [Key figures sustainability > Environment](#).

#### G4-EN24 Significant spills and contamination

There were no significant spills of chemicals in the reporting period.

#### G4-EN25 Transport of hazardous waste

In 2016, 417 tonnes of hazardous waste (previous year 479 tonnes) were disposed of by incineration and 609 tonnes (previous year 729 tonnes) were recycled. At Geberit, all waste is disposed of and recycled by licensed disposal companies.



#### G4-EN26 Effects of water discharges on bodies of water

This indicator is not relevant to Geberit as no bodies of water are affected by significant water discharge from Geberit facilities as defined in the GRI guidelines.

### 9.6 Products and Services (EN)

#### Management Approach - Products and Services

Sustainable products play a pivotal role for Geberit in generating added value for customers and society and for contributing to sustainable development as set out by the UN Sustainable Development Goals. In addition to their quality, durability and high degree of water and resource efficiency, Geberit products also impress with their good environmental compatibility and recyclability. The basis for sustainable products is a systematic innovation process in which the most environmentally friendly materials and functional principles possible are chosen, risks are minimised and a high level of resource efficiency is targeted for the production process as well as the product itself. Geberit regards eco-design as the key to environmentally friendly products and an integral part of the development process. Employees from different disciplines take part in eco-design workshops so that each new product outperforms its predecessor in environmental aspects. The workshops involve systematic product analysis that covers the entire life cycle, a review of legal requirements and an analysis of competing products. In addition, they ensure that environmentally relevant data is collected and made available for later use e.g. with BIM (Building Information Modeling). Based on the findings of these eco-design workshops, new solutions are developed which are then adopted into the specifications for that product.

Specially created product life cycle assessments are important decision-making tools for the development process and provide arguments for the use of resource-efficient products. Detailed life cycle assessments have already been prepared for the following products: wastewater and drinking water pipes, AquaClean Mera, electronic washbasin tap type 185/186, concealed cisterns, urinal control systems, urinal systems and now the electronic washbasin tap Piave. The environmental product declarations (EPDs) in accordance with the European standard EN 15804 are becoming increasingly important and can also be used directly for green building standards such as LEED. These show relevant, comparable and verified environmental data on products in a transparent manner.

The biggest environmental contribution by Geberit products also lies in the conservation of water. The analysis of the entire value chain in the form of a → **water footprint** shows (excluding former Sanitec products) that nearly 100% of the water consumption is attributable to the product usage phase. The water savings are impressive: According to one model calculation, all dual-flush and flush-stop cisterns installed since 1998 have so far saved around 22,600 million cubic metres of water in comparison with traditional flushing systems. In 2016 alone, the water saved amounted to 2,430 million cubic metres. This is more than half of the annual consumption of all German households.

Geberit also advocates the economical use of water beyond processes and products. This can be seen by its collaboration in the further development of the product classification system WELL, which was introduced in 2011. In addition, Geberit collaborated with FECS (European Federation of Ceramic Sanitary Ware Manufacturers) to draw up a voluntary European standard for assessing the sustainability of ceramic sanitary appliances (EN 16578).

#### G4-EN27 Mitigation of environmental impact of products

The environmental impacts of Geberit's products are improved continually through the consistent application of eco-design principles in product development. For concrete examples of the latest new products, see → **G4-EN7**. Other examples that make a particular contribution to reducing environmental impact include:

- Thanks to an intelligent redesign of the flush valve type 240, it was possible to increase the flush performance by 40% while also reducing the quantity of material used. In addition, half of the material is made of high-quality ABS regranulate. The plastic components in the technical cistern and in the Monolith are also made up of approximately 50% regranulate.
- The new shower channel CleanLine is designed to allow optimal user-friendliness and ease of installation while reducing the resources used.
- The revised Pluvia roof drainage system features an ergonomic and more compact design, resulting in savings in materials of 25%, which translates into savings of around 350 tonnes of CO<sub>2</sub> each year in the latest sales figures.

#### G4-EN28 Reclaimed packaging material

The following quantities are based on internal estimates from the sales companies: Approximately 152.4 tonnes of old products (mainly electrical equipment) were taken back and disposed of professionally in 2016. In some markets (DE, CH), parts of the multilayer drinking water pipes (Mepla) are also taken back. The exact quantity is not known, but is estimated to be over seven tonnes Group-wide.

In 2016, around 18,250 tonnes of packaging material were used (excluding companies from the former Sanitec), of which over 50% is collected and recycled by Geberit or by financed contractual partners. The rest is disposed of and recycled on a country-specific basis.

### 9.7 Compliance Environment (EN)

#### Management Approach - Compliance Environment

In its → **Code of Conduct** Geberit states that it will limit the environmental impact of its business activities to a minimum. This is achieved by means of consistent compliance with all applicable laws, internationally recognised guidelines and industry standards. With many of the initiatives that it implements, Geberit goes above and beyond legal and official requirements. Reviewing and ensuring compliance with the law is a mandatory element of ISO 14001 certification, and is monitored as part of the annual Group-wide survey on compliance with the Code of Conduct at all companies.

#### G4-EN29 Sanctions due to non-compliance with environmental laws and regulations

In the reporting year, there was one case already cited in the previous reporting year from a former Sanitec company for which fines were announced. It related to an incident regarding a sewer which led to an unplanned discharge of storm water and process water into a body of surface water. A trial and two fines of TEUR 15 each are still pending.

## 9.8 Transport (EN)

### Management Approach - Transport

The logistics centre in Pfullendorf (DE) is the central logistics hub for almost all Geberit sanitary technology products. With a view to future growth and the continued optimisation of existing logistics processes, the decision was made in 2014 to further expand the capacities of this centre by over 25,000 m<sup>2</sup> and invest around EUR 40 million in this by 2017. The project is on track in terms of timing and finances, with commissioning scheduled for April 2017.

In contrast to this centralisation strategy, the logistics organisation at the former Sanitec had a rather more decentralised structure and was oriented towards the needs of the various brands and regions. The logistics infrastructure at the former Sanitec comprises 15 distribution centres of varying sizes across Europe, with a total capacity of almost 250,000 pallet spaces. Nonetheless, it was still possible to forge the first synergies and start various integration measures at an early stage. For example, logistics organisation and reporting at the former Sanitec were incorporated in Geberit's Group logistics, while a start was also made on integration into the Geberit ERP system. The number of transport service providers in the former Sanitec was reduced further. For example, customer deliveries in Germany (including Keramag) will be executed by a central main forwarder from 2017 onwards.

Geberit does not have its own fleet of vehicles, having outsourced this to external transport service providers. Intercompany and distribution logistics play a major part in Geberit's environmental impact, amounting to a significant proportion of the total figure. Cooperation with the transport service providers is therefore of key importance. Partners agree to actively support Geberit in its efforts to use energy and packaging material efficiently and to reduce emissions. Furthermore, the partners support Geberit by providing the data needed for the environmental reporting. The logistics calculator developed in 2010 facilitates the annual capture of data on the vehicle fleet composition, transportation performance and fuel consumption of all transport service providers, as well as the preparation of the eco-balance.

### G4-EN30 Environmental impact of transport

Compared to the previous year, the logistics calculator was expanded to include an additional Geberit location as well as two locations from the former Sanitec. In the reporting year, the largest transport service providers handled 302.6 million tonne-kilometres (previous year 183.0 million tonne-kilometres). This generated 42,179 tonnes of CO<sub>2</sub> emissions (previous year 29,671 tonnes). The increase in transport services and CO<sub>2</sub> emissions was mainly caused by the increase in locations included as well as the rise in sales and the related expansion in transport volumes. The share handled by Euro 5 vehicles was 70.8% and the share handled by state-of-the-art Euro 6 vehicles increased further to 26.2%.

Where possible, Geberit takes the opportunity to shift truck traffic to rail. Alongside road transport, rail consignments have been used for traffic transported on the longest overland route in Europe – from Pfullendorf (DE) to Turkey – since 2014. The quantity transported by rail was expanded in 2016 to over 15%. 80% of the goods transported to Italy and 30% of those transported from Italy are moved by train. Since 2016, deliveries to customers in the Cologne region have been transported by combined transport via the Ulm terminal.

With regard to truck transportation, Geberit continues to look for options for transporting even more goods per truck to increase the capacity utilisation of the transport volume. The use of long trucks (with a length of up to 25 metres and a total weight of up to 60 tonnes) in Scandinavia increased load volumes and the number of transported pallets per truck by around 40%. The bundling of transportation and freight capacity optimisation also improved capacity utilisation in sea shipments to the USA by up to 20%.

## 9.9 Supplier Environmental Assessment (EN)

### Management Approach - Supplier Environmental Assessment

See → [chapter Suppliers](#)

### G4-EN32 Screening of suppliers using environmental criteria

See → [chapter Suppliers](#)

### G4-EN33 Environmental impacts in the supply chain

See → [chapter Suppliers](#)

## 10. Labor practices (LA)

Geberit's most important ambassadors are its employees. They represent Geberit in their day-to-day contact with customers and many other stakeholders. To do so, they need to be aware of what their company stands for and what its objectives are. Geberit's central corporate and brand values are defined in the → [Geberit compass](#), which was updated in 2015. Geberit aims to act as a role model for ethically unimpeachable, environmentally friendly and socially responsible operations. The → [Geberit Code of Conduct](#) updated in 2014 and implemented in 2015 fills this objective with tangible content and offers an authoritative source of guidance.

Responsibility for all material aspects of the GRI guidelines with respect to labour practices at the Geberit Group lies with the Head Corporate Human Resources, who reports directly to the CEO.

Participation in the Group-wide employee survey carried out in the reporting year was an impressive 84%. The views of those surveyed on the topics of quality and innovation, team and personal goals can be considered entirely positive in comparison with the sector. The majority of employees believe that quality is very important at Geberit and that the company continually sets new trends in the industry. Geberit did very well with regard to team, teamwork and exchanging knowledge and information within the team. 74% of employees say that people in their team treat each other with respect and appreciation. Two material topics addressed in the survey were identification and engagement. Although the values here are below those of the last survey back in 2011, this comes as little surprise in view of the integration and the associated uncertainty. Nevertheless, most employees still have a positive attitude towards the company and are still proud to work at Geberit. When compared with the good results achieved in the other areas, the questions as to whether the management acts credibly and informs the employees in an understandable way only achieved an average level of agreement. There is also potential for improvement with regard to employee development.

### 10.1 Employment (LA)

#### Management Approach Employment

First-rate employees are key to the success of Geberit. Not only the best, but also the right employees are to be acquired and retained. Geberit sees itself as an attractive employer with an open corporate culture that offers international development opportunities at the interface between the craft, engineering and sales sectors, see → [geberit.com > Career > What we offer](#).

Employees enjoy attractive employment conditions. In 2016, salaries and social benefits amounted to CHF 702.0 million (previous year CHF 671.6 million). The employees can also participate in share participation plans at attractive conditions, see → [Financial Report > Consolidated financial statements Geberit Group > Notes > Note 17](#) and → [Remuneration report](#).

#### G4-LA1 Employee fluctuation

The average fluctuation rate (in terms of employees with permanent contracts, without natural departures and long-term leaves of absence) was 11.3% (previous year 7.5%). Including natural departures, it was 12.7% (previous year 9.0%). For key figures on fluctuation by age group, gender and region, see → [Key figures sustainability > Employees and society](#).

#### G4-LA2 Benefits

Geberit essentially grants the same benefits to full-time and part-time employees. However, employees with temporary contracts are not always entitled to the same benefits as permanent employees. For example, employees in Switzerland with temporary employment contracts of less than three months are not insured in the pension fund. Geberit bases its employee benefits on country-specific standards.

#### G4-LA3 Return to work and retention rates after parental leave

Geberit implements the currently applicable legal framework conditions. It also attempts in individual cases to find solutions that are as suitable as possible for the affected person and their team.

100% of all permanently employed women are entitled to paid maternity leave, and 6.7% or 144 women made use of this in 2016. 67 or around 45% returned to Geberit following their maternity leave.

99% of all permanently employed men are entitled to paid paternity leave, and 3.1% or 214 men made use of this in 2016. 206 or around 96% returned to Geberit following their paternity leave.

### 10.2 Occupational Health and Safety (LA)

#### Management Approach – Occupational Health and Safety

The health and safety of employees is of major importance. Geberit's vision is to be an accident-free company. Each of the 33 production companies and logistics has a safety manager. The sites Rapperswil-Jona (CH) and Pfullendorf (DE) also have an appointed health manager.

Using 2015 as the reference year, the aim is to halve the number of accidents by 2025. By then, the AFR (Accident Frequency Rate) is to be reduced to a value of 5.5 (accidents per million working hours) and the ASR (Accident Severity Rate) to 90 (number of days lost per million working hours). The key figures are reviewed on a monthly basis at the production plants. In addition, all plants are to implement the OHSAS 18001 standard for occupational health and safety by the end of 2018. Occupational safety has also been part of the annual appraisal of plant managers since 2013.

In the Geberit Safety System (GSS), processes are defined that are applicable throughout the Group and aim to enhance the operational safety of employees on an ongoing basis. The central elements of the GSS were also implemented at the plants of the former Sanitec in 2016.

As part of its Group-wide efforts to support employees' health and well-being, Geberit also offers its employees precautionary healthcare opportunities through various offers and activities. A comprehensive vitality programme is established at the sites in Jona (CH) and Pfullendorf (DE). The focus is placed on promoting personal vitality strategies with an attractive range of offers in the five fields of action exercise, nutrition, mental fitness, energy and vitality.

For objectives and measures concerning employees and occupational safety, see also → [Sustainability strategy](#).

#### G4-LA5 Percentage of total workforce represented in health and safety committees

64% of all employees worldwide are represented through an occupational health and safety panel or safety committee at their site, in which employer and employee representatives can discuss occupational health and safety issues. The occupational health and safety panels are carried out on behalf of the General Management and involve all levels of the organisation as well as various specialist roles and areas (including company physicians, works council, occupational safety specialists, representatives of occupational health and safety unions).

#### G4-LA6 Accidents, occupational illness and lost time

The Group-wide absenteeism rate based on regular working hours for the reporting year was 4.60% (previous year 4.33%); illness-related absences accounted for 4.46% of this rate (previous year 4.20%) and 0.14% was related to occupational accidents (previous year 0.13%). The statistics show only those occupational accidents that occur during working hours or business travel and lead to lost working time of one working day or more. A total of 202 accidents were recorded (previous year 238 accidents), equivalent to 4,305 lost working days due to occupational accidents (previous year 4,314 lost working days). There were no serious or fatal accidents.

Employees at Geberit are not exposed to a particularly significant extent with regard to occupational illnesses. This category is therefore not covered statistically. However, the accident frequency rate (AFR) and the accident severity rate (ASR) are recorded in a standardised manner. These rates are calculated as the number of accidents or the number of lost working days per one million hours worked. The accident frequency rate (AFR) fell by 14.0% in 2016 to 9.8 (previous year 11.4). The accident severity rate increased slightly by 1.6% to 209.4 (previous year 206.2).

All key figures concerning the absenteeism rate by region can be found under → [Key figures sustainability > Employees and society](#).

#### G4-LA7 Assistance regarding serious illnesses

There are certain operational activities at Geberit, particularly in ceramic production, involving an increased risk of silicosis (dust disease). The risks lie particularly in the handling of raw materials, glazing and grinding. Geberit makes substantial efforts towards either avoiding the exposure of employees to these risks (e.g. through the deployment of glazing robots) or minimising this exposure (e.g. through the use of special extraction devices, dust masks or the provision of training in correct behaviour at the workplace). This topic is also systematically addressed as part of the Geberit Safety System and certification according to OHSAS 18001. Furthermore, Geberit participates in the NEPSI programme as a member of FECS, a sub-organisation of Cerame-Unie (European Ceramic Industry Association). This includes monitoring the exposure of employees to quartz dust and the implementation of best practices.

As part of its Group-wide efforts to support employees' health and well-being, Geberit also offers its employees precautionary healthcare opportunities through various offers and activities. These include, for example, sports facilities, anti-smoking training, health check-ups, massage services, dietary and health tips, presentations on health-related issues and workshops on targeted and correct relaxation. They also include reintegration counselling, which aims to get people back to work as soon as possible in the event of long-term illness. Managers are specifically trained in this respect. Examples of individual support include counselling in Rapperswil-Jona (CH) to assist with problems ranging from on-the-job pressure, partnership and family problems to debt issues, and the telephone helpline created in the USA to discuss problems at work in complete confidentiality.

#### G4-LA8 Health and safety topics covered in agreements with trade unions

Geberit attaches great importance to a high level of health and safety for its employees. To this end, it cooperates with authorities, trade unions and employers' liability insurance associations on a country-specific basis. Written agreements exist at the majority of production and sales companies with parties such as trade unions and employee representatives. These cover topics such as personal protective equipment, complaints procedures, regular inspections, education and further training and the right to refuse unsafe work.

### 10.3 Training and Education (LA)

#### Management Approach – Training and Education

Qualified and committed employees are essential for the future success of Geberit. The company therefore sets particular store on the solid education and further training of all employees and on equal opportunities.

Young people can start their careers at Geberit with a commercial, industrial or technical apprenticeship. The aim is to impart all the skills that are required for apprentices to pursue their chosen careers in a professional, independent and responsible manner.

New employees are introduced to the company and its products through various job orientation programmes on joining the company. These range from individually designed introduction talks in various departments to the one-week basic course that provides practical knowledge about Geberit in small groups.

A focus is placed on the standardised global Performance assessment, Development and Compensation process (PDC). PDC has several goals: to reinforce the performance culture, increase transparency and better recognise and promote talent. Except for the employees who work directly in production, all employees of the original Geberit Group have now been incorporated into the PDC process. The circle of participants is currently being extended to include managers of the former Sanitec; their employees in non-productive areas are to be fully incorporated in the near future. PDC in practice means that the individual performance as well as the potential for future development are assessed by several supervisors. The direct supervisor then has to give employees feedback on their performance, development and compensation. As regards compensation, the standardised job assessments used throughout the Group provide a solid reference system.

#### G4-LA9 Employee education and further training

In the reporting year, employees across the Group attended on average around 10 hours of internal and external education and further training (previous year 14.5 hours). For key figures by gender and employee category, see → [Key figures sustainability > Employees and society](#).

The transfer rate of apprentices to a permanent employment relationship was 75%. The target remains 75%.

#### G4-LA10 Programs for skills management and lifelong learning

The Potentials Management Programme remains a priority. The aim is to selectively identify talents throughout the company and support them along their path to middle or senior management. Initial experience of managerial or project management responsibility are part of this. The problems compiled as part of the programme are geared towards the reality at the company and sometimes provide decision-makers

with concrete bases for action. The programme is intended to help fill at least half of all vacant managerial positions within the company with internal candidates. In 2016, this was achieved for 88% of all Group management vacancies.

All apprentices are essentially required to work at several sites during their training. As a global company, Geberit promotes the internationalisation of employees. Experience abroad and the transfer of know-how are an advantage for both employees and the company. Therefore, apprentices have the option of working abroad for a period of six months on completion of their apprenticeship. Such apprenticeship programmes took participants to the US, India and South Africa.

There were also 192 internships (previous year 158) and 37 diploma placements (previous year 47) offered in 2016.

For further information, see → [Business Report > Business and financial review > Financial Year 2016 > Employees](#).

#### G4-LA11 Performance and career development of employees

In everyday working life, the personal and professional development of each individual employee is encouraged in a variety of ways. This covers all areas of work, functions and age groups. Over 75% of all employees received appraisal interviews in 2016 (previous year around 70%) at which development opportunities were also identified and discussed. As part of the standardised global Performance assessment, Development and Compensation process (PDC), employees receive a performance assessment and/or agreement of objectives at least once a year. This process is gradually being introduced at the former Sanitec companies.

### 10.4 Diversity and Equal Opportunity (LA)

#### Management Approach – Diversity and Equal Opportunity

In its Code of Conduct, Geberit sets store on promoting diversity and creating a culture that enables all employees to contribute their full potential to the company. The company strives for diversity and promotes equal opportunities irrespective of gender, ethnic origin, skin colour, age, religion and nationality.

Geberit pursues a fair and non-discriminatory employment practice in accordance with prevailing national and international law. Recruitment, training courses and promotions depend solely on individual achievements, skills and potential regarding the requirements of the position in question.

#### G4-LA12 Workforce diversity

The proportion of female employees at the end of 2016 was 24% (previous year 25%), and for senior management this figure was 9.2% (previous year 8.2%). The six-member Board of Directors has one female member. No further data on minority group membership is currently being collected as Geberit and its stakeholders do not consider this to be relevant. For key figures on diversity in terms of gender and age structure, see → [Key figures sustainability > Employees and society](#).

### 10.5 Equal Remuneration for Women and Men (LA)

#### Management Approach - Equal Remuneration for Women and Men

Protection of the principles of equality is anchored in the → [Geberit Code of Conduct](#). This includes the prohibition of discrimination against any employee on the basis of gender. Fair and equal pay for women and men is guaranteed as follows:

- Job assessment by function in accordance with the proven Hay method on the basis of know-how, problem-solving and accountability. All jobs are pooled in a Group-wide grading system. The resulting grade is the
- Binding wage agreements with set pay grades at many Geberit sites.

#### G4-LA13 Gender-based differences in salaries

According to the annual survey of all Geberit Group companies, no differences between the basic salaries of women and men exist anywhere within the Group.

### 10.6 Supplier Assessment for Labor Practices (LA)

#### Management Approach – Supplier Assessment for Labor Practices

See → [chapter Suppliers](#)

#### G4-LA14 Screening of suppliers using labor practices criteria

See → [chapter Suppliers](#)

#### G4-LA15 Impacts for labor practices in the supply chain

See → [chapter Suppliers](#)

### 10.7 Labor Practices Grievance Mechanisms (LA)

#### Management Approach - Labor Practices Grievance Mechanisms

Employees who openly address irregularities which represent breaches of applicable law, ethical standards or the Code of Conduct are acting correctly and in accordance with the Geberit Code of Conduct. The Group Executive Board of Geberit must be informed of problems in the area of integrity in order to be able to manage these swiftly and reliably. By openly addressing such issues, Geberit employees are contributing to their own protection, that of their colleagues and the protection of Geberit's rights and interests.

As a general rule, employees should seek a personal meeting with their supervisor. The Geberit Integrity Line is available to all employees as a whistleblower hotline. The service is intended to enable employees to anonymously report cases such as sexual harassment or when a corrupt payment is being covered up. The Integrity Line is operated by an external company with experience in this area, and is available around the clock seven days a week.

#### **G4-LA16 Grievances about labor practices**

The Geberit Integrity Line reported a number of cases during the reporting year that were subsequently investigated. One of these cases resulted in the discovery of shortcomings at a local company, which ultimately led to changes in personnel.

# 11. Human rights (HR)

As part of the → [Geberit Code of Conduct](#), Geberit undertakes to comply with all laws, guidelines, norms and standards. This also includes assuming responsibility along the value chain, see → [chapter Suppliers](#). Geberit commits itself to upholding human rights. As a member of the UN Global Compact and on the basis of the UN Guiding Principles on Business and Human Rights, Geberit supports compliance with human rights both internally and at suppliers and partners. Geberit deploys a comprehensive process for the implementation of the Code of Conduct and its review of compliance, see → [chapter Society](#).

In terms of information, the promotion of awareness and controlling, human rights issues related to internal topics (aspects equal treatment, freedom of association and the right to collective bargaining) are in the responsibility of Corporate Human Resources.

With respect to measures and objectives in the Code of Conduct, see also → [Sustainability strategy](#).

## 11.1 Investments (HR)

### Management Approach – Investments

The UN Guiding Principles on Business and Human Rights apply to the business activities of Geberit. Geberit is active across the world, including in regions posing a certain degree of risk with regard to the upholding of fundamental employee and human rights. However, all Geberit Group companies throughout the world are integrated in the Geberit Compliance Programme, which includes the upholding of fundamental employee protection and human rights. In addition, internal audits with compliance reviews take place at all companies of the Geberit Group, see also → [chapter Society](#).

### G4-HR1 Human rights aspects in investment agreements

In 2016, there was no investment agreement in countries or areas that pose a special risk in terms of human rights violations. The integration of the former Sanitec Group only comprised European sites. The Geberit Group's Compliance Programme was extended to the companies of the former Sanitec Group in 2015.

Suppliers are fundamentally required by contractual agreement to comply with the special Code of Conduct for Suppliers that contains provisions for the protection of human rights, see → [Code of Conduct for Suppliers](#).

### G4-HR2 Human rights training for employees

All new employees at Geberit are trained on the Code of Conduct as part of the Welcome events, with specific training films on the topics of corruption, IT misuse, workplace bullying and sexual harassment, deployed especially for this.

The subject of compliance is uniformly positioned throughout the Geberit Group. The joint intranet GIN serves as an important basis for this, presenting and explaining the compliance organisation and Code of Conduct on a dedicated page. In parallel to this, management have been requested by means of a circular letter to ensure that all employees without intranet access receive the same information via a suitable channel.

## 11.2 Non-discrimination (HR)

### Management Approach – Non-discrimination

The → [Geberit Code of Conduct](#) forbids discrimination as defined in the ILO core labour standards. Geberit does not tolerate either discrimination or workplace bullying on the basis of race, gender, religion, creed, nationality, disability, age, sexual orientation, physical or mental handicap, marital status, political views or other characteristics protected by law. Geberit aims to ensure a safe working environment for its employees. All forms of workplace violence, including threats, threatening gestures, intimidation, attacks and similar forms of behaviour are forbidden. Compliance with the Code is verified annually as part of a Group-wide survey. The Geberit Integrity Line is available to all employees as a whistleblower hotline, see → [Labour practices grievance mechanisms](#).

### G4-HR3 Cases of discrimination

According to the annual Group-wide survey, no infringements regarding discrimination and sexual harassment were identified in 2016. Two cases of workplace bullying were reported and investigated. Both cases were clarified in discussions with the affected parties.

## 11.3 Freedom of Association and Collective Bargaining (HR)

### Management Approach – Freedom of Association and Collective Bargaining

Employees are completely free to join trade unions, associations and similar organisations. No rights with respect to exercising freedom of association or collective bargaining as defined in the ILO core labour standards and the UN Global Compact are subject to restriction at the Geberit Group.

### G4-HR4 Guarantee of freedom of association and collective bargaining

According to the annual Group-wide survey, no infringements of the guarantee of freedom of association and collective bargaining were identified in 2016.

## 11.4 Child Labor (HR)

### Management Approach – Child Labor

Geberit's exposure with respect to child labour is considered low because of its industry, business model and the countries in which business activities are carried out as well as its high quality requirements. Geberit commits itself to the protection of human rights in its Code of Conduct. Child labour is categorically rejected.



The basic principles set out in the → [Code of Conduct for Suppliers](#) explicitly include compliance with the ILO core labour standards for the exclusion of child labour.

#### **G4-HR5 Risk of and precautionary measures against child labor**

According to the annual Group-wide survey there were no cases of child labour revealed in 2016. There were likewise no such cases arising during the audits carried out at suppliers.

### **11.5 Forced or Compulsory Labor (HR)**

#### **Management Approach – Forced or Compulsory Labor**

Geberit's exposure with respect to forced or compulsory labour is considered low because of its industry, business model and the countries in which business activities are carried out as well as its high quality requirements. Geberit commits itself to the protection of human rights in its Code of Conduct. Forced or compulsory labour is categorically rejected.

The basic principles set out in the → [Code of Conduct for Suppliers](#) explicitly include compliance with the ILO core labour standards for the exclusion of forced or compulsory labour.

#### **G4-HR6 Risk of and precautionary measures against forced labor**

According to the annual Group-wide survey there were no cases of forced or compulsory labour revealed in 2016. There were likewise no such cases arising during the audits carried out at suppliers.

### **11.6 Human Rights Assessment (HR)**

#### **Management Approach – Human Rights Assessment**

With respect to the requirements and implementation of the Geberit compliance system, see → [chapter Society](#).

#### **G4-HR9 Operations subjected to human rights reviews or impact assessments**

The upholding of human rights is subject to a survey at all Geberit Group companies each year as part of reporting on the Code of Conduct.

The topic of human rights as part of compliance is a component of the audit programme for the periodic inspections of the production and sales companies by the Internal Audit Department. In 2016, the Internal Audit Department audited a total of 20 companies. In the reporting year, no evidence was found on human rights violations in the context of the various inspections.

### **11.7 Supplier Human Rights Assessment (HR)**

#### **Management Approach – Supplier Human Rights Assessment**

See → [chapter Suppliers](#)

#### **G4-HR10 Screening of suppliers using human rights criteria**

See → [chapter Suppliers](#)

#### **G4-HR11 Human Rights related impacts in the supply chain**

See → [chapter Suppliers](#)



## 12. Society (SO)

The → **Geberit Code of Conduct** describes the basic principles that have to be met in order to be an exemplary, reliable and fair business partner and employer. The content of the Code of Conduct was updated in 2014 and implemented at Geberit – including the former Sanitec Group – in 2015.

In 2015, the → **Geberit Compass**, a key compliance element, was also updated. It describes the cornerstones of the corporate culture, namely the joint mission, the shared values, the operational principles and the success factors to be considered by all employees. This was presented and explained in the Group-wide employee magazine, which is published in six languages.

In order to guarantee compliance with the requirements of the Code of Conduct, Geberit has established an effective compliance system that focuses on the five following key topics: antitrust legislation, corruption, employee rights, product liability and environmental protection. In practice, the system comprises various elements such as guidelines, continuous training, job orientation for new employees, eLearning campaigns, info circulars, compliance-related audits and the Geberit Integrity Line, a whistleblower hotline for employees. A separate Integrity Line will also be available for suppliers from 2017 onwards for reporting anonymously irregularities in the procurement process.

The reporting year also saw the completion of risk assessment in relation to agents, which involved all local sales companies being surveyed on their collaboration with agents. The outcome of this is that only a small number of companies work with agents and there is no exposure to risk. A → **code of conduct for business partners** was nevertheless drawn up based on the Geberit Code of Conduct and communicated to the agents by the managing directors of the local sales companies.

Anti-corruption and anti-competitive behaviour are particularly material aspects in the GRI category Society. Legal Services is responsible for their implementation.

As part of the annual reporting on the Code of Conduct for Employees, compliance with the requirements set out there is subject to controls. All companies receive over 50 questions on the five above-mentioned key topics. In addition, on-site audits are performed by the Internal Audit Department and corrective measures taken in the event of misconduct. The audits also comprise special interviews with the managing directors of the individual companies on the topics mentioned in the Code of Conduct. The respective information is verified. The findings from the survey and audits form the basis for the annual Compliance Report submitted to the Group Executive Board and are published in this Sustainability Performance Report.

With respect to measures and objectives in the Code of Conduct, see also → **Sustainability strategy**.

### 12.1 Anti-Corruption (SO)

#### Management Approach – Anti-Corruption

As a member of Transparency International Switzerland and the UN Global Compact, Geberit is committed to high standards in combating corruption. There are clear guidelines on prevention and employees receive training in this area. Compliance with the guidelines is monitored as part of an annual survey at all Geberit Group companies (see the individual indicators for the results). The Internal Audit Department conducts additional on-site audits. In the event of misconduct, corrective measures are taken.

In the reporting year, there was a repeat of the Group-wide survey on the correct practice regarding donations. The survey showed that the giving of donations to business partners continues to be very moderate in nature. All managing directors gave explicit confirmation that no donations in the form of money, no donations to public officials and no donations in connection with ongoing projects were made. This was confirmed by the audits conducted internally.

#### G4-SO3 Analysis of business units for risks of corruption

According to the annual survey carried out at all Geberit Group companies, there were no cases of corruption in 2016.

The topic of corruption is also a component of the audit programme for the periodic inspections of the production plants and sales companies by the Internal Audit Department. The annual audit planning of the Internal Audit Department is oriented to risks. Each company is audited at least every five years, or considerably more frequently if it has a heightened risk profile. In 2016, the Internal Audit Department audited a total of 20 companies. No cases of corruption were discovered in these audits.

#### G4-SO4 Training on anti-corruption policies

All new employees at Geberit are trained on the Code of Conduct as part of the Welcome events, with specific training films on the topics of corruption, IT misuse, workplace bullying and sexual harassment, deployed especially for this.

Employees throughout Geberit are also provided with information via the intranet about what is permitted and what is not. Supplementary guidelines for the prevention of corruption have been updated and made accessible to the relevant employees (Purchasing, Sales) via the various communication channels.

#### G4-SO5 Actions taken in response to incidents of corruption

No measures were necessary, as no cases of corruption were identified in 2016.

### 12.2 Anticompetitive Behavior (SO)

#### Management Approach – Anticompetitive Behavior

According to the → **Materiality analysis**, the prevention of anti-competitive behaviour is a most material aspect. Cartels of any kind and other anti-competitive behaviour are categorically rejected.

The guidelines on antitrust legislation were updated and communicated in 2015 via the managing directors of all companies and the Geberit intranet.

A range of training events on antitrust legislation were held for the managing directors of the European sales companies on the one hand and members of the sales teams in Scandinavia on the other. The eLearning course on antitrust legislation was also repeated at the European sales companies.

#### **G4-SO7 Anti-competitive behavior**

One set of proceedings against Geberit from the previous year is pending at the Swedish competition authorities and Geberit is cooperating fully with the authorities. There was also one case of legal proceedings in Germany due to an alleged trademark infringement.

The appeal proceedings before the European Court of Justice initiated by the European Commission against a ruling by the European Court of first instance remain pending. These concern the known "bathroom antitrust proceedings" dating from 2010 that affected companies of the former Sanitec Group.

### **12.3 Compliance (SO)**

#### **Management Approach – Compliance**

The → **Geberit Code of Conduct** hält fest, dass Geberit alle Gesetze, Richtlinien sowie international anerkannte Normen und Standards befolgt. Dabei wird häufig sogar über die gesetzlichen Mindestanforderungen hinausgegangen.

Geberit deploys a comprehensive process for the implementation of the Code of Conduct and its review of compliance, see → **chapter Society**.

#### **G4-SO8 Sanctions due to non-compliance with regulations**

Geberit incurred no fines or sanctions in 2016 resulting from violations of statutory requirements.

### **12.4 Supplier Assessment for Impacts on Society (SO)**

#### **Management Approach – Supplier Assessment for Impacts on Society**

See → **chapter Suppliers**

#### **G4-SO9 Screening of suppliers using criteria for impacts on society**

See → **chapter Suppliers**

#### **G4-SO10 Significant impacts on society within the supply chain**

See → **chapter Suppliers**

# 13. Product responsibility (PR)

## 13.1 Customer Health and Safety (PR)

### Management Approach – Customer Health and Safety

For Geberit, high quality standards mean fulfilling customers' requirements in terms of functionality, reliability and application safety to the greatest possible extent. The company is guided by the zero-error principle. Corporate Quality Management is responsible for ensuring that suitable framework conditions promote a quality culture throughout the company, and that all employees act in a quality-conscious and independent manner.

Products undergo a defined optimisation process from the first draft. Product Development is responsible for ensuring that the products developed are safe and user-friendly, and that they comply with all standards and statutory requirements. As an independent department, Quality Management is responsible for defining, arranging and monitoring all necessary inspections to ensure that these requirements are met. A clear organisational distinction is drawn between development and quality management. In addition, many products are also examined by external authorisation bodies.

Following market launch, an efficient handling of complaints with integrated error analysis, the initiation of sustained corrective measures and the continuous development of concepts for customer support takes place in cooperation with Sales, Production and Development. Geberit has achieved a high standard in the processing of complaints, and reacts directly and in a solution-oriented manner in each individual case.

When it comes to training its employees on Geberit products, competition, standards, industry or core topics, Geberit relies on a bundle of measures. The integration of former Sanitec employees continues to play an important role here. Employees from different markets were invited to Jona (CH) to become more acquainted with the values and products of the Geberit Group. The focus was also placed on the topics of knowledge and values that are incorporated into the international markets in a targeted manner. A training concept was developed for this that aims to support employees in their daily challenges in the global environment. Paperless learning approaches reduce the printouts of training manuals by 95% and thereby facilitate a longer useful life and better availability of the manuals. The overall concept is being revised for 2017 and enhanced through adaptation to the needs of the market. "Blended learning", i.e. a combination of eLearning and on-site training, makes learning more holistic and effective.

Product Development and Quality Management are responsible for customer health and safety.

### G4-PR1 Health and safety impact along the product life cycle

Generally speaking, Geberit products and services involve low risks for customers in terms of health and safety. Geberit nevertheless adopts a preventive approach within the scope of its comprehensive quality planning in order to test and ensure the health and safety requirements of all products from development to certification, through manufacture and storage, to use and disposal. Among other things, Quality and Safety Management include an FMEA (Failure Mode and Effects Analysis) as a precautionary measure to prevent errors and increase the technical reliability of products. Eco-design workshops are held in the course of product development in order to optimise the use of suitable and ecological materials. If products or their use involve an increased risk to health or safety, Geberit's technical editorial staff ensures that this is communicated appropriately to customers, see → G4-PR3.

### G4-PR2 Non-compliance with health and safety regulations

Throughout the Group, there were no court judgements or warnings against Geberit in the reporting period involving contraventions of regulations on the health and safety of products and services or product and service information.

## 13.2 Product and Service Labeling (PR)

### Management Approach – Product and Service Labeling

With the integration of the ceramic business in its tried-and-tested sales structures, Geberit substantially strengthened its presence in many markets. Since the beginning of 2016, each market has been serviced by one local sales company only. The more than 800 advisors deployed throughout Europe no longer focus on specific product areas, but rather on different customer segments, such as the wholesale trade, plumbers and planners, architects and end users. This means that sales representatives must have very broad product knowledge in order to provide comprehensive support to their customers.

Architects, planners and engineering offices are increasingly using BIM (Building Information Modeling) to optimise and integrate their processes. Geberit has started capturing the BIM data for all relevant products and now makes the data available for download to customers across the world.

For decades, Geberit's broad range of training opportunities has been a proven instrument for retaining customers. During the reporting year, more than 30,000 customers were provided with education and further training on Geberit products, tools and software tools at the 25 Geberit information centres in Europe and overseas. This range of opportunities was supplemented with training and information events at Geberit's bathroom showrooms. These showrooms – many of which are situated at good pedestrian locations – are currently being redesigned as part of a Group-wide initiative. A total of around 90,000 customers became more familiar with Geberit know-how and products at external events, some of which were organised in cooperation with market partners.

Corporate Marketing is responsible for the labelling of products and services. Conveying product and application information in accordance with laws, standards and target groups is one of the main tasks of the Product Communication department (Technical Documentation) that forms part of Corporate Marketing at Geberit. A comprehensive portfolio of various document types and publication channels is available for this purpose. In the area of assembly and installation, Geberit focuses on multicultural and generally understandable images comprising detailed illustrations and guiding symbols. On top of this, more far-reaching information is provided for the plumber, architect and engineer target groups via various handbooks and skills brochures. In addition, product and safety data sheets are available for all products and target groups.

The end user target group is becoming more and more important in the conveying of product information, as Geberit is addressing end users with more and more products. Geberit ensures safe handling and correct labelling by means of detailed operating documentation based on the prevailing standards and laws.

#### G4-PR3 Product labeling

Products involving the use of electricity, gas or dangerous substances – or those containing such substances – need to be appropriately labelled in accordance with the prevailing standards and laws. This includes providing information about the target group and its qualifications as well as the intended use and the existence of substances subject to labelling requirements. The distributor/supplier must publish this information in a national language of the target market in accordance with the prevailing laws and regulations. Whenever possible, plastic components must feature material labelling in order to facilitate recycling.

Eleven Geberit product groups – a total of almost 700 sales products – carry the WELL label (Water Efficiency Label) of the European umbrella organisation for valve manufacturers EUnited which was introduced in 2011, and in doing so represent over 18% of Group sales.

The implementation of FSC certification (wood label) for bathroom furniture was prepared by Geberit in 2016. Additionally, there was also certification of the first products in the Ifö Sense bathroom furniture series with the “Nordic Swan” ecolabel. Collaboration continued with FECS (European Federation of Ceramic Sanitary Ware Manufacturers) to draw up a new European standard for assessing the sustainability of ceramic sanitary appliances (EN 16578).

#### G4-PR4 Non-compliance with labeling requirements

In the reporting period, there were no known cases of violation of applicable laws or voluntary codes.

#### G4-PR5 Customer satisfaction

Most of Geberit’s marketing activities continued to target sanitary professionals and companies. Proven measures such as customer visits, training and the publication of regularly updated technical documents, brochures and magazines, online platforms and apps were continued and developed further. The successful Geberit On Tour campaign was repeated for the sixth time in the reporting year. Specially fitted-out mobile showrooms visited local and regional wholesalers and offered plumbers the opportunity to assess Geberit innovations and solutions directly on site. In 2016, more than 25,000 visitors were addressed at more than 900 events in 16 countries.

Over 10,000 customers in Switzerland were asked about their satisfaction with Geberit products and services in a written survey in 2016. Almost 900 plumbers, sanitary planners and architects responded. Innovation and expertise most strongly characterise the image of Geberit (90% and 92% agreement respectively). Geberit is also clearly perceived to be responsible and sustainable (72%) and a fair partner (71%). The excellent assessments and competitiveness of the individual products are pleasing – particularly with regard to quality – as is the high satisfaction with the technical advice given.

For further information, see → [Business Report > Business and financial review > Financial Year 2016 > Customers](#).

### 13.3 Compliance Product Responsibility (PR)

#### Management Approach – Compliance – Product Responsibility

See → [Management approach customer health and safety](#) and → [chapter Society](#).

#### G4-PR9 Sanctions due to non-compliance with product liability regulations

No sanctions have been imposed in connection with Geberit products and services due to non-compliance with product liability regulations.

# 14. Suppliers (SU)

## 14.1 Description of the organization's supply chain

Corporate Purchasing is responsible for the procurement in all production plants worldwide (except the USA) and manages the procurement organisation through a team of lead buyers who are strategically responsible for various material groups. It became even more visible and important when the purchasing specialists of the former Sanitec were integrated.

Geberit's production processes entail a high inhouse production depth, i.e. it largely purchases raw materials and semi-finished products with a high share of raw materials. In so doing, material costs represent a relatively low share of Geberit net sales.

The raw materials and semi-finished products primarily come from suppliers in Western Europe (80.5% of procurement value). The share of the procurement volume from Asia amounts to 9.1%, that from Eastern Europe 8.1%, that from America 2.0% and that from Africa 0.3%. Owing to the upstream purchasing in the supply chain and high level of in-house production as well as the very high share of Western European suppliers, the general risk profile of the supply chain is relatively low. The active pursuit of a dual source strategy – i.e. the procurement of a resource from two providers – serves additionally to reduce dependencies.

Geberit procured raw materials (27.0%), semi-finished products (45.2%) and finished products (27.8%) with a procurement value of CHF 789.3 million (previous year CHF 755.0 million) from some 2,250 suppliers across the world in 2016.

## 14.2 Management Approach – supplier assessment using sustainability criteria

Geberit's business partners and suppliers are obligated to maintain comprehensive standards. The basis for the cooperation is the → [Code of Conduct for Suppliers](#) that was amended in 2016 and translated into a further 13 languages. This Code is aligned with the principles of the UN Global Compact and is binding for every new supplier. The Code comprises specific guidelines on quality and meeting environmental, labour law and social requirements and sets out compliance with human rights. Upon request by Geberit, the supplier must prepare corresponding records in order to demonstrate compliance with the standards of the Code and make these available at any time. Should the supplier fail to comply with the regulations set out in this Code, then corrective measures are taken wherever possible. Failure to comply on the part of the supplier is regarded as a serious obstacle to the continuation of the business relationship. If the supplier does not correct this non-compliance, Geberit can terminate the cooperation.

When evaluating suppliers, Geberit strives to achieve the greatest possible degree of transparency. All new and existing partners are thus assessed by means of standardised processes and according to the same criteria: company as a whole, quality, sustainability, price, procurement chain, delivery reliability, production and technology. As a rule, the selection of suppliers is required to include a quality audit covering clarification on environmental and occupational safety issues. Where an audit reveals inconsistencies in these criteria, an additional, in-depth audit is conducted.

Supplier management has integrated a risk management approach that is based on the division of suppliers into risk classes – depending on the production location (country) and type of production process. Owing to the high share of procurement from Western Europe, the risk in Geberit's supply chain is relatively low. In the reporting year, 42 existing suppliers were identified in the highest risk category. This corresponds to around 7% of the procurement value of Geberit (without former Sanitec). 38 of these 42 suppliers have already been audited. Within this risk class, the focus is placed on independent suppliers such as those which are not part of a larger company with recognised sustainability management. The systematic planning and performance of audits is conducted for these suppliers, generally every three years. Likewise, material groups that have been added due to the acquisition of Sanitec are gradually being subjected to systematic auditing and included in risk management. To ensure neutrality and the expertise required for the audits, Geberit also works with an external partner. This procedure has been carried out for years and has proven effective, and makes an important contribution towards enhancing credibility in supplier management. Any shortcomings exposed by audits give rise to sanctions. As a rule, a deadline is imposed for remedying the situation.

From 2017, an Integrity Line will now be available to suppliers for anonymously reporting irregularities in the procurement process.

## 14.3 Percentage of new suppliers that were screened using sustainability criteria

All new suppliers undertake to comply with the Code of Conduct for suppliers and hence also to international standards governing environmental protection, labour practices and human rights.

## 14.4 Sustainability-related impacts in the supply chain

As of the end of 2016, a total of 1,084 suppliers have signed the Code of Conduct for Suppliers (previous year 868). This equates to over 90% of the total procurement value. Among the top 200 suppliers, the consolidated share of companies that have signed has already reached 95.5% (previous year 93.1%).

In 2016, five third-party audits were carried out at suppliers in China, Poland and India. The results showed that the majority of occupational safety and environmental standards are complied with. Appropriate corrective measures are agreed in cases of non-compliance.

Only in a few justified exceptional cases are there plans to impose complete regulations on the second tier and third tier in the supply chain by getting them to sign a Code of Conduct, as this would result in a disproportionately high level of additional administration with little added benefit. Geberit pursues a pragmatic yet effective approach: When auditing suppliers in the highest risk category, an analysis of the most important suppliers is included in the risk analysis and the audit investigations on site. At the end of the day, Geberit's goal is modern supplier management, where the relationship with the supplier is actively managed and sustainability risks in the supply chain are jointly analysed.

# Key figures environment

## Environmental impact

Environmental impact	2015 UBP	2016 UBP	Deviation %
Electricity	101,508	101,708	0.2
Combustibles	120,734	113,793	-5.7
Fuels	18,944	15,771	-16.8
Disposal	3,183	3,430	7.7
Solvents	1,492	1,460	-2.1
Water and waste water	2,948	2,631	-10.7
<b>Total environmental impact</b>	<b>248,809</b>	<b>238,793</b>	<b>-4.0</b>

UBP = Ecopoints in million UBP in accordance with the Swiss Ecological Scarcity Method (version 2013)

## Material usage

Material usage	2015 Metric tons	2016 Metric tons	Deviation %
Raw material plastics	62,734	66,612	6.2
Raw material metal	52,591	60,154	14.4
Raw material mineral	186,237	175,372	-5.8
Other raw materials	531	501	-5.6
Semi-finished products	36,505	41,372	13.3
Finished products	46,209	46,410	0.4
<b>Total material usage</b>	<b>384,807</b>	<b>390,421</b>	<b>1.5</b>

## Energy consumption

Energy consumption	Unit	2015	2016	Deviation %
<b>Electricity</b>	GWh	222.3	224.6	1.0
<b>District heating</b>	GWh	13.8	14.1	2.5
<b>Combustibles</b>				
Natural gas	m <sup>3</sup>	51,232,158	47,340,113	-7.6
Biogas	m <sup>3</sup>	817,436	874,135	6.9
Liquified petroleum gas (LPG)	Metric tons	6,227.4	6,167.4	-1.0
Diesel for electricity generation	l	220,693	142,586	-35.4
Heating oil extra light	Metric tons	57.6	39.0	-32.3
Solid fuels	Metric tons	6,641.3	5,962.7	-10.2
<b>Fuels</b>				
Gasoline	l	241,861	199,556	-17.5
Diesel	l	3,004,475	2,476,475	-17.6
Liquified petroleum gas (LPG)	kg	184,875	171,675	-7.1

	2015 TJ	2016 TJ	Deviation %
<b>Energy consumption</b>			
<b>Electricity</b>	800.4	808.5	1.0
<b>District heating</b>	49.6	50.9	2.5
<b>Combustibles</b>	2,308.9	2,150.2	-6.9
Natural gas	1,864.9	1,723.2	-7.6
Biogas	29.8	31.8	6.9
Liquified petroleum gas (LPG)	288.3	285.6	-1.0
Diesel for electricity generation	7.9	5.1	-35.4
Heating oil extra light	2.5	1.7	-32.3
Solid fuels	115.5	102.8	-10.2
<b>Fuels (gasoline, diesel, LPG)</b>	124.1	103.2	-16.8
<b>Total energy consumption</b>	<b>3,283.0</b>	<b>3,112.8</b>	<b>-5.2</b>

### Electricity mix

Electricity mix 2016	GWh	Renewable %	Fossil %	Nuclear %	Others %
Europe	166.8	23.2	53.7	21.8	1.3
USA	6.8	9.7	70.2	19.4	0.7
China	5.6	19.1	78.8	2.1	0.0
India	1.4	16.4	81.8	1.8	0.0
Green electricity	44.0	100.0	0.0	0.0	0.0
<b>Total electricity mix</b>	<b>224.6</b>	<b>37.7</b>	<b>44.4</b>	<b>16.9</b>	<b>1.0</b>

Electricity mix 2015	GWh	Renewable %	Fossil %	Nuclear %	Others %
Europe	168.8	22.8	53.2	22.7	1.3
USA	6.8	9.7	70.2	19.4	0.7
China	4.6	19.1	78.8	2.1	0.0
India	1.1	16.4	81.8	1.8	0.0
Green electricity	41.0	100.0	0.0	0.0	0.0
<b>Total electricity mix</b>	<b>222.3</b>	<b>36.5</b>	<b>44.6</b>	<b>17.9</b>	<b>1.0</b>

### Water and waste water

Water	2015 m <sup>3</sup>	2016 m <sup>3</sup>	Deviation %
Drinking water	330,744	292,681	-11.5
Well water	545,049	533,850	-2.1
River and lake water	289,003	299,466	3.6
Rain water	5,560	7,949	43.0
<b>Total water</b>	<b>1,170,356</b>	<b>1,133,946</b>	<b>-3.1</b>

Waste water	2015 m <sup>3</sup>	2016 m <sup>3</sup>	Deviation %
Domestic waste water	291,039	224,110	-23.0
Process water ceramic	607,529	602,124	-0.9
Other waste water	28,485	20,764	-27.1
<b>Total waste water</b>	<b>927,053</b>	<b>846,998</b>	<b>-8.6</b>

## Emissions

Absolute CO <sub>2</sub> emissions	2015 Metric tons	2016 Metric tons	Deviation %
from combustibles (Scope 1)	134,280	127,268	-5.2
from fuels (Scope 1)	9,162	7,613	-16.9
from process emissions (Scope 1)	308	455	47.9
from electricity (Scope 2)	114,105	114,705	0.5
from district heating (Scope 2)	54	67	24.7
<b>Total absolute CO<sub>2</sub> emissions</b>	<b>257,909</b>	<b>250,108</b>	<b>-3.0</b>

Calculation of CO<sub>2</sub> emissions according to IPCC 2013

Air emissions		2015 Kilogram	2016 Kilogram	Deviation %
NO <sub>x</sub>	direct	77,663	69,105	-11.0
	indirect	153,716	156,090	1.5
	<b>Total NO<sub>x</sub></b>	<b>231,379</b>	<b>225,195</b>	<b>-2.7</b>
SO <sub>2</sub>	direct	2,160	1,880	-13.0
	indirect	296,919	302,009	1.7
	<b>Total SO<sub>2</sub></b>	<b>299,079</b>	<b>303,889</b>	<b>1.6</b>
NMVOC	direct	107,926	99,620	-7.7
	indirect	20,346	20,224	-0.6
	<b>Total NMVOC</b>	<b>128,272</b>	<b>119,844</b>	<b>-6.6</b>
Dust (PM10)	direct	6,341	5,532	-12.8
	indirect	32,227	32,719	1.5
	<b>Total dust</b>	<b>38,568</b>	<b>38,251</b>	<b>-0.8</b>
CFC11 equivalents	direct	0.4	1.8	346.0
	indirect	9.5	9.4	-1.1
	<b>Total CFC11 equivalents</b>	<b>9.9</b>	<b>11.2</b>	<b>12.6</b>

Calculation based on Ecoinvent data version 3.1

## Waste

Waste	2015 Metric tons	2016 Metric tons	Deviation %
to incineration	1,686	2,163	28.3
to inert waste landfill	20,127	16,787	-16.6
to mixed waste landfill	1,023	1,330	30.0
to external recycling	59,361	58,558	-1.4
to hazardous waste incineration	479	417	-12.9
to hazardous waste recycling	729	609	-16.5
<b>Total waste</b>	<b>83,405</b>	<b>79,864</b>	<b>-4.2</b>



# Key figures employees and society

## Workforce

Workforce as of December 31	2015	Share %	2016	Share %
Germany	3,319	27.4	3,282	28.3
Poland	1,532	12.6	1,515	13.1
Switzerland	1,333	11.0	1,336	11.5
France	693	5.7	691	6.0
China	665	5.5	637	5.5
Ukraine	1,089	9.0	627	5.4
Austria	541	4.5	532	4.6
Italy	425	3.5	434	3.7
Sweden	431	3.5	418	3.6
Others	2,098	17.3	2,120	18.3
<b>Total</b>	<b>12,126</b>	<b>100.0</b>	<b>11,592</b>	<b>100.0</b>
Production	7,596	62.6	7,157	61.7
Marketing and sales	2,903	23.9	2,837	24.5
Administration	939	7.8	950	8.2
Research and development	433	3.6	415	3.6
Apprentices	255	2.1	233	2.0
<b>Total</b>	<b>12,126</b>	<b>100.0</b>	<b>11,592</b>	<b>100.0</b>
Permanent	9,723	80.2	9,100	78.5
Temporary	2,403	19.8	2,492	21.5
<b>Total</b>	<b>12,126</b>	<b>100.0</b>	<b>11,592</b>	<b>100.0</b>
Full-time	11,723	96.7	11,192	96.6
Part-time	403	3.3	400	3.4
<b>Total</b>	<b>12,126</b>	<b>100.0</b>	<b>11,592</b>	<b>100.0</b>
Management	195	1.6	206	1.8
Employees	11,931	98.4	11,386	98.2
<b>Total</b>	<b>12,126</b>	<b>100.0</b>	<b>11,592</b>	<b>100.0</b>

Information in full-time equivalents

## Diversity

Diversity as of December 31, 2016		Management %	Employees %	Total %
Proportion of female employees		9.2	24	24
Age structure	> 45 years	75	40	40
	30 - 45 years	25	43	43
	< 30 years	0	17	17

Diversity as of December 31, 2015		Management %	Employees %	Total %
Proportion of female employees		8.2	25	25
Age structure	> 45 years	72	39	40
	30 - 45 years	28	44	44
	< 30 years	0	17	16

## Fluctuation

Fluctuation excl. natural departures		2015	Rate %	2016	Rate %
Age group	> 45 years	271	5.9	432	9.7
	30 - 45 years	332	7.8	504	12.5
	< 30 years	141	14.2	135	14.0
Gender	Male	503	6.8	670	9.4
	Female	241	9.7	401	17.4
Region	Germany	79	2.8	70	2.6
	Poland	19	2.9	100	14.6
	Switzerland	105	8.6	81	6.6
	France	39	5.8	50	7.9
	China	15	6.1	18	7.3
	Ukraine	220	18.8	512	57.9
	Austria	28	5.6	35	6.9
	Italy	42	9.5	12	2.9
	Sweden	18	4.3	21	5.3
	Others	179	10.4	172	10.0
<b>Total fluctuation excl. natural departures</b>		<b>744</b>	<b>7.5</b>	<b>1,071</b>	<b>11.3</b>

Fluctuation incl. natural departures		2015	Rate %	2016	Rate %
Age group	> 45 years	411	8.9	558	12.5
	30 - 45 years	336	7.8	507	12.5
	< 30 years	143	14.4	137	14.2
Gender	Male	610	8.2	758	10.6
	Female	280	11.3	444	19.2
Region	Germany	139	4.9	129	4.7
	Poland	25	3.8	103	15.0
	Switzerland	126	10.3	100	8.2
	France	53	7.9	67	10.6
	China	23	9.4	20	8.1
	Ukraine	221	18.9	515	58.2
	Austria	29	5.8	37	7.3
	Italy	46	10.4	14	3.4
	Sweden	21	5.0	25	6.3
	Others	207	12.0	192	11.1
<b>Total fluctuation incl. natural departures</b>		<b>890</b>	<b>9.0</b>	<b>1,202</b>	<b>12.7</b>

Information in headcounts  
Natural departures includes retirements

## Training and education

Training and education	Hours per employee	2015	2016	Deviation %
Women		13.0	10.0	-23.1
Men		15.0	9.9	-34.0
Management		22.4	9.2	-58.9
Other employees		14.4	10.0	-30.6
<b>Total training and education</b>		<b>14.5</b>	<b>10.0</b>	<b>-31.0</b>

## Personnel expenses

Personnel expenses	2015 MCHF	2016 MCHF	Deviation %
Wages and salaries	508.8	525.1	3.2
Pension contributions	37.2	35.7	-4.0
Other social benefits	94.4	101.5	7.5
Other personnel expenses	31.2	39.7	27.2
<b>Total personnel expenses</b>	<b>671.6</b>	<b>702.0</b>	<b>4.5</b>

## Social engagement

Social engagement	Unit	2015	2016	Deviation %
Donations and contributions	MCHF	2.6	3.7	42.3
Orders to social institutions	MCHF	6.2	6.3	1.6
Charitable work	Hours	1,657	2,336	41.0

## Health and Safety

Health and Safety	2015	2016	Deviation %
Number of occupational accidents	238	202	-15.1
Accident frequency rate (AFR)	11.4	9.8	-14.0
Lost days due to occupational accidents	4,314	4,305	-0.2
Accident severity rate (ASR)	206.2	209.4	1.6

Accident frequency rate (AFR) = Number of occupational accidents per million working hours performed

Accident severity rate (ASR) = Number of lost working days due to accidents per million working hours performed

Absenteeism rate per region 2016	Illness %	Accident %	Total %
Europe	4.78	0.15	4.93
Asia	1.26	0.04	1.30
USA	3.05	0.02	3.07
Others	0.58	0.00	0.58
<b>Total absenteeism rate</b>	<b>4.46</b>	<b>0.14</b>	<b>4.60</b>

Absenteeism rate per region 2015	Illness %	Accident %	Total %
Europe	4.54	0.14	4.68
Asia	1.26	0.03	1.29
USA	0.48	0.22	0.70
Others	0.72	0.00	0.72
<b>Total absenteeism rate</b>	<b>4.20</b>	<b>0.13</b>	<b>4.33</b>

Absenteeism rate based on regular working hours