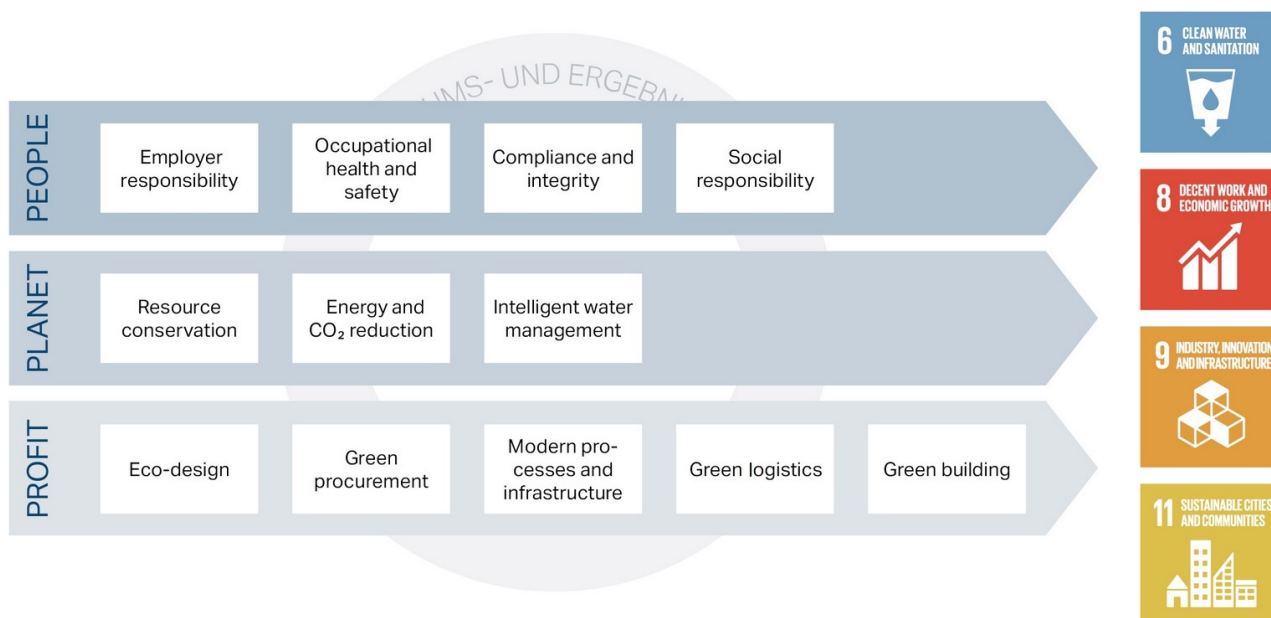


# SUSTAINABILITY STRATEGY 2019 - 2021

For Geberit, sustainability means being oriented towards the future and being successful over the long term. A long-term orientation results when a balance is struck between economic, environmental and social aspects in all decision-making processes. Sustained high profitability is being striven for. In addition to shareholder value, value is simultaneously created for many other stakeholders: innovative, design-oriented and sustainable products; training and education of plumbers, sanitary engineers and architects; the smallest possible environmental footprint along the entire value chain; production plants with prospects for numerous regions; a cooperation with suppliers and business partners that is based on fairness; and leadership for sustainable development in the sanitary industry.

The → **graphic below** shows how Geberit implements integrated sustainability and thus creates value. The vision of achieving sustained improvement in the quality of people's lives with innovative sanitary products represents the starting point. To bring this vision to fruition, Geberit continuously refines its products, systems and services and sets new standards as a market leader in the area of sanitary products. Values such as integrity, team spirit, enthusiasm, modesty and an ability to embrace change are core factors. The long-term core strategy is based on four pillars: Focus on sanitary products, Commitment to design and innovation, Selective geographic expansion and Continuous optimisation of business processes. This strategy is implemented on the basis of six growth and earnings drivers. The sustainability strategy supplements the core strategy and the growth and earnings drivers with twelve concrete modules. These modules strengthen the business model and the added value for various stakeholders in the areas People, Planet and Profit in a targeted manner. The results of Geberit's activities show the diverse added value in the three dimensions of sustainability. At the same time, the results contribute to the UN Sustainable Development Goals (SDGs) set out in the 2030 Agenda for Sustainable Development (see → **SDG Reporting**). Goal number 6 – "Clean Water and Sanitation" – and goal number 11 – "Sustainable Cities and Communities" – are a key focus for Geberit. However, significant contributions are also made when it comes to "Decent Work and Economic Growth" (goal number 8) and "Industry, Innovation and Infrastructure" (goal number 9).

The modules of the sustainability strategy bundle current or future projects, initiatives or activities. Each module contains clear responsibilities with measurable objectives, derived measures and quantifiable key figures for effective monitoring.



The following pages provide an overview of the sustainability modules with important facts and achievements for 2018 as well as the outlook for 2019 to 2021. The current sustainability strategy covers the entire Geberit Group and shows how Geberit intends to be a pioneer and leader in the area of sustainability in the sanitary industry.

# PEOPLE

## MODULES AND GOALS

## IMPORTANT FACTS AND ACHIEVEMENTS 2018

## OUTLOOK FOR 2019 TO 2021

### EMPLOYER RESPONSIBILITY

Geberit is committed to providing attractive jobs.

Geberit supports disadvantaged employees and apprentices.

- Expansion of the standardised global Performance assessment, Development and Compensation process (PDC), including to the new companies of the former Sanitec. 2,700 employees were integrated by the end of 2018.
- At the end of 2018, Geberit employed 247 apprentices. The transfer rate to a permanent employment relationship was 89%.
- Development of management personnel at the ceramics plants with the goal of promoting Geberit's performance culture.
- Development of over 100 regional sales managers from European sales companies with external support based on standardised management principles and instruments.
- Revision and rollout of the Potential Management Process at management level.

- Revision and rollout of the Potential Management Process.
- Targeted support for transfer of apprentices to a permanent position: target rate is 75%.

### OCCUPATIONAL HEALTH AND SAFETY

Geberit operates safe production plants and promotes a health and safety culture at a high level.

- Global implementation of the Geberit Safety System, including integration into the Geberit Management System. 29 of the 30 production plants are certified in accordance with OHSAS 18001 and new occupational safety standard ISO 45001 was introduced.
- Further implementation of Group-wide risk assessment guidelines, including guidelines on the risk of silicosis.
- Rollout of the software for capturing and monitoring accident data at nine Geberit sites.
- The accident frequency rate (AFR) fell by 5.8% to 9.7 and the accident severity rate (ASR) decreased by 10.9% to 181.5. Geberit thus moved closer to meeting its target.
- Comprehensive vitality programme that focuses on exercise, nutrition, mental challenges, vitality and working environment at six Geberit sites, which represent almost 40% of the entire workforce.

- Long-term objective: AFR and ASR to be reduced by 50% between 2015 and 2025, targets AFR = 5.5 and ASR = 90.
- Certification of all production plants in accordance with ISO 45001 by the end of 2019.
- Roll-out of the software for capturing and monitoring accident data at additional Geberit sites.
- Definition of further key figures for managing occupational safety.
- Improvement of ergonomics in acrylic production in Ozorków (PL) by using robots and by using lifting aids in the ceramics plants.

### COMPLIANCE AND INTEGRITY

Geberit complies with all laws, guidelines, norms and standards.

Geberit checks the effectiveness of its internal monitoring systems and guidelines and implements appropriate measures in the event of misconduct.

- Compliance with the Code of Conduct has been checked with a Group-wide survey every year since 2008. The Internal Audit Department carries out special interviews with the managing directors on the topics in the Code of Conduct. No significant breaches of the Code of Conduct were identified.
- The Geberit Integrity Line for employees recorded one significant incident, which was subsequently investigated.
- The Integrity Line for suppliers, which was introduced in 2017, did not record any incidents.
- A training event on antitrust legislation was held in the Polish market.
- Antitrust audits were carried out at various European sales companies (NO, FI, SLO and CH).
- A range of market enquiries from various countries concerning the permissibility of marketing and sales campaigns were dealt with.
- The General Data Protection Regulation (GDPR) was implemented in the European companies along with additional measures and data protection audits were held in more than 15 companies in seven countries.
- In some of the older shower toilet models, the use of a certain nozzle cleaner caused leakages to develop leading to the risk of a smouldering fire. This caused only material damage and the majority of the affected appliances were repaired in the reporting year.

- Further antitrust audits to be carried out by Corporate Legal Services in collaboration with the Internal Audit Department.
- Completion of the implementation of the General Data Protection Regulation (GDPR), training of further data protection coordinators and the regular performance of data protection audits.
- Development of a standardised concept and tool for ensuring EHS compliance in production plants and logistics in Europe.

## SOCIAL RESPONSIBILITY

Geberit fulfils social responsibilities in society within the scope of the UN Sustainable Development Goals.

- Geberit employees contributed 1,380 hours of charitable work as part of social projects.
- Continuation of the partnership with Helvetas on the topic of drinking water and sanitary facilities in developing countries.
- A skill-sharing programme was set up, with the first projects taking place with participants in Mozambique and Nepal.
- Execution of a social project in Marrakesh (MA) with apprentices. Renovation of several sanitary facilities at various schools.
- In 2018, the Geberit production plants supported a number of workshops for disabled persons, where simple assembly and packaging work in the amount of CHF 8.1 million was carried out, thus giving over 400 people meaningful work.
- Another volunteering project to be conducted in Nepal in collaboration with Helvetas, with further development of the skill-sharing programme.
- Implementation of a major social project in Cambodia with apprentices.
- Review of the effectiveness of social projects two to three years after their implementation.

# PLANET

## MODULES AND GOALS

### RESOURCE CONSERVATION

Geberit conserves natural resources and lives up the circular economy, both in production as well as with its products.

- The absolute environmental impact reduced by 4.4% in 2018. The environmental impact per sales (currency-adjusted) dropped by 7.3%. This figure is above the target of 5% per year.
- All 30 production plants are now certified in accordance with ISO 14001. The Group certificate is valid until 2021.
- Optimisation of the ceramic product range to reduce complexity and cut down on resource usage.
- Gypsum waste from ceramic production has been used as secondary material in the cement industry since the end of 2016. This reduces waste quantities in landfills by around 6,000 tonnes per year.
- 900 tonnes of high-quality ABS regranulate used for various components in exposed and concealed cisterns. Internal plastic waste used for packaging elements.
- Resource efficiency in ceramic production deteriorated slightly by 2% to 0.51 kg ceramic waste/kg ceramic.

## OUTLOOK FOR 2019 TO 2021

- Improvement of eco-efficiency (environmental impact per sales, currency-adjusted) by 5% per year.
- Reduction of the hazardous substances used in the production plants by 5% per year.
- Search for further high-quality plastic regranulates.
- Identification of ways in which to close internal material cycles and make production waste useful for others as secondary materials.
- Improvement in resource efficiency in ceramic production (kg ceramic waste/kg ceramic) by 10% by 2021.

### ENERGY AND CO<sub>2</sub> REDUCTION

Geberit actively contributes to the protection of the climate and consistently reduces its energy consumption and CO<sub>2</sub> emissions.

- In 2018, CO<sub>2</sub> emissions were reduced by 4.7% to 231,484 tonnes. CO<sub>2</sub> emissions per sales (currency-adjusted) declined by 7.5%. This confirms that Geberit is on track with its long-term CO<sub>2</sub> strategy.
- The share of purchased green electricity increased by 3 GWh to 50 GWh in 2018. In total, renewable energy sources accounted for 40.6% of electricity and 5.2% of combustibles.
- In 2018, 3.6 GWh of green electricity was produced in Givisiez (CH) and Pfullendorf (DE).
- A total of five German production plants are certified to ISO 50001 (energy management).
- An energy masterplan was drawn up for the ceramics plant in Haldensleben (DE).
- Adjustment of the fuel-reduction plan to the new WLTP test procedure.

- Same improvement in relative CO<sub>2</sub> emissions as for eco-efficiency by 5% per year.
- Long-term CO<sub>2</sub> target compatible with the two-degree target set out in the 2015 Paris Agreement (science-based): 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).
- Annual purchase of an additional 3 GWh of green electricity and increase in the share of electricity and combustibles accounted for by renewable energy sources to 45% and 10% respectively by 2021.
- Fuelreduction plan: further reduce emissions from new vehicles.

### INTELLIGENT WATER MANAGEMENT

Geberit supports the economical and careful use of water – along the entire value chain.

- Geberit's water footprint shows that nearly 100% of water consumption is attributable to the product usage phase.
- Some 28,100 million cubic metres of water have been saved to date through the use of water-saving products. In 2018 alone, the water saved amounted to 2,880 million cubic metres.
- Work continued on the new European water label for sanitary products.
- Water consumption in ceramic production fell by 5.5% to 6.6 l/kg ceramic.

- Reduce water consumption in ceramic production (litres water/kg ceramic) by 5% by 2021.
- Registration of water-saving products in accordance with the new European water label.

# PROFIT

## MODULES AND GOALS

## IMPORTANT FACTS AND ACHIEVEMENTS 2018

## OUTLOOK FOR 2019 TO 2021

### ECO-DESIGN

During the development process, all Geberit's products are optimised with regard to their environmental friendliness, resource efficiency, recyclability and durability.

Environmental aspects are already considered during technology development.

- Eco-design workshops have been part of the development process for all new products since 2007, and since 2010 they have also been part of product modifications and technology projects.
- The successful continuation of this approach resulted in a number of environmental improvements to products, such as:
  - Energy retaining valve (ERV) for riser stacks, enabling energy savings equivalent to approx. 50 litres of heating oil every year.
  - Geberit ONE WC combines a timeless design with an optimal flush performance (TurboFlush) and a minimum flush volume (4/2 l).
  - Expansion of the range of rimless WC pans to simplify cleaning and cut down the usage of cleaning agents.
  - Shower toilet Geberit AquaClean Sela Comfort with innovative WhirlSpray shower technology, TurboFlush technology and significantly reduced energy consumption thanks to heating-on-demand technology.
  - Geberit SuperTube technology combined with Geberit Sovent saves space and resources in the drainage systems of high-rise buildings.

- Systematic continuation of eco-design workshops for product development.
- Search for alternative materials or a combination of existing materials for optimising resource efficiency for integrated sanitary products.
- Expansion of the green building product portfolio.

### GREEN PROCUREMENT

Suppliers demonstrably comply with Geberit's high standards for environmentally friendly and socially responsible production.

- As of the end of 2018, 1,470 suppliers had signed the Code of Conduct for Suppliers (previous year 1,379 suppliers). This equates to over 90% of the total procurement value.
- No incidents were reported in 2018 via the Integrity Line for suppliers.
- Consistent execution and tracking of EHS (environment, health and safety) audits, especially in the highest sustainability risk category. This comprises 179 suppliers, which corresponds to some 8% of the procurement value.
- Execution of five third-party audits at suppliers in China and Ukraine.

- All new suppliers have to sign the Code of Conduct.
- Additional EHS audits of suppliers are to be carried out by Geberit and external partners and the required corrective measures checked as part of re-audits.

### MODERN PROCESSES AND INFRASTRUCTURE

Geberit procures, builds and operates durable and high-quality infrastructures such as buildings, equipment and tools.

- Demolition and safe disposal of plant and infrastructure in Wesel, Haldensleben and Pfullendorf (DE) and Bromölla (SE) that were obsolete and no longer required, as well as hand-over of the old plant in Slavuta (UA) to the state. A new factory building was completed in Pfullendorf (DE), Langenfeld (DE) and Ozorków (PL), as well as new buildings for logistics and technology in Slavuta (UA).
- Number of injection moulding machines with energy-efficient drive technology increased from 156 to 174.
- Process optimisation for the manufacture of bent Mapress fittings in Langenfeld (DE) with a reduction in electricity and natural gas consumption, reduced use of lubricants and lower quantities of hazardous waste. Implementation of first fully electrically driven production line.
- In addition to the eight existing tunnel kilns for ceramic production, an additional three were retrofitted with state-of-the-art burner technology. This resulted in savings of more than 20% per kiln in natural gas, i.e. approximately 27 GWh of natural gas per year or an equivalent of some 6,500 tonnes of CO<sub>2</sub>.

- Consistent renewal of machine fleet with energy-efficient technology.
- Further increase in the number of injection moulding machines with energy-efficient drive technology (hybrid, fully electrical, standby) from 174 to 189 machines.
- Process optimisation in the production of welded and straight Mapress fittings in order to improve efficiency, quality, waste and ergonomics, while also simultaneously reducing pickling.

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## GREEN LOGISTICS

Geberit optimises its logistics with regard to energy consumption, emissions and packaging.

- In 2010, a logistics calculator was developed to measure the key transport and environmental figures for transport service providers in Europe. The system scope was expanded by three sites compared to the previous year.
- In 2018, the transport service providers handled 505.9 million tkm (previous year 415.1 million tkm). Due to expansion of the system scope and sales growth, this resulted in CO<sub>2</sub> emissions of 55,802 tonnes (previous year 52,075 tonnes). The eco-efficiency of logistics (environmental impact per tkm) has improved by over 30% since 2015.
- The share handled by Euro 5 trucks was 33% and the share handled by state-of-the-art Euro 6 vehicles 64%.
- The optimised calculation and better utilisation of freight capacity as well as the bundling of long-goods deliveries reduced the number of trips required.
- Extension of environmental monitoring to include a further six sites of the former Sanitec, and formulation of suitable measures in close collaboration with the transport service providers.
- Further optimisation of loading capacity with scheduling and organisational changes.
- Increased switchover to high cube swap bodies and extended semi-trailers with a greater load capacity.
- More intensive use of Euro 6 vehicles.

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## GREEN BUILDING

Geberit has expertise in the fields of water conservation, quality of drinking water, sound insulation, hygiene and cleanliness.

Geberit is the leading partner in the planning and implementation of first-class sanitary solutions for green building.

- A broad range of Geberit products help with the implementation of green building concepts and standards such as Minergie, DGNB, BREEAM and LEED.
  - Member of various green building associations in CH, DE, ES, US, ZA and AU.
  - Creation of four Environmental Product Declarations (EPD) for discharge pipes in accordance with the European EN 15804 standard.
  - Development of expertise in the field of green building.
  - Targeted search for green building reference projects in the European core markets and the Asia-Pacific region.
  - Further expansion of the FSC®-certified bathroom furniture range.
  - Creation of further Environmental Product Declarations (EPD).
  - More systematic recording of environmentally relevant product data, i.e. for BIM.
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