

INTRODUCTION STAKEHOLDER PANEL

As part of the sustainability reporting on the financial year 2018, Geberit consulted a panel of external stakeholders for the fourth time in September 2018. The results of the external stakeholder panel's analysis are documented in the → **Panel Statement**. The external review and the recommendations contained therein are dealt with in detail in the → **Response from Geberit to the Panel Statement**.

PANEL'S OBJECTIVE AND ROLE

The objective of the external stakeholder panel was to provide feedback on the materiality analysis and the sustainability strategy. The panel also aimed to examine whether the most important topics were included in sustainability reporting and whether the concerns of the stakeholders were taken into consideration.

The panel's review does not include an examination of the accuracy of the data and information presented by Geberit.

PANEL COMPOSITION AND INDEPENDENCE

The stakeholder panel comprises of six independent → **members** having different areas of expertise with respect to Geberit's core business. To ensure the panel's independence in this process, the discussions were overseen and moderated by an external party.

The → **Panel Statement** contains the review of all panel members. The panel is a consensus group. In cases where a consensus could not be reached, the diverging opinions were documented in the statement. As a basic principle, the views expressed by the panel members are their own and do not necessarily reflect the views of their respective organisation or employer.

PROCESS AND RESULTS

The process comprised several steps and was conducted and documented in a systematic manner:

- Prior to the stakeholder dialogue, all panel members received all documents on sustainability reporting (including the sustainability strategy) for analysis.
- In September 2018, the panel met with CEO Christian Buhl, members from Corporate Communications and the Sustainability team for a half-day externally moderated workshop.
- In February 2019, the panel was consulted once again, the revised sustainability strategy presented and the → **Panel Statement** finalised.
- Following this, the → **Response from Geberit to the Panel Statement** was finalised on the basis of current reporting on the financial year 2018.
- The next stakeholder panel is planned for 2020.

MEMBERS STAKEHOLDER PANEL 2018



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PANEL STATEMENT

OVERALL IMPRESSION

Overall, the stakeholder panel considers Geberit's sustainability strategy, actual sustainability performance and reporting to be very comprehensive and good. The stakeholder panel regards the sustainability approach as effectively institutionalised in the company: economic, social and environmental goals are pursued. As a next stage in its development, the panel members deem it necessary for social challenges to be more explicitly included in Geberit's strategy in accordance with the UN Sustainable Development Goals (SDGs). Furthermore, impact-oriented, long-term goals should be developed. The panel believes that Geberit's greatest lever for contributing to society lies in its leading role with regard to the topic of water management and in its role as a pioneer in implementing the circular economy in the sanitary industry. One or two panel members would like to see flagship projects that more clearly demonstrate the added value provided by Geberit products and systems (according to the motto "only Geberit can do it").

The panel is impressed with the extent to which Geberit has implemented the integration of the former Sanitec and achieved measurable successes with the implementation of Geberit's sustainability standards in recent years (for example, a substantial reduction in energy consumption in ceramic production). The members welcome the fact that Geberit took into consideration a lot of the input provided by the panel two years ago in the further development of the sustainability strategy and reporting.

SUSTAINABILITY STRATEGY

The presentation of the strategy published in February 2018 is perceived as being "too complex". The panel therefore welcomes the further developed presentation submitted by Geberit, which integrates the sustainability strategy into a model for long-term value creation and assigns the strategy modules to the categories People, Planet and Profit. The ambition of each strategy module should already be mentioned in the module title. The panel members recommend that three additional strategic topics be integrated: the aspect of employee health, the topic circular economy in the sanitary industry and the inclusion of the topic of water as an individual strategy module.

The panel recognises the progress made in the last two years in dealing with the Sustainable Development Goals. In general, the panel confirms that goal number 6 "Ensure availability and sustainable management of water and sanitation for all" and goal number 11 "Make cities and communities safe, resilient and sustainable" are of paramount importance to Geberit. One or two panel members consider goal number 9 "Build resilient infrastructure, promote sustainable industrialisation and foster innovation" to be particularly important, whereas others find it less important. One panel member suggests that goal number 5 "Gender equality" be further taken into account. In general, the panel suggests that targeted, impact-oriented goals be developed for the aforementioned UN Sustainable Development Goals and that the added value to society be presented in the reporting. The focus is on the question as to the contribution Geberit makes towards creating a better quality of life and simultaneously saving resources.

MATERIALITY ANALYSIS

The newly developed presentation of material topics in the context of value added – arranged according to the dimensions People, Planet and Profit – is welcomed. Some panel members would like to see an evaluation of the topics according to business relevance and stakeholder relevance. Other panel members appreciate the simplicity of the graph shown. The underlying methodology should be explained in a comprehensible way.

Like in the sustainability strategy, the panel believes that the topics of employee health and circular economy should be added to the materiality analysis and that the key topic of water and its leverage effect should be additionally emphasised. All members of the panel evaluated the topics of water, emissions, occupational safety and health protection for both employees and customers, circular economy and (conservation of) resources, product management and innovation as most material. One panel member would also like to see further explanations regarding the relevance of biodiversity to Geberit.

KEY TOPICS CIRCULAR ECONOMY AND DIGITALISATION

While Geberit products have a long service life, spare parts are guaranteed for 25 years and all plastics used are transparently labelled with regard to composition of material, volumetric flow rates and the derivable potential with regard to a circular economy in production and with the sold products are unclear. The panel believes that action is required here and would like to see further clarifications from the industry leader as to what Geberit can achieve in the medium to long term.

An intermediate goal could be for all product components to be separable and recyclable. The panel requests that Geberit implement explicit goals and organisational processes that facilitate the systematic use of recycled materials as raw materials, passing on of waste as recyclable materials and creation of flagship projects relating to the circular economy.

The role of digitalisation for Geberit is also addressed in the discussions. According to Geberit, the greatest potential lies less in production and the products, but rather in customer relationship management and the tools for sanitary engineers. The panel would like to see a more detailed explanation of where Geberit gets involved and what the company contributes in this area.

SUSTAINABILITY COMMUNICATION

Overall, Geberit's sustainability reporting is found to be very comprehensive and understandable as well as transparent and credible. In general, the panel would like to see Geberit focus more clearly on highlights and also show the courage to leave gaps. The presentation of challenges, uniform and SMART goals (where possible) as well as comments on the achievement of objectives should be developed further.

The fact that the topic of sustainability is not covered in some of the other communication media, particularly the Geberit Facts & Figures brochure, is criticised.

FINAL REMARKS

The panel members thank Geberit for its open and respectful dialogue. They recommend that the Geberit management remain authentic and not let the sheer volume of standards cause them to lose sight of what's important.

The continuation of a biennial stakeholder panel as proposed by Geberit is welcomed in order to follow the further development of the topics addressed and also to enable targeted input to be provided and critical questions to be raised.

RESPONSE FROM GEBERIT TO THE PANEL STATEMENT

Geberit thanks the members of the stakeholder panel for the constructive discussions and valuable suggestions. Geberit wants to consistently further expand its positioning as a sustainability leader and uses the input provided by the panel to optimise its sustainability strategy, reflect on material topics and further develop its sustainability communication. The statements made by the panel are commented on individually below, with the content structured according to the Panel Statement.

SUSTAINABILITY STRATEGY

Geberit's mission of achieving sustained improvement in the quality of people's lives with innovative sanitary products illustrates our aspiration to use social challenges for our further development. The acquisition of the Sanitec Group in 2015 saw Geberit enter into the ceramic sanitary appliance and bathroom furniture business. This has allowed us to complement the innovative and reliable sanitary technology behind the wall with elegant and highly functional Geberit bathroom series in front of the wall. The wisdom of this integrated approach is becoming increasingly apparent. Our newly developed, integrated products strengthen our positioning according to the motto "only Geberit can do it", especially among end users interested in sustainable solutions.

We are pleased with the panel's confirmation that a restructuring of the modules of the sustainability strategy in the categories People, Planet and Profit is well received. In line with the recommendation of the panel, we have included the key topic of water as a new strategy module entitled "Intelligent water management". In this module, we have now set ourselves a long-term goal of reducing water consumption in ceramic production. Measures for strengthening a circular economy are now assigned to the strategy module "Conservation of resources" and we have developed a long-term goal in this regard. We are also expanding the module on occupational safety to include the aspect of employee health. Overall, the terminology in all strategy modules was further refined in order to express the underlying ambition.

With regard to the UN Sustainable Development Goals (SDGs), we stand by our belief that our main contributions lie in goal number 6 (Clean water and sanitation) and goal number 11 (Sustainable cities and communities) as well as also in goal number 8 (Decent work and economic growth) and goal number 9 (Industry, innovation, and infrastructure). We have refined the SDG Reporting and enhanced it by adding more facts about Geberit's contribution.

MATERIALITY ANALYSIS

The selection of material topics was developed further based on the input from the panel. This process saw material topics of the GRI Standards complemented by freely chosen topics that are relevant to Geberit. Like in the sustainability strategy, all material topics are assigned to the categories People, Planet and Profit. In the People category, the occupational safety topic was expanded to include the health aspect. In the Planet category, the resources topic was expanded to include the circular economy aspect. In the Profit category, the topics product management and innovation, quality as well as production and digitalisation/BIM were added as material topics. Furthermore, the topic of data protection was identified as relevant in connection with the introduction of the EU's General Data Protection Regulation (GDPR).

KEY TOPICS CIRCULAR ECONOMY AND DIGITALISATION

As part of the European vision for a resource-saving circular economy, efforts are being made to identify and, where possible, gradually implement options in the area of closed material cycles. This includes the search for further high-quality plastic regrunulates and options for closing internal material cycles and making production waste useful for others as secondary materials. We have included the circular economy aspect in the resource conservation strategy module and have now set ourselves the goal of improving resource efficiency in ceramic production (kg ceramic waste/kg ceramic) by 10% by 2021.

Digitalisation is a topic that mainly affects Geberit in the area of market cultivation and customer relationship management. Digital tools are playing an increasingly important role here. Tools such as the Geberit Pro app for sanitary engineers have become indispensable in everyday life. In order to respond to the needs of end users as effectively as possible, various digital tools were recently launched or further developed, including an "inspiration app" for end users and a 3D planning tool, the latter of which provides a creative platform for end users to design their future bathroom. Geberit just recently further expanded the Digital team at Group level, with the aim of developing and launching digital tools more efficiently in future according to the needs of the respective target groups. This also includes the interdisciplinary planning method BIM (Building Information Modelling), which is relevant for the optimisation of the entire planning and building process as well as from a sustainability perspective.

SUSTAINABILITY COMMUNICATION

When it comes to its annual reporting activities, Geberit has for years been consistently focusing on online reporting featuring comprehensive reporting on sustainability. This contains different information categories: easy-to-understand highlights, summary results for shareholders in the business and financial review, comprehensive GRI reporting as well as key performance indicators. We deduce from the panel's feedback that reporting in all its different forms can be more actively communicated to the outside world.

Geberit gratefully takes up the suggestion that it show the "courage to leave gaps". As many topics are material, we try to more comprehensively describe the most material topics, whereas material topics where there is little need for action are presented in a concise manner.

With the twelve modules of the sustainability strategy, Geberit sets itself pragmatic goals and consistently reports on the achievement of objectives. The focus is on continuous improvement, such as the continuous improvement of the environmental impact. In addition to the two existing long-term goals with regard to CO₂ emissions and occupational safety, two new goals with regard to resource efficiency and water consumption were defined for ceramic production.

FINAL REMARKS

Geberit thanks all of the panel members for their work. The next stakeholder panel is planned for 2020.