

Stakeholder Panel 2012: Panel statement

General comments on the sustainability strategy

Based on the documents presented and information received, the stakeholder panel has concluded that sustainability is comprehensively practiced at Geberit and is part of the company's DNA. The goal of the Stakeholder Panel was to further integrate sustainability into the corporate strategy and processes, thus strengthening the sustainable business model. In this context, the panel is interested in how the sustainability strategy contributes to the success of the business and whether the impact of sustainability performances can be better illustrated or documented.

The panel holds the view that Geberit pursues a long-term sustainability strategy with four logical areas and modules, and illustrates these comprehensively in the sustainability report. In addition to structuring the sustainability strategy according to the value chain, Geberit should highlight what the most relevant topics are, the areas in which Geberit has the greatest leverage effects and where the impact on the environment and society is at its greatest. The panel recommends specifying measurable, realistic and long-term sustainability goals for all major areas.

It would also be desirable if responsibility for sustainability were more visibly anchored at Group Executive Board and Board of Director level. Geberit should also maintain its leading position in this area. Cooperation with industry and other companies could be documented more clearly and, where possible, Geberit could exert greater influence in the pursuit of sustainability, for example in the area of standardization.

Code of Conduct

For employees

The panel is interested in how employees' behavior is affected by the Geberit Code of Conduct and the measures employed to support the implementation of this Code. The panel recommends that serious internal violations be disclosed in future.

For suppliers

All Geberit suppliers must comply with the Code of Conduct for Suppliers. As per the current Code of Conduct, suppliers are responsible for ensuring that their sub-suppliers know the regulations set out in this Code. The suppliers *can* demand that this Code also be extended to selected sub-suppliers. The panel deems this statement too weak, particularly the *can*.

As a possible solution, the panel suggests clearly defining the system boundaries and, for example, demanding from suppliers that all sub-suppliers sign the Geberit Code of Conduct or that audits be carried out. A new goal could reinforce this commitment.

Geberit should aim to collect information or examples that demonstrate where suppliers violated the Code of Conduct.

Water, climate and biodiversity

The WELL label is good. However, it could be used better. It was suggested that Geberit measures water consumption using a water footprint in the future. The water footprint is an indicator that highlights a producer's direct and indirect water consumption.

The CO₂ strategy could be oriented towards the target values set by the European Union, while the CO₂ emissions could be illustrated on the basis of the value chain. In addition to the principle of energy saving, increased energy efficiency and the targeted expansion of the share of renewable energy sources, voluntary compensation payments would be another way of reducing CO₂ emissions.

Should the conservation of biodiversity represent a risk to Geberit's reputation, this should be reported on in a more detailed manner.

Social projects

Geberit's social projects promote the training of craftsmen. It is important that these projects are adapted to the local context and that the impact in the country be measured in future.

As things stand, marketing products at the «base of the pyramid» (i.e. in the emerging markets in developing and newly industrialized countries) does not represent a priority for Geberit. The panel members recommend exploring the potential of these markets and introducing appropriate products there.

Sustainable products and green building

With its products, Geberit could position itself with «environment inside» (much in the same way that Intel did with its «Intel inside» campaign) and could highlight the reduced water consumption, for example on cisterns in public facilities.

It would be interesting to find out whether a culture of thinking outside the box is promoted, thus creating the conditions for the continuous generation of new innovative products. A think tank could be used to drive forward the topics of green building and sustainable construction systems as well as to discuss the positioning of products in broader contexts.

Furthermore, the panel recommends that the company communicates its commitment in the areas of green building and new innovations more intensely.

Sustainability reporting and communication

The way in which Geberit integrates information on sustainability into its regular reporting is exemplary. This is not only done retrospectively but also in a forward-thinking manner by setting targets for the coming years. These targets could be formulated more precisely and over longer time frames.

Communication on the topic of sustainability is credible, honest, clear and comprehensible. As it is not always easy to find one's way around the Geberit website, there may be some room for improvement in terms of communicating with less-experienced Internet users.

Final remarks

The panel members welcome Geberit's openness and confirm the positive impression they already had before undertaking this review. Geberit sets itself high standards in the area of sustainability and resolutely pursues them.

Implementing the issues raised by the panel should help Geberit to maintain and strengthen its leading position. The panel members are pleased to note that numerous recommendations from the initial panel meeting are already being taken into consideration in the new sustainability strategy for 2013 to 2015.

It is proposed that the panel continues its work.