



Sustainability – a strategic  
business priority for Swiss  
manufacturing

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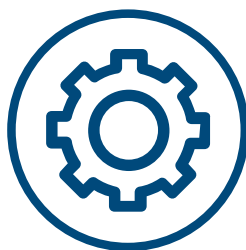
# Introduction

Stepping up to the challenge of building a more sustainable future is now a top priority for manufacturing companies. To gain better insight into how Swiss manufacturing companies are performing in this regard we held discussions with selected companies as they navigate their way towards greater sustainability in manufacturing. Strategy, execution, and communication emerged as key dimensions driving the sustainability agenda for manufacturing companies in Switzerland.



## Strategy

1. Sustainability strategy
2. Sustainability metrics
3. Financial performance
4. Governance



## Execution

5. Learning and development
6. Value chain focus
7. Key projects
8. Advisors/expertise



## Communication

9. Reporting
10. Key stakeholders

# Develop an integrated strategy

Apart from developing clear sustainability strategies and goals, companies in Switzerland are now increasingly integrating sustainability as a key pillar of their overall corporate strategies. Sustainability is also starting to form an integral part of the vision and mission of companies due to its high relevance across the environment, society and economy. Identifying and focusing on those ESG material topics that are key for the company's value creation is important. For example – the sustainability requirements of customers and suppliers are now often factored into strategy development. According to [Daniel Boesiger, Head Investor Relations / Sustainability](#) 'Georg Fischer is a sustainability and innovation leader providing superior customer value.' To bring this vision to life, he emphasises the need to also operate as an important contributor to the sustainability goals of the company's customers.'

While most manufacturing companies in Switzerland have been reporting on sustainability for a while now, some have come on board more recently following demand by investors, customers and other stakeholders, for greater transparency about their sustainability practices. In general, sustainability reporting appears to move strongly in the direction of annual reporting as part of the standard reporting cycle. Moreover, the global increase in ESG policymaking is clearly moving the needle towards mandatory sustainability reporting, which is expected to impact Swiss companies – not by 2050 but as soon as 2023 (e.g. Swiss Mandatory Climate Disclosures Art.964, EU's CSRD, TCFD recommendations or SEC's rules for Climate Disclosure). Performance metrics can include both internal and external targets. For example – [Suat Demokan, Global HR Business Partner Manufacturing, Logistics & Supply Chain at Bühler Group](#), shares that 'at Buhler the aim is to cut waste, energy usage and water consumption by

50% in the value chains of their customers, while also focusing on internal sustainability targets such as employee health and safety, CO2 footprint reductions in global locations and supplier compliance.'



Governance around sustainability initiatives is usually led from the top with most Swiss companies having established Sustainability Committees that operate as part of the Board, with close involvement of C-suite executives. In some companies, dedicated sustainability teams are tasked with driving the sustainability agenda while in others, membership of the sustainability committee has broadened to include representatives of business divisions and support functions and/or external experts. Governance models for sustainability at Swiss companies indicate that they recognise there is a clear business need for sustainability to be treated as a strategic priority for the business – especially with its potential impact on risk mitigation and reputation management, amongst others.

Further highlighting the strategic importance of sustainability for businesses – according to [Jenny Bofinger-Schuster, SVP Sustainability & Operational Excellence at Siemens](#) – two years ago, Siemens started to link compensation to sustainability goals. ESG goals are now weighted at 20% in the Siemens LTI (long-term incentive) programme.

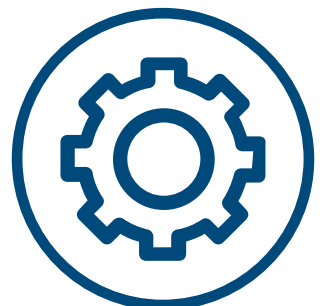


# Focus on execution and education

Many companies in Switzerland are raising awareness and building skills and knowledge on the topic of sustainability amongst their employees. This includes integrating the focus on sustainability in strategy roll-outs, regular communication at leadership or team meetings and, importantly, education – adding learning modules on sustainability to learning and development platforms and including the topic in onboarding programmes. Companies are also increasingly developing training initiatives and tools which are available company-wide and which may be compulsory, depending on which part of the business the employee is in.

Most Swiss companies agree that learning about sustainability is important across all business functions, from research and development through to production and sales. [Rolf Wagenbach, Global Head Sustainability at Implenia](#) points out that sustainability requirements in construction projects have increased significantly in both volume and complexity in recent years and real experts are needed to build knowledge and help implement actions across a number of areas. He goes on to add that sustainability is a key consideration across the company – not only for products and materials, but also for purchasing and financing etc. This makes it important to build, retain and transfer knowledge through education, training and on-the-job learning.

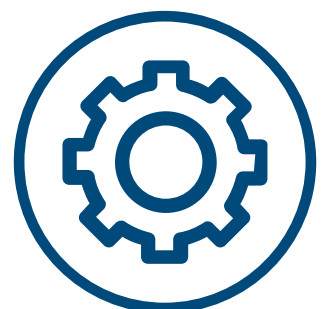
While it is clear that the focus on sustainability needs to be consistent across the whole value chain in order to strengthen the circular economy – there are some areas that hold more potential than others. Siemens highlights products and services to customers as holding potential sustainability wins in areas such as energy efficiency and water solutions, amongst others.



According to [Peter Rupp, Head of Corporate Sustainability at Hilti](#), 'In the context of the circular economy, product design and development holds the greatest potential for change'. He adds that the supply chain – specifically in transportation – provides significant opportunity to strengthen sustainability. Implenia finds the greatest leverage for sustainability when they are involved right at the start in the planning phase of a project. 'With this level of involvement, one can influence decision making across the dimensions of purchasing, planning and building.' says Implenia's Rolf Wagenbach.

In the context of focused execution, Jenny Bofinger-Schuster of Siemens makes the point that 'The net-zero targets are not achievable through behavioural changes or giving-up / relinquishment alone. New technologies will be the main solution to address many ESG challenges – innovations paired with the understanding that sustainability is actually good business.'

This perspective is already reflected in some of the examples of key projects that Swiss manufacturing companies shared: Hilti has defined 10 technologies which integrate sustainability – for example – technologies that influence choice of materials and help to reduce use of chemical products, amongst others. At Georg Fischer new technologies have helped to develop the NeoFlow Pressure Regulating Valve that addresses water losses and leakage and the new Laser Structuring solution which produces dashboards for cars in a more environmentally and faster way.



# Communicate with stakeholders

Clear communication and close collaboration with stakeholders is a priority to successfully drive sustainability initiatives, especially in light of greater regulation and increasing demand for more sustainable solutions by customers. For example – some public procurement guidelines now consider sustainability criteria alongside innovation and quality. Companies are also actively engaging with suppliers and logistics providers on the topic of sustainability, as customers increasingly also expect compliance from suppliers.

Apart from customers, co-operation and collaboration with a broad range of stakeholders and experts can add significant value to sustainability efforts. To strengthen international collaboration, Bühler recently joined the World Business Council for Sustainable Development (WBCSD) – a global network of over 200 forward-thinking companies working together to accelerate the transition to a sustainable world. According to Suat Demokan of Bühler, the company plays an active and vocal role in the

industry as they want to ‘make an impact and be a leader in the sustainability effort.’ Meanwhile, Implenia is a founding member of the Network for Sustainable Construction Switzerland (Netzwerk Nachhaltiges Bauen Schweiz, NNBS) that supported the new “SNBS” standard.

The fact that markets have also been driving the effort for companies to strengthen their sustainability credentials, reinforces the importance of clear and transparent communication. Swiss manufacturing companies are participating in different sustainability rating programmes such as the Carbon Disclosure Project (CDP) for which customers increasingly request proof of participation and rating scores and, the EcoVadis rating programme which provides an opportunity to report on corporate social responsibility and sustainability initiatives. The EcoVadis platform allows companies to share their performance with stakeholders and they are also often rated as suppliers, by their customers. While participation in these rating programmes is still

voluntary at this stage, the increased regulation that will be required to achieve global sustainability goals means there is a strong likelihood that, over time, global sustainability standards could be developed for inclusion into IFRS standards.

Finally, demonstrating a commitment to ESG has real financial impacts. Communicating sufficient, reliable and accurate ESG data is now a critical part of doing business – including playing an important role in accessing capital, insurance coverage and government grants.





# Conclusion

The good news is that Swiss manufacturing companies increasingly recognise sustainability as a strategic priority for the business – integrating the topic into their corporate strategies and ensuring that it is led from the top. They also realise that close co-operation and collaboration with stakeholders is key to achieving their sustainability goals. This is especially true in the case of customers and suppliers with whom there is a great opportunity to jointly develop sustainable solutions.

But the journey is still in the early stages and there is more work to be done. It is clear that sustainability targets will not be achieved by reduction alone and new technologies will play an important role in building a more sustainable future. In this regard, developing more expertise and cultivating the right collaborative relationships with other stakeholders, on an ongoing basis, will be key. As companies integrate sustainability into their vision and mission, education will also play an important role in ensuring that employees develop the understanding and behaviours to actively engage with and support the sustainability goals of Swiss manufacturing companies.

At Deloitte, we leverage our industry expertise and leading climate & sustainability practice to help companies along their sustainability journey to create a truly sustainable business – financially, socially and environmentally.

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# Interview with **Daniel Boesiger**, Head Investor Relations / Sustainability at Georg Fischer



**Deloitte:** What is the focus of your sustainability strategy and to what extent is it embedded in your overall business strategy?

**Daniel Boesiger:** Sustainability is at the heart of GF's business and is key to drive financial performance. While we have been publishing sustainability reports for the last twenty years, during our last strategy period (2016-2020) we realised that the sustainability requirements of our customers and suppliers have increased significantly over time. In addition, employees wish to work for a company that operates sustainably. And the expectations and requirements of the capital market and regulators have also risen sharply. As a result, sustainability is now fully integrated into our current five-year corporate strategy 2025. It is also expressed in our vision – "GF is a sustainability and innovation leader providing superior customer value." To bring this vision to life, we also need to operate as an important contributor to the sustainability goals of our customers.

Moreover, sustainability cannot be decoupled from global megatrends that are influencing our industry – for example, urbanisation, water treatment, e-mobility and demographic change amongst others. With this in mind, our sustainability framework for 2025 focuses on three areas – product portfolio, climate and resources and people and wellbeing – each with clear and measurable goals.

**Deloitte:** Can you comment on governance around your company's sustainability initiatives? And is executive compensation linked to sustainability goals?

**Daniel Boesiger:** Governance around sustainability is led from the top. At Board level we have three committees – Audit, Compensation and Nomination & Sustainability. The Nomination & Sustainability committee is led by the Chairman of the Board. At Group level we created a Corporate Sustainability Council that includes the five members of the executive committee, as well as heads of Corporate and division functions and internal sustainability experts. This council meets twice a year. Finally, at divisional level, we have Task Forces, which focus on different deep-dive-topics every year.

While there were some performance targets already in place for the group management level in the previous strategy period, capital markets are now demanding more from companies. In response to this, over the current strategy period (2021-2025), ESG (Environmental, Social and Governance) goals are part of the calculation of the short-term incentive.

**Deloitte:** Does the learning and development curriculum at your company include a focus on sustainability – to raise awareness and build skills and knowledge on the topic amongst employees?

**Daniel Boesiger:** Since sustainability is fully integrated into our corporate strategy, it has also been included in the strategy 2025 roll out. Establishing a clear consensus and a common understanding is important and will be an ongoing process. Sustainability will also continue to be an important topic at key meetings and events, as it was, for example, at our last global controller meeting attended by 150 participants.

A new training module on sustainability is being added to our internal e-learning platform and this will be followed by additional customised modules for all divisions. We have also significantly increased our sustainability communication to our employees via intranet and other channels.

**Deloitte:** How does the topic of sustainability influence your interaction with key stakeholders such as shareholders, customers, suppliers and the communities within which you operate?

**Daniel Boesiger:** Sustainability influences our interactions with stakeholders much stronger than in the past. The demand for more sustainable solutions by our customers has increased. This has also been accompanied by more regulation. Global megatrends such as water treatment, e-mobility or digitalization affect our industry and require more and more sustainable solutions.

The capital market is also driving companies' efforts to become more sustainable. Over the years, GF has participated in different sustainability rating programmes – for example, the Carbon Disclosure Project (CDP). Customers increasingly request third party evaluation of company's sustainability programs and their effectiveness. As a result, they request information via CDP as an independent NGO to assess and rank company's actions in regard to climate change and water security. Supplier audits and/or assessments are also very important. We joined EcoVadis and report on both corporate social responsibility and sustainable procurement and are rated by EcoVadis and share the results with our customers.

**Deloitte:** Are you collaborating with external stakeholders such as universities, government and industry associations to support your sustainability efforts?

**Daniel Boesiger:** As an industrial group based in Switzerland, innovation and sustainability are very important. GF therefore works with universities, industry associations and customers on innovative, sustainable solutions. External advisors are supporting us with current sustainability initiatives, such as the Task Force on Climate-Related Financial Disclosures (TCFD), the EU Sustainable Finance Taxonomy and the Science Based Targets initiative.

GF also enjoys a mutually beneficial exchange on sustainability topics with other companies and industry peers in Switzerland.

**Deloitte:** In which parts of the value chain do you see the greatest potential for sustainability wins?

**Daniel Boesiger:** All functions within the value chain – such as R&D, production, sales etc. – are equally important for sustainability. The circular economy requires a comprehensive approach to sustainability. For example, it is important for sales teams to understand the value of sustainable solutions for customers. Customers can also be involved at an early stage in the development phase – for example, when it comes to material specifications or the design of parts.

We have some clear “sustainability wins” across our three divisions. Together with a former team from the Oxford university (UK), GF Piping Systems developed the NeoFlow Pressure Regulating Valve that addresses water losses and leakage – a valuable innovation in times of water losses by leakages (non-revenue water). GF Casting Solutions developed new lightweight aluminium and magnesium parts addressing the needs to reduce weight and herewith CO<sub>2</sub> emissions of vehicles. And finally, new Laser technologies such as laser texturing developed by GF Machining Solutions, replacing Chemical Edging in the automotive or medical industry. Parts and molds can now be produced in a faster and more environmentally friendly way.

# Interview with **Suat Demokan**, Global HR Business Partner Manufacturing, Logistics & Supply Chain at Bühler Group



**Deloitte:** What is the focus of your sustainability strategy and to what extent is it embedded in your overall business strategy?

**Suat Demokan:** Sustainability forms part of our overall company mission at Bühler and we've been engaged in sustainability reporting for almost 10 years now. We are making good progress. While our sustainability strategy used to be a 30-30-strategy, focused on reducing waste by 30% and energy usage by 30%, our new goal is 50-50-50 – focused on waste, energy and water. The aim is to cut waste, energy usage and water consumption by 50% in the value chains of our customers. As part of the global food processing and transportation industries, we believe that we need to set ambitious targets to help address the sustainable feeding and mobility needs of the growing world population in the coming decades.

In addition to our external goals, we also have internal sustainability targets which include employee health and safety, CO2 footprint reductions in global locations and supplier compliance. Despite our good progress there is always room for improvement. Achieving net zero by 2030 will be easier in some areas than others –for example reducing business travel. Nevertheless, we are committed to seeking real innovative solutions for future sustainability and not simply compensating with CO2 certificates.

**Deloitte:** Can you comment on governance around your company's sustainability initiatives?

**Suat Demokan:** Since sustainability is a clear business case for us, especially from a risk mitigation point of view, all our sustainability initiatives are led from the top. On a strategic level, Bühler has a sustainability board that comprises G-suite executives including the CEO, COO, CFO and CTO, as well as two external expert advisors. This board develops the sustainability strategy focused on the economy, nature and humanity and sets targets to achieve. The CTO leads external sustainability efforts, while the COO is responsible for driving internal initiatives.

**Deloitte:** Are you collaborating with external stakeholders such as universities, government and industry associations to support your sustainability efforts?

**Suat Demokan:** Cooperation and collaboration internationally, with different stakeholders and experts, is a priority for us. Bühler recently joined the World Business Council for Sustainable Development (WBCSD), a global network of over 200 forward-thinking companies working together to accelerate the transition to a sustainable world. We also organise Bühler Networking Days every 3 years, where we bring experts from different industries and sciences together with the aim of discussing global sustainability challenges in the feed, food and mobility industries and identifying potential business opportunities.

Our CTO plays an active and vocal role within our industry, especially in the area of innovation and sustainable food production. We want to make an impact and be front runners in the sustainability effort. It is therefore important that we focus both on potential sustainability solutions, as well as their implementation and the measurement of their actual impact.

**Deloitte:** Does the learning and development curriculum at your company include a focus on sustainability – to raise awareness and build skills and knowledge on the topic amongst employees?

**Suat Demokan:** Sustainability has become an increasingly important topic in our e-learning curriculum and for the onboarding of our people. There are many training initiatives and tools that are now compulsory and available company-wide. We are continuously developing relevant sustainability training material since, depending on the job/role, all topics are not equally relevant for everybody – for example – environmental law vs. food safety. There has also been a comprehensive focus on diversity and inclusion programmes at Bühler in recent years.

**Deloitte:** How does the topic of sustainability influence your interaction with key stakeholders such as shareholders, customers, suppliers and the communities within which you operate?

**Suat Demokan:** Sustainability is key for our relations with suppliers and logistics providers. We have a supplier code of conduct and actively engage our suppliers on the topic of sustainability. We also speak to all partners across the supply chain in an effort to find solutions together to make supply chains more sustainable. Our customers in the food processing industry also increasingly expect the same supplier sustainability compliance from us – while there are no fixed targets yet, there are clear standards and certificates which we are expected to adhere to.

We regularly undergo corporate social responsibility and sustainable procurement ratings and report into EcoVadis and CDP. While voluntary participation in industry efforts is definitely heralding a change for the better, more governmental regulation will be needed to achieve the global sustainability goals. Many companies that already see the benefits of sustainability are aligning it with their purpose – others will still need to be convinced, possibly with penalties. At Bühler we welcome both the development of global sustainability standards and the harmonisation and inclusion of these standards into IFRS standards.

# Interview with **Jenny Bofinger-Schuster**, SVP Sustainability & Operational Excellence at Siemens



**Deloitte:** What is the focus of your sustainability strategy and to what extent is it embedded in your overall business strategy?

**Jenny Bofinger-Schuster:** Sustainability has always been at the core of Siemens' innovations and products for customers and is part of the history and DNA of the company. Since inception in 1847, we have been operating in areas that contributed to society. In June 2021, our new sustainability framework was integrated fully into our corporate strategy as a living framework with a mix of short-term and long-term goals. An example of this integration within corporate strategy would be how we conduct M&A's – in the past we always followed 5 imperatives, we now have a 6th one, i.e., sustainability.

Our sustainability framework is called "DEGREE" and alludes to the 1.5 degree celsius target commitment of the SBTi (Science Based Target initiative) to tackle the climate challenge. And it describes our 360-degree approach in sustainability for all stakeholders – our customers, our suppliers, our investors, our people, the societies we serve, and our planet.

The six letters of "DEGREE" stand for Decarbonisation, Ethics, Governance, Resource Efficiency, Equity and Employability.

For decarbonisation we aim for net zero operations by 2030, a goal we had already committed to even before the Paris agreement and by signing the SBTi, we have extended our commitment to the entire value chain. Ethics focuses on organisational values and a culture of trust, while governance focuses on the systems and processes we need to implement and sustain. Resource efficiency addresses areas like circularity / business models, eco-design and dematerialisation with the help of digitalisation. Equity addresses diversity and inclusion amongst our people and finally, employability aims to keep Siemens and its workforce relevant and resilient through dedicated trainings and digital learnings.

**Deloitte:** Can you comment on governance around your company's sustainability initiatives? And is executive compensation linked to sustainability goals?

**Jenny Bofinger-Schuster:** We have a clear ESG governance framework in place, overseen by our Chief Sustainability Officer (CSO) at Siemens, who sits on the Managing Board and chairs the Sustainability Board that includes representatives of the Managing Board, regional entities, operating companies and corporate functions. Two years ago, we started to link compensation to sustainability goals. ESG goals are now weighted at 20% in the LTI (long-term incentive) programme.

The Corporate Sustainability Officer, which would be my role, reports into the CSO and manages the sustainability department that drives the sustainability program within Siemens.

We also have a global network of Sustainability Managers that helps to coordinate and implement initiatives, programmes and measures across all business units and countries. Ultimately, responsibility for sustainability should reside with the CEOs of the business units and should be integrated across the organisation. A completely successful transformation here would mean, that the role of Chief Sustainability Officer (CSO) would no longer be needed.

**Deloitte:** Does the learning and development curriculum at your company include a focus on sustainability – to raise awareness and build skills and knowledge on the topic amongst employees?

**Jenny Bofinger-Schuster:** We invest significantly in education and training and offer a broad range of digital learning on the topic of sustainability for all our employees – from research and development through to production and sales. The Board and senior management also communicate regularly about sustainability ensuring that the topic is a high priority within the organisation.

The employability component in our sustainability framework aims to enable our people to stay resilient and relevant in a rapidly changing environment. We have hardwired our ambitions in targets by which we want to be measured and measure ourselves: digital learning hours for our people, access to mental health and assistance programs for our people, and their safety, which is immensely important for us.

**Deloitte:** How does the topic of sustainability influence your interaction with key stakeholders such as shareholders, customers, suppliers and the communities within which you operate?

**Jenny Bofinger-Schuster:** We achieve the biggest impact through the solutions and innovations that we offer to our customers to help them overcome their sustainability challenges. The close interaction and early identification of these challenges is key. Regarding suppliers, we aim to have an ESG secured supply chain based on supplier commitments. With this in mind, our Code of Conduct assures that the work of our 65,000 suppliers is sustainable. Our goal within our sustainability framework “DEGREE” is to reduce emissions by 20% in the supply chain by 2030 and achieve a net zero supply chain by 2050. Ongoing dialogue with our suppliers is therefore important. We support them in their efforts to become more sustainable and provide assistance with assessments.

**Deloitte:** In which parts of the value chain do you see the greatest potential for sustainability wins?

**Jenny Bofinger-Schuster:** The focus on sustainability needs to happen consistently across the whole value chain, from development through to aftersales. Ongoing interaction across the whole product lifecycle is key and ESG criteria needs to be applied across the board.

The greatest potential for Siemens to score “sustainability wins” resides clearly with the products and services that we offer to our customers, especially in areas such as energy efficiency, circular economy, water solutions etc. In the past two years, the dynamics around product and service development have surpassed many expectations and is likely to have a significant impact in the next decade.

The net zero targets are not achievable through behavioural changes or giving-up / relinquishment alone. Even during the pandemic, reduced travel and industrial activity has resulted in an emission decrease of only 7%. New technologies will be the main solution to address many ESG challenges, innovations paired with the understanding that sustainability is actually good business: We are following the conviction that what’s good for our customers and what’s good for people and our planet go hand in hand.

# Interview with **Rolf Wagenbach**, Global Head Sustainability at Implenia



**Deloitte:** What is the focus of your sustainability strategy and to what extent is it embedded in your overall business strategy?

**Rolf Wagenbach:** Sustainability is one of Implenia's five corporate values and is therefore firmly anchored in our strategy. It has become a much broader topic for us in recent years, beyond a main focus on environmental protection, sustainable construction or building at the request of customers.

Our 5 priorities for sustainability extend across the three main dimensions of environment, society and economy. We have defined them already in 2010, which shows their continued relevance as well as our long-term commitment:

## Environment

1. Sustainable products and services – e.g., sustainable development and construction, supply management

2. Respect for the environment – e.g., during construction, use of machinery, CO<sub>2</sub> emissions

## Society

3. Attractive working environment – e.g., reduce occupational accidents, increase diversity and inclusion

4. Social commitment and compliance – e.g., support of development and social responsibility projects

## Economy

5. Financial and operational excellence – e.g., ratings, lean construction, BIM (Building Information Modeling), digitalisation

Implenia published its first sustainability report in 2012 and used to report in a two-year cycle, which we just recently changed to a yearly report with much more detailed analyses. With our annual targets we follow a building block approach, whereby our short-term goals are sub-sets of our long-term goals, some of which extend to 2050. We do that to be as precise and detailed as possible in executing on our goals. Sustainability goals are often deeply integrated into our operational business and not perceived as a separate complex topic.

**Deloitte:** Can you comment on governance around your company's sustainability initiatives? And is executive compensation linked to sustainability goals?

**Rolf Wagenbach:** We have three levels of governance around sustainability:

Firstly, in 2012 a Sustainability Committee was established comprising the CEO, the Board and the person responsible for sustainability. In 2018, this committee was reconsidered and its scope was broadened to include a representative from each of the four business divisions, as well as from support functions such as HR, Procurement, Finance, Marketing/Communication, Compliance and Project Excellence & Services. The Sustainability Committee meets quarterly.

Secondly, a global sustainability team consisting of 5 sustainability experts is tasked to anchor sustainability within the company and support construction managers and project managers in large projects. While each person on the team is responsible for several sustainability topics, the sustainability agenda must be driven by the divisions and functions and cannot be delegated to the central team alone.

Thirdly, there are local sustainability delegates (often environmental protection officers) at the divisional and country level.

This triad of committee, global experts and delegates has proven to be a very successful operational model. In terms of governance, there is both Board oversight and strong involvement of the Executive Committee. Anita Eckardt, as member of the Executive Committee, is the chair of the Sustainability Committee. The Board of Directors is responsible to approve the sustainability strategy.

Sustainability targets are linked to compensation as part of the short-term incentives. Indicators such as "safety" (occupational accident figures) are also a dimension of these targets.



**Deloitte:** Does the learning and development curriculum at your company include a focus on sustainability – to raise awareness and build skills and knowledge on the topic amongst employees?

**Rolf Wagenbach:** Whereas in the past, just raising awareness was sufficient, today you need real experts to build knowledge and implement actions on sustainability topics within the company. Learning more about sustainability is a key consideration across the company – not only for products and materials, but also for purchasing and financing etc. Know-how develops quickly and can also be lost if the focus is not on education, training and on-the-job learning.

Training is also important because sustainability requirements or sustainability labels in construction projects have increased significantly in both volume and complexity in recent years. Sometimes several labels are relevant for a building whereas these requirements and labels can conflict with each other, so greater standardization to reduce complexity is also needed.

**Deloitte:** How does the topic of sustainability influence your interaction with key stakeholders such as shareholders, customers, suppliers and the communities within which you operate?

**Rolf Wagenbach:** While sustainability credentials are often demanded by customers (still more by private companies than by public companies), they often do not carry much weight in tenders/valuations. Revised public procurement guidelines now consider sustainability alongside innovation and quality, and these three topics should be evaluated first. However, the assessment of sustainability is often not yet very tangible – and projects are usually rejected for financial reasons and not for environmental protection issues alone. There is still a long way to go for real change.

Implenia is a founding member of the Network for Sustainable Construction Switzerland (Netzwerk Nachhaltiges Bauen Schweiz, NNBS) that supported the new “SNBS” standard. Regarding cooperation with the scientific community, Implenia also supports a chair at ETH Zurich and has a partnership with EPFL focusing on sustainability topics in the French-speaking part of Switzerland.

**Deloitte:** In which parts of the value chain do you see the greatest potential for sustainability wins?

**Rolf Wagenbach:** Implenia has the greatest leverage for sustainability where the company is highly involved in the planification phase of a project. For example, in our real estate projects where we are involved right from the start (including the purchase of land). With this level of involvement, one can influence decision making across the dimensions of purchasing, planning and building. This influence makes a major contribution to the ambitious goal of achieving a circular economy. Supply chain is also a big leverage point, but a difficult one when it comes to evaluating one's own suppliers.

The carbon footprint of a construction company is particularly relevant. Here, our focus is on reducing emissions, in the use of our machinery and equipment or in the selection and origin of the products and materials used. In addition, we are also continuously professionalizing the assessment of our direct CO<sub>2</sub> emissions, whereby more and more of our stakeholders also want to see the indirect emissions of our suppliers.

# Interview with **Peter Rupp**, Head of Corporate Sustainability at Hilti



**Deloitte:** What is the focus of your sustainability strategy and to what extent is it embedded in your overall business strategy?

**Peter Rupp:** Hilti's mission statement ("We passionately create enthusiastic customers and build a better future") shows that sustainability has always been part of our self-understanding. This was also the trigger to clearly define our global sustainability strategy which is very purpose-driven and focused on two main areas:

1. How do we become more sustainable as a company?
2. How do we help our customers in the construction industry to become more sustainable?

We have built-up a strong Corporate Sustainability Team in recent years that reports directly to the CEO and in 2021 we published our first sustainability report. We follow a fact-based and open communication approach when it comes to sustainability involving many external stakeholders including customers, as well as current and future employees.

While we engaged in many sustainable activities unconsciously in the past, we now do them much more consciously. We also plan to fully integrate our sustainability strategy into our corporate strategy knowing that it has the potential to boost financial performance. Hilti is also very strongly aligned with the UN Sustainable Development Goals (SDGs).

**Deloitte:** What sustainability metrics is your company expected to deliver on and are these linked to viable business opportunities?

**Peter Rupp:** The sustainability strategy is based on the three pillars: environment, people and society. All sustainability goals are supported by measurable KPIs. In the interests of transparency, the same KPI figures for sustainability goals are communicated both internally and externally.

In the environment pillar we focus on CO2 neutrality and circularity. We have developed a methodology for how the latter can be measured. Currently we are sitting at 23% of not only recycled content, but across the whole product life cycle.

In the people pillar we have a comprehensive approach which considers the health of the people who use our tools as well as the safety of buildings in general. Furthermore, this pillar is focused on the physical and mental health of our employees.

For the society pillar, Hilti wants to make an even greater contribution to society in the future through the Hilti Foundation. Additionally, we have established a corporate volunteering program called "Engaged beyond business" where every employee shall dedicate on average one working day per year for a social or ecological project, without direct connection to the business).

**Deloitte:** Does the learning and development curriculum at your company include a focus on sustainability – to raise awareness and build skills and knowledge on the topic amongst employees?

**Peter Rupp:** If we compare the sustainability topic to a "marathon" or journey, we have probably only completed one quarter of the full distance given our ambition to lead our industry in sustainability.

From the beginning we focused strongly on internal communication to increase engagement. Employee engagement is our most powerful tool because implementing sustainability needs to be driven by every employee. While there is a central sustainability team, everyone can contribute through small actions – for example – asking themselves: how do I get to the office? do I turn off the lights? etc. The topic of sustainability is also integrated in our Hilti onboarding programme.

We see a need to provide more structured sustainability trainings/learnings. This is an especially important focus for sales teams who actively consider how they could make the business of their customers more sustainable.

**Deloitte:** In which parts of the value chain do you see the greatest potential for sustainability wins?

**Peter Rupp:** Product design holds the greatest potential for change and sustainability wins. In the context of the circular economy, product development teams need to "think" more circular. The later you integrate sustainability, the greater the costs and the lower the impact.

Hilti has defined 10 technologies and integrated sustainability into these technologies (for example alternative materials to concrete, like wood). Choice of materials has recently become much more of a focus than in the past. Measures such as REACH (Registration, Evaluation, Authorisation and Restriction of Chemicals) focus on reducing the use of hazardous substances or critical raw materials and ultimately replacing chemical products with organic ones.

There is also huge potential in the supply chain, specifically in transportation. The corona crisis has shown that a decentralized supply footprint (closer to the customers) has various advantages, also in terms of sustainability.

Currently, a lot is still transported by road and in the air (air = 1% of the volume, but 25% contribution to total CO2 emissions). If possible, we aim for greater conversion to sea and rail transportation (for example – Russia is now delivered to directly by rail from China).

**Deloitte:** Have you engaged external advisors/expertise to support your sustainability efforts or are you building capability internally?

**Peter Rupp:** Hilti works with a broad selection of external stakeholders on many sustainability topics. However, this cooperation is not limited only to sustainability.

Dust management, health, green buildings etc. are topics that we engage on with industry associations such as the European Power Tools Association (EPTA). We also cooperate extensively with our customers and work with universities in Switzerland, Germany, Italy, USA, China and Singapore and others around the world.

We also engage with different experts with whom we are currently defining together, the "value to society" of our business activities and sustainability efforts.

There are four levels to truly integrate sustainability into our business decisions:

1. Real transparency: for example – CO2 footprint including Scope 3 verified and validated by the end of the year
2. Guidelines/policies: How is sustainability to be taken into account in business processes, for example – how is a Circularity Score calculated?
3. Integrating Sustainability into Performance Management and Incentive Schemes
4. Calculate Value to Society: Triple-Bottom line (profit, people, and the planet) by monetization of sustainability aspects.



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