GEBERIT

Geberit Group 2013

Annual Report

PDF Version

GEBERIT

Business Report

Geberit Group 2013

PDF Version

Highlights business year

The Alpha builders

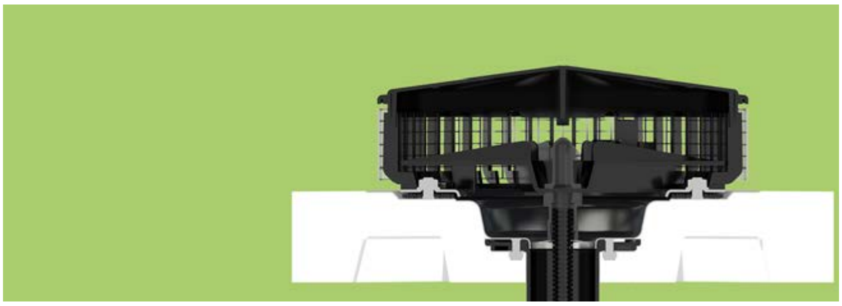
Production in India is successfully underway. After one and a half years of plant construction, the first "Alpha" concealed cisterns were manufactured in the brand-new plant in Pune. These cisterns were designed specifically for the needs of the Indian market.

Meeting point

Every two years, the crème de la crème of sanitary technology gather at the world's most important sanitary fair – the ISH in Frankfurt. Geberit used this opportunity to provide visitors to the trade fair with a range of insights into its wide array of products and services.

The makings of a classic

The simpler the better – this was the approach taken by renowned architect and designer Matteo Thun when designing the new Geberit AquaClean Sela. The shower toilet that looks like a normal toilet has already won numerous awards for its impressive design.



Peace and quiet under the roof

Loud gurgling sounds in the roof drainage system can certainly get on your nerves, particularly when apartments or places of work are located under the roof. Geberit launched a new roof outlet on the market to alleviate this situation.

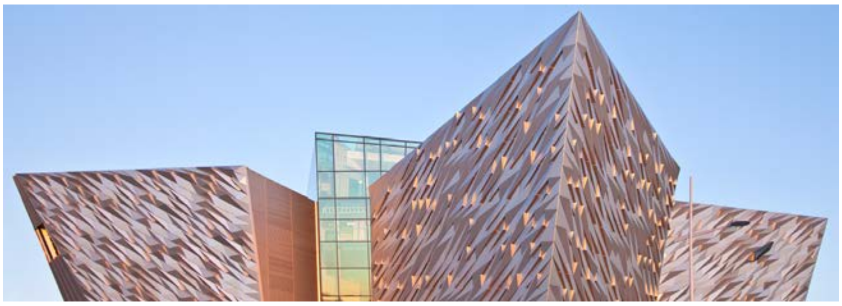
Highlights business year

A life-defining experience

During the course of our social project, eight Geberit apprentices from various countries spent two weeks working in a hospice for seriously ill people in Bucharest. They helped with the installation of sanitary facilities and also undertook voluntary work taking care of the patients, which was much appreciated.

Broadening their horizons

Living and working abroad for a few months is a great learning experience, both personally and professionally. Geberit therefore offered its young graduate apprentices the opportunity to undertake an assignment lasting several months at the production plant in Shanghai.



A bow or an iceberg?

The Titanic Belfast museum is located on the same site where the legendary passenger liner was launched over 100 years ago. 800,000 visitors passed through its doors in the first year. Geberit know-how and products were called upon for the challenging task of draining the roof.

Green buildings in the desert

The Al Bahar Towers in Abu Dhabi have a sophisticated shading screen that results in a reduction in energy consumption of around 50 percent compared with conventional buildings. Geberit flush technology ensures the sustainable use of water in the buildings.

Highlights financial year

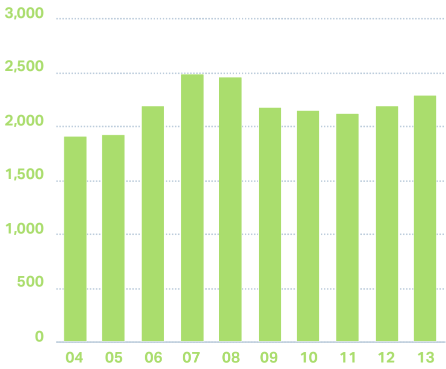
Sales

+3.6%

Currency-adjusted sales growth in 2013

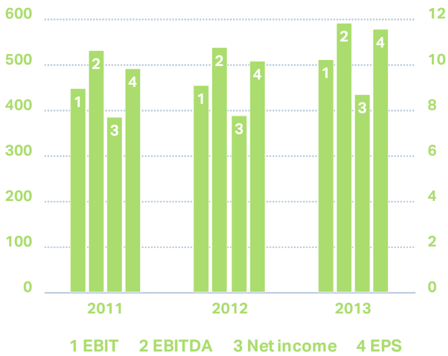
Sales development 2004–2013

(in CHF million)



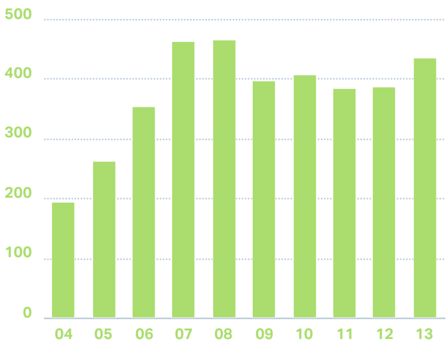
EBIT, EBITDA, Net income, Earnings per share (EPS) 2011–2013

(in CHF million) (EPS: in CHF)



Net income development 2004–2013

(in CHF million)



Operating cashflow margin (EBITDA margin)

25.9%

At the upper end of the mid-term target corridor of 25 to 26%

Free cashflow (in CHF)

444.3 mio.

13.6% above prior year's level

Highlights financial year

Earnings per share
(in CHF)

11.59

+14.1% versus prior year

Payout ratio

65.1%

The payout ratio is in the upper range of the target corridor of 50 to 70%

Expenditures for property, plant and equipment (in CHF)

98.0 mio.

+14.0% versus prior year

R&D expenditures
(in CHF)

50.9 mio.

1.1 million versus prior year

Sales
(in CHF)

≈ 25 mio.

positive currency effects

Operating profit (EBIT)
(in CHF)

≈ 2 mio.

positive currency effects

Geberit key figures

2009 – 2013

		2013	2012 [3]	2011	2010	2009
Sales	MCHF	2,291.6	2,187.8	2,122.6	2,146.9	2,181.2
Change on previous year	%	+4.7	+3.1	-1.1	-1.6	-11.2
Revenue from sales	MCHF	1,999.9	1,919.6	1,867.6	1,900.0	1,931.0
Change on previous year	%	+4.2	+2.8	-1.7	-1.6	-11.4
Operating profit (EBIT)	MCHF	510.7	456.5	449.2	486.2	526.7
Margin in % of sales	%	22.3	20.9	21.2	22.6	24.1
Net income	MCHF	435.8	387.5	384.0	406.8	397.5
Margin in % of sales	%	19.0	17.7	18.1	18.9	18.2
Operating cashflow (EBITDA)	MCHF	592.8	536.6	532.0	573.7	611.0
Margin in % of sales	%	25.9	24.5	25.1	26.7	28.0
Free cashflow	MCHF	444.3	391.0	386.0	493.8	349.7
Margin in % of sales	%	19.4	17.9	18.2	23.0	16.0
Financial result, net	MCHF	-5.5	-7.2	-7.3	-14.3	-13.5
Capital expenditures	MCHF	98.0	86.0	92.6	80.5	106.4
Research and development expenses	MCHF	50.9	49.8	48.4	44.2	45.6
In % of sales	%	2.2	2.3	2.3	2.1	2.1
Earnings per share [1]	CHF	11.59	10.16	9.82	10.32	10.18
Earnings per share, adjusted [2]	CHF	11.59	10.16	9.82	10.32	10.18
Number of employees	31.12.	6,226	6,134	6,004	5,820	5,608
Annual average		6,219	6,150	5,992	5,793	5,634
Sales per employee	TCHF	368.5	355.7	354.2	370.6	387.1

		31.12.2013	31.12.2012	31.12.2011	31.12.2010	31.12.2009
Total assets	MCHF	2,226.0	2,007.4	2,122.7	2,171.2	2,212.2
Liquid funds and marketable securities	MCHF	612.8	423.1	542.0	586.6	406.5
Net working capital	MCHF	127.9	134.4	114.1	108.5	180.9
Property, plant and equipment	MCHF	536.4	521.2	516.2	514.3	576.2
Goodwill and intangible assets	MCHF	645.5	638.1	645.2	658.8	753.1
Total debt	MCHF	11.7	14.7	75.6	73.4	110.9
Equity	MCHF	1,664.1	1,431.3	1,419.5	1,520.9	1,509.2
Equity ratio	%	74.8	71.3	66.9	70.0	68.2
Gearing	%	-36.1	-28.5	-32.9	-33.7	-19.6

[1] Based on the 1:10 stock split implemented on May 8, 2007
[2] Adjusted for amortization of goodwill
[3] Restatement see Note 1 in the consolidated financial statements of the Geberit Group

Geberit key figures

2004 – 2008

		2008	2007	2006	2005	2004
Sales	**MCHF**	2,455.1	2,486.8	2,183.5	1,922.9	1,906.8
Change on previous year	**%**	-1.3	+13.9	+13.6	+0.8	+35.8
Revenue from sales	**MCHF**	2,178.9	2,206.4	1,935.1	1,718.9	1,731.6
Change on previous year	**%**	-1.2	+14.0	+12.6	-0.7	+36.2
Operating profit (EBIT)	**MCHF**	563.4	553.8	482.2	366.9	305.5
Margin in % of sales	**%**	22.9	22.3	22.1	19.1	16.0
Net income	**MCHF**	466.3	463.3	355.0	262.5	194.4
Margin in % of sales	**%**	19.0	18.6	16.3	13.7	10.2
Operating cashflow (EBITDA)	**MCHF**	649.1	637.9	569.1	455.9	453.4
Margin in % of sales	**%**	26.4	25.7	26.1	23.7	23.8
Free cashflow	**MCHF**	407.9	362.7	355.5	290.2	273.4
Margin in % of sales	**%**	16.6	14.6	16.3	15.1	14.3
Financial result, net	**MCHF**	5.4	-11.4	-16.3	-17.2	-30.0
Capital expenditures	**MCHF**	152.5	103.5	81.3	79.5	87.8
Research and development expenses	**MCHF**	46.0	48.1	44.3	43.5	43.4
In % of sales	**%**	1.9	1.9	2.0	2.3	2.3
Earnings per share[1]	**CHF**	11.90	11.67	8.86	6.41	4.73
Earnings per share, adjusted[2]	**CHF**	11.90	11.67	8.86	6.47	6.04
Number of employees	**31.12.**	5,697	5,344	5,269	5,162	5,516
Annual average		5,684	5,360	5,199	5,237	5,469
Sales per employee	**TCHF**	431.9	464.0	420.0	367.2	348.7

		31.12.2008	31.12.2007	31.12.2006	31.12.2005	31.12.2004
Total assets	**MCHF**	2,054.1	2,298.3	2,010.7	1,946.6	1,937.1
Liquid funds and marketable securities	**MCHF**	302.6	450.1	182.4	180.0	81.6
Net working capital	**MCHF**	156.5	168.7	131.9	120.8	130.9
Property, plant and equipment	**MCHF**	555.5	529.3	533.9	528.3	538.8
Goodwill and intangible assets	**MCHF**	756.2	828.8	825.1	812.4	878.8
Total debt	**MCHF**	152.3	273.9	323.1	393.4	535.3
Equity	**MCHF**	1,311.9	1,404.4	1,065.9	958.0	816.8
Equity ratio	**%**	63.9	61.1	53.0	49.2	42.2
Gearing	**%**	-11.5	-12.5	13.2	22.3	55.5

[1] Based on the 1:10 stock split implemented on May 8, 2007

[2] Adjusted for amortization of goodwill

Care in the square

Geberit is consistently geared towards sustainability – with green projects across the globe, innovative water management and social commitment.

"Care in the square" means that – together with our skilled and dedicated employees and partners – we achieve our goal of being a leading sustainable company in the areas of production, procurement and logistics, as well as through our products and our social commitment.

Here are three examples: In the Slovenian town of Ruše, we are constructing a production plant that features a sophisticated energy concept. We also enable our graduate apprentices to gain valuable experience at Geberit locations around the globe. Another positive aspect is our use of trucks powered by natural gas, which transport goods between the Pfullendorf (DE) and Rapperswil-Jona (CH) sites.

Whether we are talking about environmentally friendly production, our responsibility as an employer or green logistics – sustainable business management pays off for people as well as for the environment. Every single project is a further step towards a successful future and implementation of our credo of "Care in the square".

- **How Geberit is building for the future.**
- **How young Geberit talents are successfully broadening their horizons.**
- **How Geberit is working with partners to provide access to clean water.**
- **How architects are building green with support from Geberit.**
- **How Geberit is stepping on the (natural) gas in pursuit of clean energy solutions.**

Simply exceptional

Green building is the standard at Geberit – even when it comes to its own buildings. The new production plant in Ruše (SI) is a perfect example of this approach.

The factory premises, which are currently being built in Ruše (SI), are already serving as a model for green production throughout Slovenia. The future Geberit production site – located only a few kilometers from the current plant – is a perfect example of how factory premises can be planned and realized in an ecologically and economically sustainable manner.

One of the site's special features is its sophisticated energy concept. Among other aspects, this includes the use of all waste heat from industrial processes as well as the complete absence of fossil fuels. The available ground water is used for cooling, while rainwater is collected and used both as extinguishing water and for watering the surrounding area.

An interdisciplinary Geberit team critically examined the entire production process and considered the special characteristics of the landscape when designing the new building. This resulted in the development of a unique concept that can be expanded step by step as required. The building itself features state-of-the-art design, sophisticated processes, environmentally friendly materials and an exceptional energy concept.

Matjaz Lesjak is Managing Director of the Geberit production plant in Ruše (SI). In his interview, he explains the special features of the new building complex.

Simply exceptional

"Thanks to the new plant, the future of our jobs is even safer."
Andrej Ketis, tool maker and Chairman of the Employee Representation at Geberit Ruše (SI)

"Geberit is one of the most important employers for Ruše and the surrounding area, and a partner that we can rely on at all times."
Uroš Štanc, Mayor of Ruše (SI)

The new production plant will offer twice the capacity of the current site.

The entire building complex is heated exclusively by waste heat from the production processes.

The foundations for the office wing are laid. The preliminary work for future expansion has also been considered in the planning concept.

Geberit PE pipes and the Pluvia system ensure reliable roof drainage.

Ready to take on the world

International and mobile – two qualities that are the mark of successful professionals. Geberit gives its young graduate apprentices ample opportunities in these areas.

It is becoming increasingly important for global companies to acquire employees for assignments abroad. In order to advance the internationalization of its training, Geberit is focusing on graduate apprentices who are willing to undertake an assignment lasting several months at one of its locations abroad.

The aim is to give the young people the opportunity to develop both personally and professionally in a new and unfamiliar environment. During these assignments, they not only broaden their horizons – as newly qualified professionals, they often come up with valuable recommendations for improvement. A good example of this is mechatronics engineer Manuel Krom (see picture), who gained practical work experience in the production plant in Shanghai (CN) on completion of his apprenticeship at Geberit Pfullendorf (DE). "During my apprenticeship, I realized that I wanted to gain work experience abroad and that I wanted to do so as quickly as possible on completion of my training," explains Krom. His supervisor Paul Wang emphasizes just how welcome Krom's specialized knowledge was: "Manuel was able to help us in areas that we are looking to further improve here," the assembly manager at the Shanghai plant explains. "This was particularly the case in the area of machine maintenance."

Getting young people interested in assignments abroad and enabling them to gain a wide range of experiences early on in their career increases their willingness to be mobile at a later stage, which is exactly what Geberit is hoping to achieve.

Fabienne Huff and Stefanie Giger explain in this short film what they learned during their internship at Geberit in the Middle Kingdom.

"In addition to their specialized knowledge, the former apprentices bring along a high degree of enthusiasm and new approaches which also benefit the Chinese employees."
Jörg Scherrer, Group Leader Product Development at Geberit Shanghai (CN) and intern Supervisor of the trainees.

Ready to take on the world

"I was impressed at how well my integration into the team in China went and how quickly I felt a part of this culture."
Fabienne Huff, Bachelor of Arts in Logistics, back at Geberit Pfullendorf (DE) since the end of November 2013

"I learned a great deal during this short time, both personally and professionally – probably more than I ever could in three years at home in familiar surroundings."
Stefanie Giger, draftsman, was in China for six months in 2013

Shaping the future

Geberit assumes social responsibility – worldwide and in a range of projects that always center around our core topic of water.

Social project Romania – Geberit apprentices in action in Bucharest

The organization "Hospice Casa Sperantei" cares for seriously ill people in Bucharest who are dependent on free support. The new hospice in the center of Bucharest provides in-patient care as well as day-care facilities. In 2013, Geberit funded the building of the hospice and the installation of the sanitary facilities. Eight Geberit apprentices were responsible for part of the sanitary work. In addition to technical installation tasks, the young apprentices also undertook valuable voluntary work.

Helvetas and Geberit – working together to provide access to water

In 2010, Geberit and the Swiss development organization Helvetas agreed on a partnership to provide one million people with access to clean water by 2013. This goal was already reached by the end of 2012. The partnership has continued right through the "International Year of Water Cooperation" – as 2013 was declared by the United Nations. This success story highlights just what can be achieved by two partners in pursuit of a joint vision.

The Swiss Water Kiosk Foundation – clean drinking water in Bangladesh

Clean drinking water means fewer diseases. The University of Applied Sciences Rapperswil (CH) has developed a solar water pasteurization system. Several water treatment systems are already in operation in Bangladesh. As we wish to improve the long-term quality of life for these people, Geberit has been supporting the project since 2012.

Geberit apprentices pitch in in Bucharest (RO) in summer 2013. Although not quite their normal everyday work, they show great commitment in carrying out their tasks.

Geberit social projects
2013 Romania
2012 South Africa
2011 Serbia
2010 India
2009 Solomon Islands
2008 Ecuador

Since 2008, over 40 Geberit apprentices have taken part in our social projects all over the world. Thanks to this commitment, people living in developing regions gain access to clean drinking water and basic sanitation.

Shaping the future

Geberit apprentices hard at work in the Hospice Casa Sperantei in Bucharest.

Whether commercial clerks, mechanics or plastics technicians – Geberit apprentices show their plumbing skills during the social project in Romania.

Many hands make light work: Geberit apprentices demonstrate their array of different talents.

Part of the social project in Romania involved allowing the children of seriously ill parents to enjoy several hours of carefree fun.

The Geberit team shared unforgettable moments with the Romanian children.

The Green Giant

When a visitor centre is a friend to the natural heritage site to which it is dedicated rather than a rival, sustainability has come into its own. Look to Northern Ireland's geological wonder, the Giant's Causeway, for proof.

Gentle slopes and the thundering North Atlantic are the setting for one of the most awe-inspiring natural phenomena on the Irish isle: the "Giant's Causeway" is formed by myriad hexagonal basalt columns. Tightly grouped together, they look like a ramp that leads into the sea.

Is it possible for a manmade structure to sit seamlessly beside this UN World Heritage site without destroying its serenity? The answer is yes. The Visitor Centre designed by Dublin-based architects heneghan peng is the perfect example. Carefully embedded in the hillside, this award-winning building makes use of stone columns that flank the building and lines that stretch far into the rugged cliffs above the Causeway.

The Giant's Causeway Visitor Centre breathes sustainability from the outside and lives up to the same principle on the inside: all guidelines for the planning, construction and operation of the building, reaching from the criteria for energy efficiency, through to resource consumption and durability, and as far as the integration of local artisan craftwork are in line with one objective: to make the home of the Giant a true icon of sustainable architecture.

"The National Trust's mission is to restore places of cultural and natural interest and then 'open them up for ever, for everyone'. Therefore there was an underlying commitment to develop a project that protects the environment for ever, for everyone, too."
Róisín Heneghan, heneghan peng Architects, Dublin (IE)

Water saving

-75%

Only one fourth of the water used in standard approaches runs down the drains of the Visitor Centre. Geberit Sigma concealed cisterns 12cm with dual flush technology are part of the reason why. They are equipped with esthetic Sigma50 flush plates.

The Green Giant

The Giant's Causeway Visitor Centre is dedicated to the impressive basalt formations at Northern Ireland's northern shore.

heneghan peng say that its design can be understood as two folds in the landscape: one upward, holding the building, and one downward, on which the carpark is placed.

Local stonemasons delivered a total of 186 columns made of black basalt. The stone was quarried near the Giant's Causeway.

The energy efficient building boasts a number of interactive exhibition areas that unlock the geology and mythology of the World Heritage Site. On top, the grass roof offers 360 degree views of the Causeway coastline (view of the lobby shortly before the opening).

Across the centuries, the peculiar hexagonal basalt columns of the Giant's Causeway have stirred the imagination of residents and travellers. Legend says that they were carved from the coast by the mighty giant, Finn McCool.

Natural gas – the way forward

Natural gas vehicles are not just a sensible choice ecologically speaking – they are also a smart choice from a financial perspective.

Vehicles powered by natural gas are already a regular feature on the streets in many places and are gaining in popularity, which is hardly surprising given that natural gas contributes significantly to protecting the environment. Thanks to a growing network of filling stations for natural gas vehicles and the related high security of supply, it is largely possible to travel in such vehicles without any restrictions.

At Geberit, green logistics refers to the company's continuous quest for improvements that benefit the environment. In line with this approach, a truck powered by natural gas has been traveling regularly between Geberit's production plant in Rapperswil-Jona (CH) and the logistics center in Pfullendorf (DE) since December 2013. The initial experience has proven highly convincing in every respect.

The natural gas truck is also an excellent choice in terms of cost-effectiveness. Although the initial outlay is higher, the fuel costs are 30% lower than with diesel or gasoline.

Geberit is in continuous discussion with all of its logistics partners with regard to gradually expanding the use of natural gas trucks. Finding intelligent solutions for transporting our products in a more eco-efficient manner demonstrates that we are on the right path.

"Geberit is a unique partner for us to collaborate with on implementing pathbreaking ideas. Through this partnership, we are demonstrating that green logistics is not just some fancy concept we claim to stand behind, but something that we are actually putting into practice one step at a time."
Gerhard Reger, Fleet Manager,
Transco Süd GmbH, Konstanz (DE)

Diesel trucks vs. natural gas trucks

Particle
-85%

Methane
-98%

The reduction achieved by the natural gas truck is based on the 150,000 km traveled each year by the truck during its round trips between Rapperswil-Jona (CH) and Pfullendorf (DE).

Natural gas – the way forward

Transco and Geberit had the natural gas truck specially made to meet their specific needs.


The eight natural gas tanks have a capacity of 640 liters. Fully tanked, the vehicle can travel a total of around 550 kilometers before it’s time for a refill.


The driver’s cabin of the natural gas truck is different to that of conventional diesel trucks, with the overall appearance and entrance reminiscent of a bus.

In comparison to traditional diesel trucks, the new natural gas truck still looks very out of the ordinary.

Editorial

The Geberit Group achieved pleasing results in the past year. In a continued challenging environment, market shares were gained in many markets through above-average sales increases. Despite continued, substantial investments in organic growth, the results were up on the previous year's values thanks to healthy sales growth and efficient cost control.

Cumulative sales in 2013 increased by 4.7% to CHF 2,291.6 million, corresponding to currency-adjusted growth of 3.6%. Following a somewhat subdued first six months, the second half of the year proved considerably more dynamic. The lower cost of materials in percentage terms compared with the previous year had a positive effect on the results. This was partially offset by higher customer bonuses as well as increased maintenance and personnel expenses. Operating profit (EBIT) rose by 11.9% to CHF 510.7 million, and the EBIT margin reached 22.3% (previous year 20.9%). Net income increased by 12.5% to CHF 435.8 million, with a return on sales of 19.0% (previous year 17.7%). Earnings per share rose in comparison to sales growth by a disproportionately high 14.1% to CHF 11.59. Free cashflow grew by 13.6% to CHF 444.3 million.

In addition to successful business development, 2013 was characterized by the introduction of new, innovative products – most notably the new Geberit AquaClean Sela. The shower toilet designed by the renowned architect and designer Matteo Thun combines simple, modern lines with innovative technology and a high level of convenience, and has already won a range of international design awards. Other new products included the further developed actuator plates Sigma10 and Sigma50 and the sound-optimized Pluvia roof outlet that minimizes irritating sounds immediately under the roof. Thanks to consistent market penetration efforts, we were able to position the Monolith sanitary modules introduced in previous years, the piping system Silent-PP and the shower element with even greater success in 2013.

We continued to invest in the production infrastructure in the past year, and the list of Geberit production sites now has a new member – India. In the production plant in Pune – Geberit's latest and 17th across the globe – the first Alpha concealed cisterns for the Indian market left the assembly line in August. Meanwhile, the groundbreaking ceremony for a completely new plant took place in Slovenia. The move to the building, which replaces the existing plant and will meet the highest standards of green production, is scheduled for 2014. The pipe manufacturing facility at Villadose, Italy, is being enlarged by an impressive 6,600 square meters in 2013/2014. This production site will then be even better equipped to support the ambitious sales growth targets for piping systems.

As part of Geberit's latest social project, eight of its own apprentices embarked on an experience in Romania last summer that was anything but ordinary. Together they helped to install the sanitary facilities at a hospice for seriously ill people. As a special kind of challenge, they also worked with the residents of the hospice.

We also wish to take this opportunity to point out the extremely positive performance of the Geberit share price. After starting the year at around CHF 200, the pleasing business results – together with the positive stock market environment – boosted the share price to new all-time highs of above CHF 270 towards the end of the year.

The Board of Directors intends to let the shareholders participate in the positive development of the business and will maintain the attractive distribution policy of previous years. A distribution of CHF 7.50 will be proposed at the General Meeting, an increase of 13.6% over that of 2013. Unlike in previous years, the distribution is to be paid entirely as a regular dividend as reserves from capital contribution are no longer available for distribution. The payout ratio of 65.1% of net income is therefore in the upper range of the 50 to 70% corridor, which was increased by the Board of Directors as a result of the reassessment of the use of liquid funds at the beginning of 2011. Furthermore, the Board of Directors decided to initiate a share buyback program. Over a period of two years, shares amounting to a total of a maximum of 5% of the share capital recorded in the Commercial Register will be repurchased via a separate trading line, less withholding tax, and retired by means of a capital reduction.

Jeff Song has decided to step down from the Board of Directors as of the next General Meeting for health reasons. The Board of Directors and Group Executive Board would like to extend their thanks for his contributions to the further development of the company. The process of filling the position has been initiated. The other members of the Board of Directors are standing for re-election for a further year in office in accordance with the new Ordinance Against Excessive Compensation for Listed Companies (Minder-Initiative).

We credit the pleasing results in 2013, which surpassed those of the previous year, to the outstanding commitment, high motivation and skills of our employees in over 40 countries. We wish to express our thanks and appreciation for their exemplary performance. Our customers in the commercial and trade sectors are again deserving of special thanks for their solidarity and constructive collaboration. Last but not least, we also wish to express our gratitude, esteemed shareholders, for your continued confidence in our company.

Owing to the tense situation in the majority of the European construction markets, 2014 will again be a demanding business year for the Geberit Group. The objective is, not only in the few markets that are healthy but also in the large number of markets that are shrinking, to provide a convincing performance and to continue to gain market shares as in previous years. The focus will fall on the concerted marketing of the new products introduced in recent years, the more intense penetration of new markets and the very promising shower toilet business. In line with the Geberit strategy, these measures will be accompanied by efforts to further optimize our business processes. The management is convinced that the company is very well equipped for its upcoming tasks. With experienced and highly motivated employees, a number of promising products that have been launched in recent years as well as product ideas for the more distant future, a lean and market-oriented organization, established and trustful cooperation with our market partners in both commerce and trade and – as a result of our industry leadership in terms of financial results in recent years – an extremely solid financial foundation, Geberit can look to the future with confidence.

Albert M. Baehny
Chairman and CEO

Robert F. Spoerry
Lead Director and
Vice Chairman

Geberit share information

Share price performance in the year under review

As with the previous year, the price of the Geberit share benefited substantially from the favorable climate on the equity markets. Beginning the year at CHF 201.40, the share price mostly kept pace with the Swiss Market Index (SMI) in the first half of the year. The share price disproportionately increased from the end of June to mid-August, before dropping back by almost the same extent following the release of the half-year figures and unfulfilled market expectations. The share price subsequently recovered during the reminder of the second half of the year, performing well above average in comparison with the SMI. The Geberit share was boosted in particular by the very good third-quarter figures, allowing it to reach new all-time highs of above CHF 270.00. Despite a temporary drop in the markets, this level was maintained. At the end of 2013, the share closed at CHF 270.50, which corresponds to a rise of 34.3% compared with the end of the previous year. In the same period, the SMI advanced by 20.2%. Viewed over the past five years, the Geberit share posted an annual average increase in value of 19.1% (SMI: +8.2%). The Geberit Group's market capitalization reached CHF 10,224 million at the end of 2013.

The Geberit shares are listed on the SIX Swiss Exchange, Zurich.

At the end of 2013, the free float as defined by SIX was 100%.

Distribution

Given a normal market environment, Geberit can achieve solid free cashflows, which are either used to invest into organic growth, to pay back debts, applied toward any acquisitions or distributed to shareholders. The capital structure is prudently maintained and the company strives for a solid balance sheet structure with a buffer of liquidity. On the one hand, this policy guarantees the financial flexibility necessary to achieve growth targets, and on the other hand it offers investors security. Surplus liquid funds are distributed to shareholders. Geberit continued this shareholder-friendly distribution policy last year as well.

Over the last five years, around CHF 1.6 billion has been paid out to shareholders in the form of distributions or share buybacks. During the same period, the price of the Geberit share has risen from CHF 113.10 at the end of 2008 to CHF 270.50 at the end of 2013.

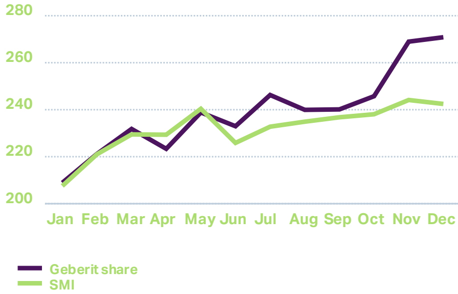
The Board of Directors will propose to the General Meeting of Geberit AG on April 3, 2014, a distribution of CHF 7.50, an increase of 13.6% over that of 2013. Unlike in previous years, the distribution will be paid entirely as a regular dividend. The payout ratio of 65.1% of net income is in the upper range of the 50 to 70% corridor, which was increased by the Board of Directors as a result of the reassessment of the use of liquid funds at the beginning of 2011. Subject to the shareholders' approval, the distribution will be paid on April 10, 2014. Furthermore, the Board of Directors decided to initiate a share buyback program. Over a period of two years, shares amounting to a total of a maximum of 5% of the share capital recorded in the Commercial Register will be repurchased via a separate trading line, less withholding tax, and retired by means of a capital reduction. Based on the closing price of Geberit registered shares on March 6, 2014, the value of the shares to be bought back is approximately CHF 530 million.

The share buyback program launched by the Board of Directors of Geberit AG at the beginning of 2011 was concluded on December 20, 2012, earlier than planned. In total, 2,048,578 registered shares – in the amount of CHF 390,172,725 and corresponding to 5.28% of the share capital registered in the Commercial Register at that time – were repurchased as originally planned. The share buyback program was conducted via a second trading line set up especially for this purpose. The average purchase price per share was CHF 190.46.

The General Meeting of April 4, 2013 approved a capital reduction in the amount of the shares repurchased in 2012. The 1,022,578 shares were canceled with effect from June 2013 following expiry of a two-month deadline and the publication of three notices to creditors in the Swiss Official Gazette of Commerce. The total number of shares entered in the Commercial Register now stands at 37,798,427 shares. The shares repurchased in 2011 as part of the buyback program had already been canceled in 2012 by resolution of the General Meeting of April 4, 2012.

Share price development January 1 until December 31, 2013

CHF

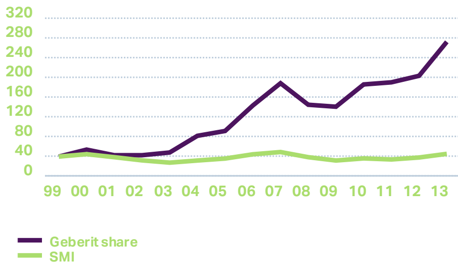


Source: Bloomberg

Share price development 22.06.1999 (IPO) – 31.12.2013

Annual average share price

CHF



Basis: 1:10 stock split implemented on May 8, 2007
Source: Bloomberg

Distribution paid (CHF per share)

	2009	2010	2011	2012	2013
Dividend	5.40	6.40*	-	-	3.80
Capital redemption	-	-	6.00	6.30	2.80
Total	**5.40**	**6.40**	**6.00**	**6.30**	**6.60**

* Inclusive special dividend of CHF 1.00

Total distribution to shareholders (CHF million)

	2009	2010	2011	2012	2013	Total
Distribution	211	253	236	242	248	**1,190**
Share buyback	0	0	193	198	0	**391**
Total	**211**	**253**	**429**	**440**	**248**	**1,581**

Communication

Geberit publishes current and comprehensive information simultaneously for all market participants and interested parties on the Internet (→ www.geberit.com), including ad-hoc announcements. Among other things, the current version of the investor presentation is available on the Internet at any time. In addition, interested parties may add their names to a mailing list (→ www.geberit.com/mailinglist) in order to receive the most recent information relating to the company.

CEO Albert M. Baehny, CFO Roland Iff and Head Corporate Communications & Investor Relations Roman Sidler are in charge of the ongoing communication with shareholders, the capital market and the general public. Contact details may be found on the Internet in the relevant sections. Information relating to Geberit is provided in the form of regular media information, media and analysts' conferences as well as financial presentations.

Contact may be established at any time under
→ corporate.communications@geberit.com

Comprehensive share information can be found under
→ www.geberit.com > investors > share information

Major data relating to the Geberit share (as of December 31, 2013)	
Registered shareholders	18,969
Capital stock (CHF)	3,779,842.70
Number of registered shares of CHF 0.10 each	37,798,427
Registered shares	23,957,851
Treasury stock:	
- Treasury shares	212,382
- Share buyback program	0
Total treasury stock	212,382
Stock exchange	SIX Swiss Exchange
Swiss securities identification number	3017040
ISIN code	CH-0030170408
Telekurs	GEBN
Reuters	GEBN.VX

Key figures (CHF per share)	2012	2013
Net income	10.16	11.59
Net cashflow	13.22	14.59
Equity	37.52	44.25
Distribution	6.60	7.50[1]

[1] Subject to approval of the General Meeting 2014

Time schedule	2014
General Meeting	Apr 3
Dividend payment	Apr 10
Interim report first quarter	Apr 29
Half-year results	Aug 12
Interim report third quarter	Oct 30
	2015
First information 2014	Jan 14
Results full year 2014	Mar 10
General Meeting	Apr 1
Dividend payment	Apr 9
Interim report first quarter	Apr 28

(Subject to minor changes)

Management structure

Board of Directors

Chairman
Albert M. Baehny

Vice Chairman and Lead Director
Robert F. Spoerry

CEO Division

Chief Executive Officer
Albert M. Baehny

Human Resources
Roland Held

Communications & Investor Relations
Roman Sidler

Marketing
Egon Renfordt-Sasse

Strategic Planning
Andreas Lange

Environment/Sustainability
Roland Högger

Shower Toilet
Martin Baumüller

Sales Europe

Member Executive Board
Karl Spachmann

Germany
Christian Buhl

Italy
Giorgio Castiglioni

Switzerland
Hanspeter Tinner

Austria
Clemens Rapp

Netherlands
Menno Portengen

Belgium
Paul Forier

Nordic Countries
Lars Risager

France
Patrick Jouvet

United Kingdom
Mark Larden

Poland
Andrzej Dobrut

Czech Republic
Vladimir Sedlacko

Slovakia
Vladimir Sedlacko

Hungary
Tamás Köszeghy

Adriatic Region
Miran Medved

Spain
David Mayolas

Portugal
José Seabra

OEM
Tobias Beck

Sales International

Member Executive Board
William J. Christensen

North America
Andreas Nowak

Far East/Pacific
Ron Kwan

- **China**
  Ron Kwan a.i.
- **Singapore**
  Stefan Schmied
- **Australia**
  Tony Rusten

Middle East/Africa
Christian Steinberg

Products

Member Executive Board
Michael Reinhard

Accredited Test Laboratory
Markus Tanner

Quality
Christian Englisch

Purchasing
Adriaan 't Gilde

Logistics
Gerd Hailfinger

Technology/Innovation
Felix Klaiber

Products Sanitary Systems
Jörn Ikels

- **Installation Systems**
  Mario von Ballmoos
- **Cisterns and Mechanisms**
  Marcel Heierli
- **Faucets and Flushing Systems**
  Daniel Raissle
- **Waste Fittings and Traps**
  Thomas Kiffmeyer
- **Shower Toilet**
  Armin Gierer
- **Product Development Appliance Engineering**
  Hansjörg Rohr
- **Project Manager Pool**
  Rolf Kuster
- **Product Development Sanitary Systems**
  Erwin Schibig

Products Piping Systems
Pietro Mariotti

- **Building Drainage Systems**
  Sandro à Porta
- **Supply Systems**
  Michael Schüpbach

Finance

Member Executive Board
Roland Iff

Controlling
Beat Gresser

Treasury
Thomas Wenger

Internal Audit
Martin Reiner

Information Technology
Markus Enz

Legal Services
Albrecht Riebel

Service, Finance and Holding Companies
Werner Frei/Jürgen Haas

Management structure

CEO Division	Sales Europe	Sales International	Products	Finance
			Project Manager Pool Pietro Mariotti	
			Product Development Piping Systems Pietro Mariotti a.i.	
			Production Plant IBA* Robert Lernbecher	
			Pfullendorf (DE) Robert Lernbecher	
			Rapperswil-Jona (CH) Bruno Bünzli	
			Pottenbrunn (AT) Helmut Schwarzl	
			Ruše (SI) Matjaz Lesjak	
			Pune (IN) Wolfgang Büstrow	
			Chinese Production Sites Christian Steiger	
			Production Plant EXM** Martin Ziegler	
			Langenfeld (DE) Martin Ziegler a.i.	
			Lichtenstein (DE) Thomas Schweikart/ Hartmut Müller	
			Weilheim (DE) Martin Frick	
			Matrei (AT) Josef Rapp	
			Givisiez (CH) Michel Pittet	
			Villadose (IT) Rainer Prügl	
			Rapperswil-Jona (CH), Shower Toilet Karl Zahner	
			US Production Sites Andreas Nowak	

* IBA: Injection and Blow Moulding/Assembly
** EXM: Extrusion/Metal Processing

Business and financial review

The Geberit Group achieved convincing results in 2013. In a continued challenging environment, market shares were gained in many markets through above-average sales increases. Despite continued, substantial investments in organic growth, the results were up on the previous year’s values. The healthy sales growth and lower cost of materials in percentage terms compared to the previous year had a positive effect on the results. This was partially offset by higher customer bonuses as well as increased maintenance and personnel expenses. With these results, Geberit noticeably outperformed the European market environment and further consolidated its position as a leading provider of sanitary technology.

Market environment

Challenging parameters

2013 saw only an insignificant change in economic and political parameters. As in the previous year, the construction industry in the geographic markets relevant for Geberit saw strongly divergent developments. Some markets remained robust, others recovered in the second half of the year and several remained caught up in a serious crisis.

Euroconstruct published an updated outlook for construction volumes in **Europe** in November 2013. These figures once again forecasted a decline in building construction volumes of 2.7% in 2013 (previous year -4.4%). The decline was much more significant for new buildings (-4.5%) compared to renovations (-1.2%). When compared to figures from further in the past, new building projects are over 30% down on 2008 and almost 40% down on the same value in 2007. In contrast, the renovation business is comparatively stable and has been ranging between 5 and 10% below the values from 2007 and 2008 for several years.

In addition to the more stable situation in the building renovation sector mentioned before, Geberit also benefited from the generally positive trend in the building construction sector in countries such as Switzerland (+1.9%) and Germany (+0.3%). Also of note is the largely positive situation in Scandinavia (with the exception of Finland). In comparison with the construction sector as a whole, Geberit also benefited from the fact that, at -4.0% (previous year -8.2%), the civil engineering sector – which is not relevant for the company – trended substantially weaker than the building construction sector. Based on this information, Geberit can assume that it clearly outperformed its competitors once again. For example, the company managed to develop better than the market environment in countries experiencing a decline – thus gaining market shares.

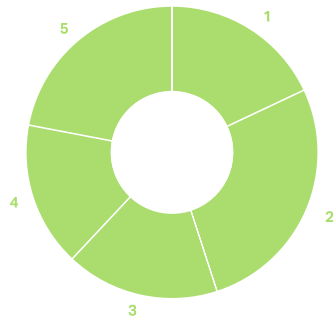
Of the total construction volume in 2013 of EUR 1,285 billion, 78% relates to building construction. Residential construction accounted for just under 60% of this, and non-residential construction for just over 40%. Within the building construction sector, slightly more than half pertained to renovation projects, primarily as a result of the high proportion within residential construction.

In the **USA**, gross domestic product (GDP) rose by 1.9% and the economy grew at a slower rate than in 2012 (+2.8%). Investments in building construction increased by 8.6% year-on-year, thus continuing the recovery which started the previous year. However, despite positive trends a return to the long-term average is still a long way off. Investments in non-residential construction increased by 0.1% in total (previous year +5.1%). While offices, hotels and commercial buildings increased noticeably (+6.3% in 2013), the trend for the healthcare/hospital and school/university sectors important to Geberit remained unsatisfactory (-5.2% in 2013). Residential construction performed substantially better than non-residential construction: The number of building permits for new private residential units increased by 18.0% in the reporting year (previous year +33.0%), while the number of permits for single-family houses rose by 19.0% (previous year +24.0%). The number of finished private residential units increased by 17.0% year-on-year (figures on the US construction industry as per the US Department of Commerce, United States Census Bureau).

In contrast to the global trend of a slowdown in development (from 2.6% to 2.4% according to the International Monetary Fund), economic growth in the **Far East/Pacific** region increased to just under 5%. Around 60% of total global growth was reported in this region in 2013, with China accounting for 60% of this figure. Based on the data of IHS Global Insight, the construction industry in Asia experienced similar growth in 2013 (+4.9%) as in the previous year, whereby the civil engineering sector, which is not relevant for Geberit, grew more strongly than the building construction sector. With almost 50% of regional construction volume and well over half the growth, China remains the dominant country in the construction sector in the Far East/Pacific region.

Total construction output Europe 2013

(EUR 1,285 billion)

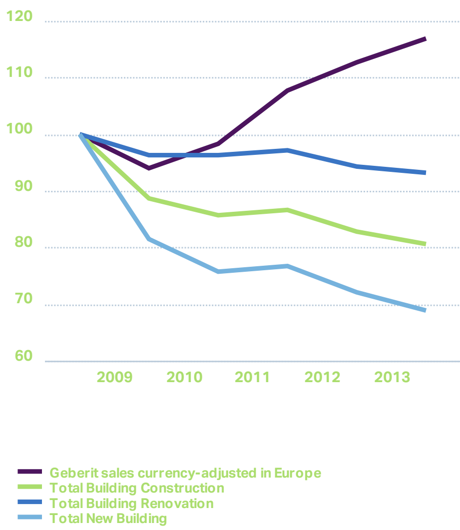


1 Residential – New (18%)
2 Residential – Renovation (27%)
3 Non-residential – New (17%)
4 Non-residential – Renovation (16%)
5 Civil engineering (22%)

Source: 76th Euroconstruct Conference in Prague, November 2013

Construction output and Geberit sales in Europe 2009–2013

(Index: 2008 = 100)



Source: 76th Euroconstruct Conference in Prague, November 2013

Sales

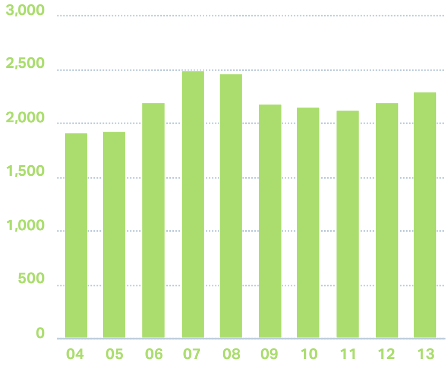
Currency-adjusted sales growth slightly below medium-term target range

Cumulative sales in 2013 increased by 4.7% to CHF 2,291.6 million. With a growth of 3.6% in local currencies, total sales were slightly below the medium-term growth expectation of 4 to 6%. The total growth figure is made up of a volume effect of +1.8%, a price effect of +1.8% and a foreign currency effect of +1.1%.

In spite of the decline in sales experienced between 2008 and 2011, the longer-term trend remains encouraging. Average growth for the last ten years was 5.0%.

Sales development 2004–2013

(in CHF million)

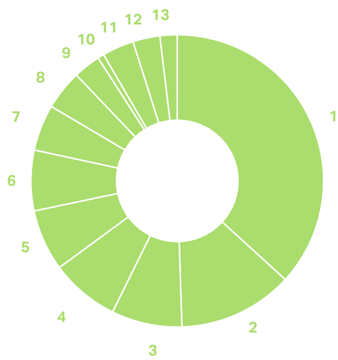


Market shares gained

The following changes in sales figures by markets and regions refer to local currencies.

In a continued challenging environment, market shares were gained in many markets through above-average sales increases. Europe recorded an increase in sales of 3.7%. While individual markets saw recoveries in the second half of the year, an overall trend of strongly diverging developments continued. Substantial growth was posted in the United Kingdom/Ireland (+18.3%) and Germany (+7.4%). The Nordic Countries (+4.5%), Central/Eastern Europe (+4.1%), the Iberian Peninsula (+3.9%), Switzerland (+2.9%) and France (+1.0%) also made gains. By contrast, the Benelux Countries (-1.7%), Austria (-1.8%) and Italy (-5.0%) recorded drops in sales. Despite a slight recovery, the sales development in America (-0.8%) remained negatively affected by the poor state of the public sector – an area of prime importance to Geberit in this region. Sales in the Far East/Pacific region, which were largely affected by negative business development in China, decreased by 3.8%. However, Middle East/Africa achieved positive sales growth of +23.8%.

2013 sales by markets/regions



1 Germany (36.8%)
2 Switzerland (12.7%)
3 Benelux (7.8%)
4 Italy (7.6%)
5 Central/Eastern Europe (6.8%)
6 Austria (6.7%)
7 Nordic Countries (5.1%)
8 France (4.4%)
9 United Kingdom/Ireland (3.0%)
10 Iberian Peninsula (0.7%)
11 America (3.5%)
12 Far East/Pacific (3.0%)
13 Middle East/Africa (1.9%)

Stronger growth in Piping Systems

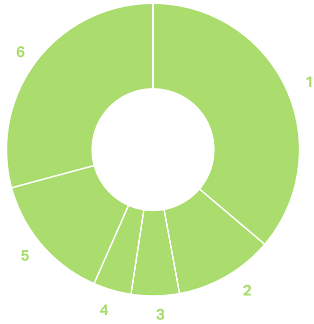
Sales for the **Sanitary Systems** product area increased by 4.4% in Swiss francs to CHF 1,297.6 million. Growth in local currencies was 3.3%.

Sales for the **Installation Systems** product line, at 36.2% of Group sales the most important product line, rose by 5.2% in local currencies – thus also achieving the highest increase across all product lines. In the reporting year, drywall elements and designer actuator plates were also a key to success. The Huter prefabricated bathrooms also achieved impressive growth rates. Growth of 2.1% was posted by the **Cisterns and Mechanisms** product line, which accounts for 10.9% of total sales. Sales were boosted by the strong growth of the Monolith sanitary module for WCs, which is breaking into ever more markets. In contrast, sales of traditional exposed cisterns stagnated as a consequence of Geberit's efforts over many years to convert to concealed solutions. Sales of filling and flush valves also stagnated, mainly because of the generally volatile OEM business. The AquaClean shower toilet was not able to achieve the growth seen in the previous years. Following years of impressive growth, the effects of the introduction of the new AquaClean Sela and delivery problems due to the high demand for the new models resulted in only single-figure growth rates in the past year. Sales for the **Faucets and Flushing Systems** product line, which accounts for 5.3% of total sales, decreased by 3.9% in 2013. This product line continued to be negatively affected by challenging market conditions where the US subsidiary Chicago Faucets is engaged in business with schools and hospitals. Sales of urinal flush controls remained stable at the previous year's level. Sales for the **Waste Fittings and Traps** product line, representing 4.2% of total Group sales, improved only slightly by 1.2%. The positive growth rates seen in floor outlets and bathtub drains were offset by weaker sales in traps for washbasins, bidets, urinals and WCs.

Sales for the **Piping Systems** product area grew by 5.2% to CHF 994.0 million. The increase in local currencies was 4.0%. Once again, sales for this product area thus improved more than those for the Sanitary Systems area.

Sales for the **Building Drainage Systems** product line grew at an above-average rate of 5.1% in local currencies, contributing 14.2% to total sales. The Silent-PP and Silent-db20 sound-absorbing drainage systems did well, but sales of the PE drainage system decreased. The **Supply Systems** product line posted 3.4% growth. The contribution of this product line, which is the second largest measured by Group sales, remained unchanged at 29.2%. The Mapress Stainless Steel product range delivered impressive sales increases in particular. On the other hand, Mapress Carbon Steel and Mapress Copper and the Mepla multilayer piping system experienced below-average growth.

2013 sales by product areas and product lines



Sanitary Systems (56.6%)
1 Installation Systems (36.2%)
2 Cisterns and Mechanisms (10.9%)
3 Faucets and Flushing Systems (5.3%)
4 Waste Fittings and Traps (4.2%)
Piping Systems (43.4%)
5 Building Drainage Systems (14.2%)
6 Supply Systems (29.2%)

Results

Positive impact of foreign currencies

For the first time in in a long time, the strength of the recovering euro against the Swiss franc had a positive impact on the income statement in 2013. The total currency gains contained in sales amounted to around CHF 25 million. In 2013, Geberit generated 69% of its sales in the eurozone, 5% in US dollars and 3% in British pounds. Accumulated currency effects increased sales by 1.1%. As a result of the currency trend, the operating profit (EBIT) was positively impacted by approximately CHF 2 million.

In general, the effects of currency fluctuations are warded off as far as possible with an efficient natural hedging strategy. This entails making sure that costs are incurred in the same proportion in the currencies in which sales are generated. This hedging strategy has been almost completely successful for the euro and US dollar, but the higher costs in Swiss francs compared to sales in Swiss francs have led to slight deviations. Consequently, only minor currency gains or losses result from transaction effects.

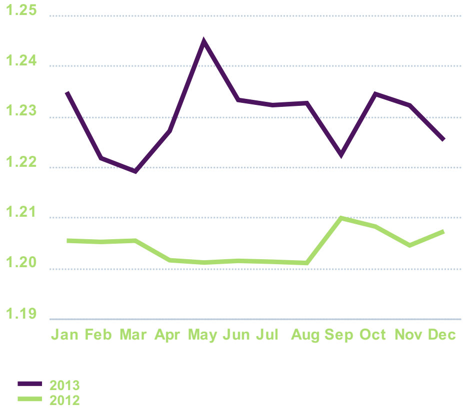
In terms of a sensitivity analysis, the following changes can be assumed if the Swiss franc should be 10% weaker or 10% stronger:

- Sales: +/-7% to +/-9%
- EBIT: +/-9% to +/-11%
- EBIT margin: approximately +/- 0.5 percentage points

For more information on the management of currency risks, please refer to the → Financial Statements of the Geberit Group, Notes to the Consolidated Financial Statements, 4. Risk Assessment and Management, Management of Currency Risks and the → Financial Statements of the Geberit Group, Notes to the Consolidated Financial Statements, 16. Derivative Financial Instruments.

EUR/CHF exchange rates 2012/2013

(Period-end exchange rates)



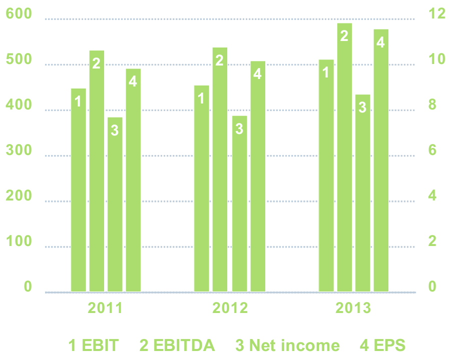
Increase in results exceeds sales growth

Thanks to healthy sales growth and efficient cost control, results were up on the previous year's values in a challenging environment in spite of once again continued, substantial investments in organic growth.

Operating cashflow (EBITDA) rose by 10.5% to CHF 592.8 million. At 25.9%, the EBITDA margin was significantly higher than the previous year (24.5%) and also above the medium-term target range. Over the last decade, average EBITDA growth of 6.0% was better than the corresponding increase in sales of 5.0%. Operating profit (EBIT) rose by 11.9% to CHF 510.7 million, and the EBIT margin reached 22.3% (previous year 20.9%). Net income increased by 12.5% to CHF 435.8 million, which led to a return on sales of 19.0% (previous year 17.7%). As a percentage of sales, net income thus reached its highest value since going public in 1999. Earnings per share rose by 14.1% to CHF 11.59 – also as a result of a lower number of shares issued.

EBIT, EBITDA, Net income, Earnings per share (EPS) 2011–2013

(in CHF million) (EPS: in CHF)



Costs under control

Customer bonuses and cash discounts increased by 8.8% to CHF 291.7 million or from 12.3% to 12.7% of total sales, primarily as a result of sales growth.

In 2013, total operating expenses advanced by 1.8% to CHF 1,489.2 million or to 65.0% of total sales (previous year 66.9%). Foreign currency effects no longer had any significant influence on the operating results. Increased maintenance expenses, freight costs and personnel expenses had a negative impact. In contrast, the slight decrease in material prices compared to the previous year had a positive effect on the results.

The cost of materials increased slightly by 1.1% to CHF 597.2 million and dropped from 27.0% of sales in the previous year to 26.1%. The effects felt in the first four months of the year resulting from insourcing the shower toilet business, price increases and slightly lower material prices all contributed to this development. In historical terms, purchase prices remained very high although the situation stabilized somewhat in 2013, with industrial metals actually easing. Personnel expenses increased by 1.3% to CHF 475.4 million or 20.7% of sales (previous year 21.5%). This is explained on one hand by the rise in staff numbers due to the – to some extent temporary – adjustment of capacities in the production plants, the start of operation at the new plant in India and continued development in various emerging markets. On the other hand, salary increases and greater expenditure on the further training and development of employees also played a part in the increase. While depreciation increased by 3.1% to CHF 76.6 million, amortization of intangible assets fell by 5.2% to CHF 5.5 million. Other operating expenses grew by 3.6% to CHF 334.5 million due to the effects of continued organic growth and higher costs for maintenance and freight triggered by the growth in volumes.

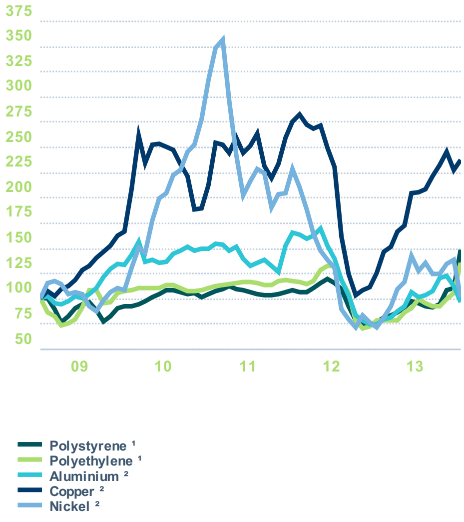
The improved financial result compared to the previous year (up by CHF 1.7 million to CHF -5.5 million) was due to lower interest payments made possible by debt repayments as per end of 2012 – partially compensated by currency losses. The tax expense increased by CHF 7.6 million to CHF 69.4 million, resulting in a tax rate of 13.7% (previous year 13.8%).

Increase in free cashflow

The marked upturn in operating cashflow (EBITDA) led to an increase in net cashflow of 8.8% to CHF 548.7 million. Free cashflow grew by 13.6% to CHF 444.3 million. The higher growth posted in comparison to net cashflow resulted from the positive effects of the change in net working capital, which was compensated in part through higher investments in property, plant and equipment. Free cashflow was largely used to pay distributions of CHF 248.2 million to shareholders.

Raw material price development

(Market price; index: December 2008 = 100)



[1] Source: Kunststoff Information Verlagsgesellschaft mbH
[2] Source: London Metal Exchange

Financial structure

Solid financial foundation with equity ratio of 75%

Once again, the substantial contribution from free cashflow allowed the attractive dividend policy to be continued while also maintaining the extremely solid financial foundation of the Group.

Total assets increased from CHF 2,007.4 million to CHF 2,226.0 million, mainly as a result of the higher cash reserve.

As neither shares were bought back nor debts repaid in contrast to previous years, the cash reserve increased substantially. In addition to liquid funds and marketable securities of CHF 612.8 million (previous year CHF 423.1 million), the Group had access to an undrawn operating credit line of CHF 198.3 million. At CHF 11.7 million, debts were slightly under the previous year's value of CHF 14.7 million. This resulted in positive net cash of CHF 601.1 million at the end of 2013 (previous year CHF 408.4 million).

Net working capital decreased by CHF 6.5 million to CHF 127.9 million compared to the previous year. Property, plant and equipment strengthened from CHF 521.2 million to CHF 536.4 million, while goodwill and intangible assets increased from CHF 638.1 million to CHF 645.5 million.

The ratio of net cash to equity (gearing) increased from -28.5% in the previous year to -36.1%. The equity ratio further improved from a very solid 71.3% to 74.8%. Based on average equity, the return on equity (ROE) was 28.2% (previous year 27.7%). Average invested operating capital, comprising net working capital, property, plant and equipment, and goodwill and intangible assets amounted to CHF 1,366.0 million at the end of 2013 (previous year CHF 1,346.0 million). The return on invested operating capital (ROIC) was 32.1% (previous year 28.9%). For details on the gearing, ROE and ROIC calculations, please refer to the → **Financial Statements of the Geberit Group, Notes to the Consolidated Financial Statements, 5. Management of Capital**.

The Geberit Group held 212,382 treasury shares on December 31, 2013, which equals 0.6% of the shares entered in the Commercial Register. These treasury shares are mostly earmarked for share participation plans. With regard to the share buyback program concluded prematurely in December 2012, the General Meeting of April 4, 2013 approved a capital reduction in the amount of the shares repurchased in 2012. The 1,022,578 shares were canceled with effect from June 2013 following expiry of a two-month deadline and the publication of three notices to creditors in the Swiss Official Gazette of Commerce. The total number of shares entered in the Commercial Register now stands at 37,798,427 shares. The shares repurchased in 2011 as part of the share buyback program had already been canceled in 2012 by resolution of the General Meeting of April 4, 2012.

Debt
(in CHF million; as of December 31)

	2011	2012	2013
Long-term debt	10.8	10.9	7.7
Total debt	75.6	14.7	11.7
Liquid funds and marketable securities	542.0	423.1	612.8
Net cash	466.4	408.4	601.1

Investments

Investment volume in line with medium-term goals

Investments in property, plant and equipment and intangible assets amounted to CHF 98.0 million in 2013 or CHF 12.0 million (+14.0%) more than in the previous year. Investment volume has thus reached around CHF 100 million, the level aimed for over the medium term in order to be prepared for expected growth. As a percentage of sales, the investment ratio was 4.3% (previous year 3.9%). All scheduled larger investment projects were carried out as planned.

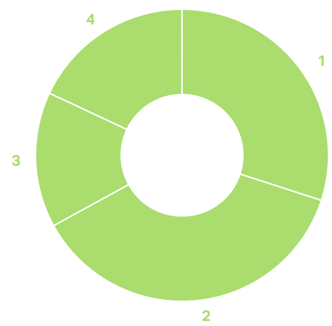
In 2013, 30% of all investments or CHF 30.3 million was used for infrastructure expansion. Geberit used 18% or CHF 17.5 million to acquire tools and equipment for new product developments. 37% or CHF 35.6 million was invested in the modernization of property, plant and equipment, while 15% or CHF 14.6 million was used for rationalization measures relating to property, plant and equipment.

The bulk of investments went toward machinery, the procurement of tools and molds for new products as well as building conversions and new building projects. Among other things, projects for the building of new plants in Slovenia and India were continued and preparations were made for the expansion of the Italian plant. Additionally, investments were also made for the further optimization of production processes and important development projects.

Expenditures for property, plant and equipment (in CHF million)

	2009	2010	2011	2012	2013
	106.4	80.5	92.6	86.0	98.0
In % of sales	4.9	3.7	4.4	3.9	4.3

Investments by purpose



1 Capacity expansion (30%)
2 Modernization (37%)
3 Rationalization (15%)
4 New products (18%)

Employees

More employees once again

At the end of 2013, the Geberit Group employed 6,226 people worldwide – 92 persons or 1.5% more than in the previous year. This increase is primarily due to the – to some extent temporary – adjustment of capacities in the production plants, the start of operation at the new plant in India and the development of various emerging markets. A reduction in capacity in the Chinese plants offsets this growth slightly.

Based on the average number of 6,219 employees, sales per employee amounted to TCHF 368.5 or 3.6% more than in the previous year.

In view of the increase in market activities, the number of employees in marketing and sales business processes rose from 29.1% to 29.6%. In contrast, the share of employees in production dropped from 54.8% to 54.0% as a result of the below-average share among new employees. The other employee categories did not see any material changes: At the end of 2013, 9.0% worked in administration, 3.6% in research and development and 3.8% were apprentices.

Improving the profile as an attractive employer

First-rate employees are key to the sustained success of any company. Not only the best, but also the right employees are to be acquired and retained. The implementation of the employer branding concept was successfully continued in 2013 and the presence at job fairs intensified in particular. In doing so, Geberit sharpened its profile as a company with an open corporate culture that offers attractive international development opportunities at the interface between the craft, engineering and sales sectors.

For internal communication with employees, there is a focus on interactive, real-time communication that is accessible to all. The intranet plays a central role here, while special solutions involving newsletters and/or communal large-screens provide the production employees without access to personal computers with the information they need. The CEO, Albert M. Baehny, regularly informs the employees on the current state of the business, the economic parameters, the future prospects and general topics of interest in videos that are accessible on the intranet as well as via electronic newsletters. The employee magazine is published four times a year and contains articles on issues relevant to the world of Geberit.

In-depth employee surveys are used to evaluate their identification and satisfaction with the company. The most important findings from the 2011 survey revealed that employees identify with the company to a high degree and are very satisfied with their employment conditions. Areas from the survey with room for improvement such as personnel development have been tackled as part of a range of optimization measures. For example, the standardized global performance assessment, development and compensation process (PDC) started in 2012 was continued. The goal here is to reinforce the performance culture, increase transparency and better recognize and promote talent. Remuneration policies are based on standardized job assessments and salary levels for the relevant country. A central element of the process is that several supervisors assess the performance, development and salary of an employee together. The process is concluded with a feedback interview between the employee and their direct supervisor. The upper hierarchical levels – a total of around 1,000 employees or 15% of the entire workforce – are involved in this PDC process.

International opportunities for apprentices and management development

Geberit offers its employees attractive employment conditions. In 2013, salaries and social benefits amounted to CHF 475.4 million (previous year CHF 469.3 million), please also refer to the → Notes to the Income Statement. The employees can also participate in share participation plans at attractive conditions, see → Financial Statements of the Geberit Group, 18. Share Purchase Plans as well as → Corporate Governance, 5. Renumeration, Shareholdings and Loans and the → Remuneration Report.

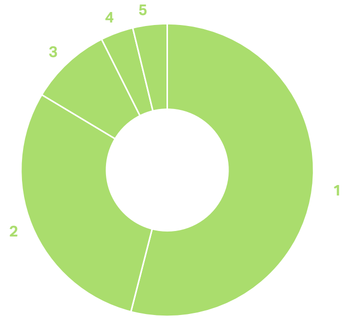
Equal opportunities and equal pay for women and men are self-evident. The proportion of female employees at the end of 2013 was 31% (previous year 31%), and for senior management this figure was 7% (previous year 7%). As of 2013, the six-member Board of Directors no longer has any female members.

Employees by countries (as of December 31)

	2012	Share in %	2013	Share in %
Germany	2,351	38	2,423	39
Switzerland	1,259	21	1,255	20
China	758	12	718	11
Austria	491	8	503	8
Slovenia	224	4	248	4
USA	237	4	227	4
Italy	113	2	113	2
Others	701	11	739	12
Total	**6,134**	**100**	**6,226**	**100**

Employees 2013 by business processes

(as of December 31)



1 Production (54.0%)
2 Marketing and Sales (29.6%)
3 Administration (9.0%)
4 Research and Development (3.6%)
5 Apprentices (3.8%)

In 2013, regional minimum wages were defined in Switzerland as part of the revised collective employment contract. In doing so, differentiations were made between three regions according to their respective economic strength.

Investment in employees with regard to education and further training continues to be of central importance. In the reporting year, employees attended around 17 hours of internal and external training and further education courses on average (previous year 17 hours). Additionally, 234 apprentices (previous year 229) were employed. The transfer rate of apprentices to a permanent employment relationship was 59% (previous year 92%). The target is a rate of 75%. Generally speaking, all apprentices should work at several different locations during their apprenticeship. As a global company, Geberit promotes the internationalization of employees. Experience abroad and the transfer of expertise 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. While the greatest demand for these young professionals comes from China, similar apprentice programs are also in place in India and the USA. The Group trainers have been made aware of the importance of internationalization.

The Potentials Management process was continued. The goal here is to identify talent within the company and support selected candidates on their way to middle or upper management, or to their first management, project management or specialist functions. These measures are intended to ensure that at least half of the open management positions can be filled by internal candidates. In 2013, it was even possible for 70% of all positions in Group management to be filled internally (previous year 54%).

The management training program at the International Institute for Management Development (IMD) in Lausanne was continued in 2013 for the 160 members of Group management worldwide. The course was tailored individually to Geberit's needs and included topics such as strategic management, leadership and finance. As of the end of 2013, 130 employees had completed this program.

Systematic process for improving occupational safety

Group-wide, the absenteeism rate was 4.1% for the reporting year (previous year 3.5%). Of this, 4.0% (previous year 3.4%) was due to sickness and 0.1% (previous year 0.1%) to occupational accidents.

The health and safety of employees has the highest priority. Geberit has formulated the vision of an "accident-free company". Currently, over 60% of occupational accidents are due to carelessness and account for just under 50% of the lost working time. Therefore, changes in behavior will focus on this area. To meet the Group's ambitious standards, the objective is to reduce the accident frequency rate (AFR) and accident severity rate (ASR) by 5% per year and thus by 50% between 2010 and 2020. For this purpose, a comprehensive master plan for occupational safety including a package of measures for the period 2013 to 2015 has been developed and adopted. This will be implemented and checked as part of the Geberit Safety System (GSS). Since 2013, occupational safety has also become part of the annual assessment for the responsible managers in the plants.

The implemented measures are proving effective – in 2013, the AFR decreased to 10.2 (previous year 11.7) and the ASR from 202.6 to 124.3.

The two Chinese production plants have been certified according to OHSAS 18001 since 2009, the sales company in the UK since 2010, the production plant in Givisiez (CH) since 2011 and the production plant in Pottenbrunn (AT) since 2013. By mid-2016, all plants including logistics are to be certified according to OHSAS 18001 in combination with ISO 9001/14001.

The largest Geberit Group site in Pfullendorf (DE) has set itself the target of creating a working environment that promotes health. For some years, employees have been able to take advantage of a range of offers focusing on health, nutrition and relaxation. In 2013, a comprehensive concept was developed based on the following essential pillars: Making each employee increasingly responsible for their health, training and raising the awareness of supervisors ("health-oriented management"), creating incentives for employees and providing broad internal communication. The concept will be implemented on a step-by-step basis.

Integrity Line introduced

Geberit aims to act as a role model for ethically unimpeachable, environmentally friendly and socially responsible operations. In this regard, the Geberit Compass – which formulates the self-image of Geberit (what we do, what motivates us, what is responsible for our success, how we work together) – and the Code of Conduct for Employees serve as the applicable guidelines. Revision of the Code was started in 2013 and will be completed in 2014. The Code applies worldwide and is available on the intranet in 14 languages. New employees were introduced to the most important topics at the Welcome events, such as bribery, sexual harassment, workplace bullying and IT misuse.

The Geberit Integrity Line (whistleblower hotline) has been available since the start of 2013 and allows all employees to anonymously report internal irregularities either by phone or online in their mother tongue (35 languages). This makes an important contribution to the maintenance of high → **Compliance Standards** within the Group. No major cases were reported through the Integrity Line in 2013. The few registered complaints were all dealt with and issues were settled swiftly.

Customers

Differentiated customer approach

In order to ensure the Group's long-term success, Geberit relies on sustainable organic growth. To do this, it needs to increase penetration in the existing markets and also develop new markets. The needs and requirements of the various target groups – whether they are wholesalers, plumbers, architects, end users or real estate investors – thus play a central role in all marketing activities.

At the forefront are around 500 technical advisors working in field service at the local sales companies, who are in daily contact with plumbers, planners and architects. Training is another important instrument in retaining customers. During the reporting year, around 30,000 customers were provided with education and further training on Geberit products and software tools in the 25 information centers in Europe and overseas. Additionally, external events provide a special setting for training courses offered in cooperation with partners. In this way, around 80,000 customers became more familiar with Geberit know-how and products in 2013. In order for these customer events and training courses to be successful, it is not just the content that has to be constantly updated. In addition to the traditional focus on those in the trade, the increasing orientation towards end users requires the sales arguments to be tailored as specifically as possible to the different requirements of the target groups.

Preparations for the marketing activities to mark the "50 years of concealed cisterns" anniversary in 2014 are already underway. With more than 60 million cisterns sold to date, this constantly evolving product is a real success story. The success of the concealed cistern triggered the development of prewall installation, which allowed bathrooms to be designed with unprecedented levels of freedom. A paradigm shift occurred in European bathrooms – the bathroom was no longer merely a functional room, but instead was transformed into an area of comfort with individual fittings.

Internationally successful AquaClean campaign

Of particular importance in 2013 was the new cross-media AquaClean advertising campaign launched in a total of eleven markets – including → Italy and Poland for the first time. Water is the key element of the campaign. With slogans such as "natural freshness", "pure cleanliness" and "modern well-being", a dance performance evokes a sense of emotion and aesthetics. The Geberit AquaClean Sela – a shower toilet with a sophisticated technology concept – was also introduced at the start of the campaign. The design from Matteo Thun won the "iF product design award" and the "Interior Innovation Award", and also took home the "Design Plus powered by ISH 2013" award at the ISH in Frankfurt.

Brand tracking studies for end users were carried out in all eleven shower toilet markets in 2013. In addition to sociodemographic data, the studies also provided information on the respective awareness of the shower toilet product category, attitude and behavioral parameters, and also the perception of the Geberit AquaClean brand and the most important competitors. In all markets, the awareness of the product category and the perception of the Geberit AquaClean brand in particular have significantly increased – and the upward trend shows no signs of abating. The study reflects the success of market cultivation and the campaign in the individual markets.

Positive reaction to events

Geberit's most important target group is and remains plumbers. The current, tried-and-tested market cultivation activities such as customer visits, training or the provision of technical documentation were continued, as were the → "Geberit On Tour" events and the → "Geberit Challenge" competition for plumbers. "Geberit On Tour" is a mobile exhibition that allowed plumbers to experience the advantages of Geberit products up close and personally at more than 1,150 events in 2013. Around 34,000 visitors were registered at these events in total. The "Geberit Challenge" took place in Switzerland, Finland and twice in the United Kingdom in 2013. Garnering much media attention, the best team of plumbers in each of these countries was chosen. The Challenge events were also awarded the "Xaver" in 2013, the Swiss event industry's most important award. The format won over the independent jury and stole the show from other high-profile competitors.

Further improvements in customer service

Customer service and attractive information on new products are continuously improved and the range and use of communication tools further optimized. For example, since 2012 all Geberit technical advisors in Germany have been equipped with iPads. Using the sales app, the advisors can access all the relevant sales documentation online during sales discussions and then send it directly to the customer as required. As this new service has been met with a positive response from all participants, the sales app will now be made available to Geberit field service staff in a total of 20 markets. Also extremely popular among customers is the Geberit ProApp, which makes it easier to find and order spare parts. As Geberit guarantees the availability of spare parts for 25 years, the app is an extremely useful tool. This is also reflected in its popularity – since the launch of the Geberit ProApp at the ISH in March 2013, the app was downloaded 23,356 times and visited over 100,000 times by the end of the year. Additionally, the technical hotline – which has proven extremely successful in Germany for many years – will also be expanded to the Swiss market in 2014.

More emotion in customer communication

In 2013, Geberit again found trade fairs to be a suitable platform for maintaining customer contact and demonstrating the company's its innovative power. The most important trade fairs were the ISH in Frankfurt (DE), Batibouw in Brussels (BE), Mosbuild in Moscow (RU), Kitchen & Bath China in Shanghai (CN), Idéo Bain in Paris (FR) and the Kitchen & Bath Industry Show in Las Vegas (US). Architects and designers were addressed directly at the Fuori Salone – the international design meeting point – in Milan (IT). In contrast to plumbers and planners, it is less the technical facts than the emotional and design aspects that count in communication with end users, designers and architects. With these customers in mind, Geberit Germany welcomed a total of 1,700 customers at ten trend shows in 2013. At these events, the participants were able to find out what the bathroom of tomorrow must offer in order to meet the changed needs of the customer – and how Geberit is addressing this trend in terms of design and innovations. The starting point for this series of events was a trend study carried out by Zukunftsinstitut GmbH in Frankfurt (DE) entitled "Changes in Body Awareness and Hygiene". One of the findings from the study revealed that the bathroom will increasingly become a place of communication and also a home for innovative technologies and devices.

Innovation

Innovation as a central brand value

As innovation is a key factor in Geberit's position as market leader, substantial resources were once again invested in the development of new products and the improvement of existing products and technologies in 2013. In addition to features such as top-class quality, durability and ease of installation, the new products also use water and resources efficiently while guaranteeing the highest possible level of hygiene and optimized acoustic features.

The Group's innovative power, which is above average in a sector comparison, helps to ensure its sustained success. As successful research and development (R&D) is a prerequisite for success, the Group invested CHF 50.9 million (previous year CHF 49.8 million) or 2.2% of sales in upcoming products. Expenditures increased by 2.2% year-on-year. Additionally, as part of the → investments in property, plant and equipment and intangible assets, considerable sums were invested in tools and equipment for the production of newly developed products. The company applied for 20 patents in 2013, bringing the total for the last five years to 101.

All new product developments go through a structured innovation and development process, which ensures that the Group's creative potential is used to the optimum extent and that the development activities focus on the needs of the market. Customer benefits and a system approach are of central importance here.

R&D expenditures (in CHF million)

	2009	2010	2011	2012	2013
	45.6	44.2	48.4	49.8	50.9
In % of sales	2.1	2.1	2.3	2.3	2.2

Decisive know-how in technology and innovation

Design, comfort, drinking water hygiene, fire protection, sound insulation, ecology and sustainability – Geberit has professional answers to all these global topics and trends. Innovations are developed within the team and know-how is combined in all aspects of the product. To support its internationalization efforts, the Group maintains development competence centers of its own in China and the US.

Two examples show the extent of the expertise at Geberit:

- In the area of sound insulation, work is being carried out on minimizing acoustic disturbances with the help of innovative technologies. This expertise is in demand: The Deutsche Institut für Normung e.V. (DIN) has asked Geberit to make a statement on VDI 4100 – the most important standard for enhanced sound insulation in Germany – in order to offer targeted practical support for planners, architects, manufacturers of building products, consultant engineers and surveyors. With this statement, Geberit demonstrates a strong commitment to acoustically sustainable building, supports enhanced sound insulation and increases personal well-being and quality of life.
- Specific simulation programs have been developed in order to analyze the flow behavior as well as the pressure and velocity distribution of the water in individual components. In this way, products such as the → Sovent fitting have been optimized. In many cases, such simulations mean that real prototypes are no longer needed.

New products for technicians and designers

Various new products were launched on the market in 2013:

- With its simple, modern lines and innovative technology, the new → Geberit AquaClean Sela shower toilet launched in April 2013 is a compelling product offering a high level of convenience. In adding this model, Geberit is supplementing its line of shower toilets with a complete solution that has been fundamentally redesigned and fits into nearly any style of bathroom. The spray functionality, which uses aerated water for cleaning, is the main feature of the new shower toilet. Enrichment with air not only gives a pleasant feeling of cleanliness, but also reduces water and energy consumption.
- The company's → market position in China and Southeast Asia was reinforced with new and innovative products and an expanded product range. The popular Monolith sanitary module launched in 2012 is now available in a range of new attractive colors and patterns. The Alpha concealed cistern, which was launched successfully in India in 2012 and is sold together with the WC ceramic appliance, was also launched in China and Southeast Asia. The cistern – an addition to the existing concealed models in China – has an environmentally compatible dual-flush mechanism that reduces water

consumption. It is more efficient than traditional pressure flushing valve systems as it needs smaller pipe diameters and less water pressure.

- Following their optical and technical redesign, the → **actuator plates Sigma10 and Sigma50** were launched and are setting new design trends.
- The new → **sound insulation for the Pluvia roof outlet** solves the problem of irritating gurgling sounds in the roof outlet by removing the source of the noise. This adds a unique product to the globally successful Pluvia roof drainage system. This innovative product will cement the market position as an acoustic specialist.
- To ease the daily work of Geberit's most important customers – plumbers – the tried-and-tested → **welding machines for polyethylene pipes** were improved further. The result was a reduction in weight without sacrificing robustness, while functionality and operation were improved in many small details and the conversion of the machine from one pipe diameter to another was simplified.

For more details on new products in 2013, see the → **Product Magazine 2013.**

Several new product launches are planned for 2014:

- The new, flow-optimized → **Sovent fittings** facilitate an optimal layout of waste water discharge stacks in high-rises. The fitting ensures pressure compensation and increases the discharge rate by 40%, and also permits the use of relatively small-sized discharge stacks even in very high buildings.
- The → **flushing system Omega** features extra-small actuator plates and a cistern that is available in three installation heights for optimal flexibility. Depending on the room layout, the high-quality actuator plates can be mounted on the cistern either from the front or the top.
- The thin → **actuator plate Sigma70** floats a few millimeters in front of the wall and impresses with a refined elegance that has already won international design awards. Thanks to patented servo technology, a gentle press suffices to trigger the dual flush.
- The → **Monolith Plus** is a further development of the sanitary module for WCs that was successfully introduced in 2010. Extras such as an integrated odor extraction unit and a discreet, indirect LED light for orientation at night set new standards in both comfort and style.
- Another further development of a product already successfully introduced on the market is the attractive → **wall drain for showers**. This elegant solution can be installed virtually anywhere thanks to its extra-flat trap and is also ideally suited for renovations.
- Drainage pipes made of polyethylene can be connected to one another in a permanent and impermeable manner. This can be achieved using an electrofusion sleeve coupling or an electrofusion coupling with integrated thermal fuse, among others. New tools such as the → **electrofusion machine ESG3 and the pipe scraper** greatly facilitate the work on the building site or in the workshop.

For more details on new products in 2014, see the → **Product Magazine 2014.**

Logistics and procurement

Intelligent transport solutions

The area of logistics is viewed as one of Geberit's core competencies. Integrated logistics processes enable greater customer closeness and thus represent an important link to customers. They also contribute to reducing environmental impacts. As the interface between plants, markets and transport service providers, Transport Management coordinates the activities in question and facilitates intelligent transport solutions, for example, by enabling transport runs between plants to be linked with deliveries to customers. This reduces the number of empty kilometers and increases truck capacity utilization.

In 2013, the cooperation with six main transport service providers for land transport in Europe was continued. These service providers regularly report to Geberit on their quality and environmental management systems – among others including the reduction of energy consumption and emissions. Geberit also arranged with these service providers for all new truck purchases to meet the Euro 6 emission standard in advance of this standard coming into effect in 2014. The logistics calculator developed by Geberit records data on the composition of the vehicle fleet, transportation performance and the environmental impact of the transport service providers and prepares an eco-balance sheet. This enables greater comparability between the transport service providers and a more efficient tracking of the improvements that have been made. In 2013, the largest transport service providers handled 176.6 million ton-kilometers (previous year 169.7 million ton-kilometers; +4.1%), resulting in 27,483 metric tons of CO_2 emissions (previous year 26,883 metric tons; +2.2%), with a fleet consisting of 87% Euro 5 vehicles (previous year 84%) and already featuring 3% Euro 6 vehicles.

In the reporting period, mega-trailers were used for all transport runs between the Rapperswil-Jona (CH) site and the logistics center in Pfullendorf (DE) as well as between Pottenbrunn (AT) and Pfullendorf. These trucks allow more load volume to be transported. The use of mega-trailers as opposed to conventional vehicles resulted in 452 fewer transport runs being made in 2013. This translates into a reduction of 134,000 kilometers. Diesel consumption was reduced by 39,900 liters and CO_2 emissions were lowered by 164 metric tons. Geberit is also working on innovative solutions aimed at enabling a higher goods per truck ratio and further increasing capacity utilization.

Furthermore, the pilot project with an → **environmentally friendly, natural gas truck** running between Pfullendorf and Rapperswil-Jona commenced at the end of 2013. This pioneering project is being conducted in collaboration with a transport service provider and a truck manufacturer.

Supplier management proves its worth

The centrally organized Purchasing department is responsible for procurement for all production plants worldwide. Geberit's business partners and suppliers are obligated to maintain comprehensive standards. This not only applies to quality, but also to socially responsible and healthy working conditions as well as environmental protection and the commitment to fair business practices. As a rule, the selection of new suppliers is required to include a quality audit covering clarification on environmental, health and safety issues. Where an audit reveals inconsistencies in the area of sustainability, an additional, in-depth audit is conducted. The basis for the cooperation is the → **Code of Conduct for Suppliers**, which was introduced in 2007. This Code is aligned with the principles of the United Nations Global Compact and is binding for every new supplier. Up to the end of 2013, 701 suppliers had signed this Code (previous year 671 suppliers). This equates to 95% of the total procurement value (previous year 95%). Among the top 200 suppliers, the proportion of companies that have signed is 99% (previous year 99%).

When evaluating suppliers, Geberit strives to achieve the greatest possible degree of transparency. All new and existing partners are thus assessed by means of standardized processes according to the same criteria: company as a whole, quality and sustainability, price, procurement chain and delivery reliability, production and technology. Comprehensive supplier management has proven its worth. Since 2013, data is now exchanged only digitally between suppliers and Geberit.

The risk management approach is based on the division into risk classes – depending on the production location (country) and production processes at the supplier. To ensure neutrality and the expertise required for the audits, Geberit works with an external partner. In China, for example, the carrying out of audits by independent experts has proven effective. Performing such audits makes an important contribution to 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. For example, shortcomings were revealed at three Chinese suppliers in 2013, primarily in the areas of occupational safety, working hours and remuneration. Action plans were agreed upon with these three companies, the implementation of which will be checked and demanded during a re-audit in 2014.

Sustainability

Sustainable thinking and action as part of the Geberit culture

A sustainable corporate culture makes it possible to increase the value of the company over the long term and minimize risks for its future development. Geberit aims to be a role model and to set standards for customers, suppliers and other partners. This applies to water-saving, sustainable products; environmentally friendly and resource-efficient production; procurement and logistics with high environmental and ethical standards; and good, safe working conditions for the more than 6,000 committed and qualified employees worldwide. The corporate social responsibility is realized among other things within the scope of global social projects relating to the core competence of water and is intensified through partnerships such as that with Swiss WaterKiosk aimed at cleaning polluted drinking water in Bangladesh. There is also a long-term partnership with the Swiss development organization Helvetas.

The 50th birthday of the Geberit concealed cistern is a perfect example of how long-term business success is compatible with environmentally friendly action. This highly successful product, which has been sold over 60 million times, was a far-sighted strategic step on the journey from a sanitary unit to the bathroom of today in its modern form. Water saving through reduced flush volumes, reliable quality and comfort for end users as well as the 25-year guaranteed spare parts availability for plumbers are all convincing aspects of a sustainable product.

Responsible handling of water

With its Millennium Development Goals from the year 2000, the United Nations aims to halve the number of people without access to clean drinking water and sanitary facilities by 2015. This demonstrates the great importance of the topic of water for world health, world nutrition and peacekeeping. The increase in the world’s population, migration, urbanization, climate change and natural disasters can lead to regions that are currently well supplied with water becoming problem regions in the future. These global trends will have a significant impact on future sanitary technology: Water-saving and resource-efficient products are becoming even more important. The EU is increasingly putting water conservation on its political agenda and is developing ecolabels for efficient toilets, urinals, washbasins and showers. As an industry leader in the area of sustainability, Geberit imposes stricter standards on its products than those prescribed by the European ecolabels. In the → **product classification system WELL (Water Efficiency Label)** for water-saving and resource-saving products introduced by the industry in 2011, seven Geberit product groups are already represented in the highest classification class A.

The continuous reduction of the ecological footprint of Geberit products goes beyond water saving. The → **eco-design approach** has been implemented since 2007. This means that concepts are tested in their entirety during a product’s early development phase in order to examine how water, energy and material consumption can be optimized. At the same time, production processes are often also simplified and cost savings made. Thanks to this pioneering work on the topic of eco-design, Geberit is well equipped in terms of possible requirements as envisaged as part of an EU ecodesign directive. The ability to think ahead and quickly implement measures in development can also be seen in the handling of the European Drinking Water Directive 98/93/EC, which is valid as of December 1, 2013 and defines a maximum allowable lead concentration in drinking water. All affected components made of copper materials – some 1,800 products – were adapted to the new requirements ahead of time.

System provider of solutions in green building

Green building has long been more than just a trend. European standards in this area are becoming increasingly significant and new standards are setting out the basic rules for → **environmental declarations** for individual products and systems for buildings, for example. At the same time, more and more buildings are being constructed in accordance with voluntary sustainability standards such as DGNB, Minergie, BREEAM and LEED. Investors, project developers, owners and tenants are looking for system providers with holistic expertise regarding green building that can contribute to the respective desired standards being fulfilled in a targeted manner. This is opening up a future market with major potential in which Geberit is present and well positioned with water-saving, energy-saving, low-noise and durable products. The importance of the topic is also reflected in the increasing number of green building reference projects in which Geberit products are installed. The impressive shopping center → **“Emporia” in**

Malmö sets itself apart thanks to its striking architecture and is also a BREEAM-certified green building. The Mepla piping system and the Duofix installation systems from Geberit meet the stringent BREEAM requirements here. When constructing Shanghai Tower, the world's second tallest building, those responsible for the project opted for the Geberit Pluvia roof drainage System, which efficiently collects rainwater, enabling over 40% to be reused. Geberit Sigma concealed cisterns and PE piping systems are an integral part of green buildings in Milan's new skyline: → UniCredit Tower and Bosco Verticale are both nominated for LEED Gold certification.

Sustainability strategy and reporting as a foundation

Geberit's positioning as a sustainable company is playing an increasingly important role in various stakeholder groups' expectations, as is reflected by a large number of awards. The consistent implementation of the sustainability strategy is an essential guideline for the development of all internal organizational units. The strategy focuses on individual sustainability modules. Among these are → green procurement, → green logistics, → environmental management in production, → occupational safety and → eco-design in product development as well as → social engagement. Each module contains a clear objective, derived measures and quantified key figures for effective monitoring. Overall, objectives were achieved to a great extent in 2013. For more information, see the → sustainability strategy.

Sustainability strategy landscape

Procurement & Logistics	Production	People	Products
Green Procurement	Environmental management	Code of Conduct	Eco-design
Green Logistics	CO_2 strategy	Employer responsibility	Green building
	Infrastructure	Social engagement	
	Occupational safety		

Geberit is committed to internationally recognized principles of sustainability and since 2008 has been a member of the United Nations Global Compact, a global agreement between businesses and the UN designed to make globalization more socially responsible and environmentally friendly. The → Communication on Progress regarding measures in the areas of human rights, labor practices, environmental protection and combating corruption is submitted annually. Geberit is also a member of the local Swiss network of the UN Global Compact. The formal anchoring of the subject of sustainability is reinforced by the → Code of Conduct for Employees and the → Code of Conduct for Suppliers. Compliance with the directives is ensured by continuously improved → compliance processes. In addition, an extensive system for the control and management of all risks involved in entrepreneurial activities is in place throughout the Group. For more information, see → Corporate Governance, 3. Board of Directors, Information and Control Instruments vis-à-vis the Group Executive Board.

A sustainability performance review is published annually in accordance with the guidelines of the Global Reporting Initiative (GRI). All aspects of the guidelines can be found in the → Sustainability Performance Report for 2013. As part of sustainability reporting for 2012, an external stakeholder panel was initiated and consulted for the first time. Its mandate consisted of providing feedback on the company's sustainability strategy and reporting, as well as reviewing whether the key topics were included in the sustainability reporting and whether the needs of the stakeholder groups were taken into consideration. The results are summarized in a → panel statement. These served as a basis for the further development of the sustainability strategy and reporting for 2013. The next stakeholder panel consultation is due to be carried out in 2014, where key sustainability topics shall also be identified. Focusing on the key issues in the respective company in the reporting is an essential part of the new GRI G4 guidelines published in summer 2013.

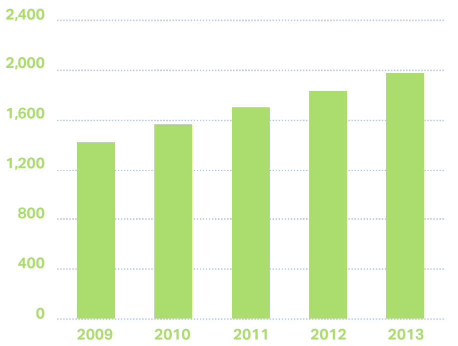
The information disclosed within the scope of this report fulfills the maximum transparency grade A set out in the currently applicable GRI G3 guidelines, as has been verified and confirmed by GRI (see → **GRI Statement**). The presentation of the Econ Award for corporate communication in Berlin demonstrates that the efforts being taken to create more transparent communication on the topic of sustainability are being recognized by others. The integrated sustainability reporting for 2012 received excellent feedback and the silver medal in the Online Reporting category.

The efforts in terms of sustainable business management are also being rewarded by the capital market. At the end of 2013, more than 10% of Geberit stock was held by sustainability-conscious investors. Geberit is strongly represented in the sustainability stock indices and sustainability funds segment. For example, the Geberit share is represented in the Dow Jones Sustainability Index (DJSI) and part of the STOXX Europe Sustainability Index as well as the FTSE4Good Index (Europe/Global), where it is among the supersector leaders in Construction & Materials. In addition, renowned sustainability funds hold the shares in their portfolios. Geberit's objective is to continue to play a significant role in the future in the "Sustainability" and "Water" investment segments that are still gaining in importance.

Saving water with Geberit products

Thanks to industry-leading research and development, Geberit products impress with their high environmental compatibility and recyclability. The company's greatest environmental achievement, however, is a result of its contribution to the sustainable use of water resources. The analysis of the entire value chain in the form of a water footprint shows that nearly 100% of the water consumption is attributable to the product usage phase. The savings are impressive: According to one model calculation, the entire dual-flush and flush-stop "fleet of cisterns" produced since 1998 has so far saved around 15,800 million cubic meters of water in comparison with traditional flushing systems. In 2013 alone, the water saved amounted to around 2,000 million cubic meters. This is more than half of the annual consumption of all German households.

Water-saving through Geberit products 2009–2013
(in m³ million)



Water footprint throughout the value chain (2013)

Provision of raw materials
0.6% of the total amount of water is required in the manufacture of raw materials for Geberit products.
0.6%
(14 million m³)

Manufacturing
A mere 0.01% of the water is used in the manufacturing of products at Geberit in 2013.
0.01%
(0.14 million m³)

Use
The greatest water consumption by far occurs during the use of Geberit products manufactured in 2013 during their entire service life (cisterns, urinal flushing systems and lavatory taps).
99.4%
(2,591 million m³)

Disposal
0.01% of the total amount of water is used for the disposal of Geberit products.
0.01%
(0.25 million m³)

Sustainable products thanks to eco-design

The basis for sustainable products is a systematic innovation and development process in which the most environmentally friendly materials possible are chosen, risks are minimized along the value chain and a high level of resource efficiency is targeted in the area of product design. Eco-design workshops, in which different disciplines cooperate and ensure that every new product outperforms its predecessor in environmental aspects, have been an integral part of product development since 2007. For example, thanks to innovative flow technology, the discharge rate of → **Sovent fittings** – a product which facilitates an optimal layout of waste water discharge stacks in high-rises – was increased by 40%. Since 2010, eco-design has also been included in product modifications and technology projects, thus ensuring that opportunities to reduce the ecological footprint are always utilized to their full potential.

Specially created product life cycle assessments are important decision-making aids for the development processes and provide arguments for the use of products that conserve resources. Detailed life cycle assessments have already been prepared for the following products: drainage/supply pipes, AquaClean 8000plus, electronic lavatory taps type 185/186, concealed cisterns and urinal flush controls. An Environmental Product Declaration (EPD) was issued in accordance with the new European standard EN 15804 for the first time in 2012. The EPD for lavatory taps provides relevant, comparable and verified information about the product's environmental performance. New ways of more efficiently creating product life cycle assessments and EPDs for other products are currently being sought. A pilot project for the systematic recording of environmental data at the product level was therefore started, which should greatly simplify a further processing to EPDs and ecological product information.

WELL label documents leading position in the area of water conservation

In 2013, the European Commission formally agreed upon the criteria for an ecolabel aimed at reducing water consumption in European toilets. This label will be awarded to toilets that – in addition to fulfilling other requirements – use a maximum of five liters per toilet flush and therefore contribute to significantly reducing the average water consumption per toilet flush. An industry solution that was introduced in 2011 and supported by Geberit already provides incentives for exceeding these requirements. The WELL label (Water Efficiency Label) introduced by the European umbrella organization for faucet manufacturers (EUnited) takes its direction from the well-known and well-established energy labels for electrical household appliances and serves as an information and orientation aid. WELL provides consumers with information about a product's water efficiency at a glance. WELL uses a scale of A to D for products for home use and A to F for products for use in public areas. For example, WC flushing systems achieve the A class only if they use a maximum of between four and five liters per flush. As such, these requirements are more stringent than those for the EU Ecolabel. Of the eight Geberit product groups already certified, seven are represented in the A class and one in the B class. These product groups account for around 20% of Group sales. This water-efficiency label has been added to packaging and specified in the catalogs since 2013. The list of products certified in the A class also includes one of the most important products in the Geberit range, the Sigma concealed cistern.

Production with high resource efficiency

All production sites – with the exception of the Indian site, which commenced operations only in the second half of 2013 – and logistics as a whole are subject to systematic, Group-wide environmental management and certified in accordance with → ISO 9001 and ISO 14001. Certification for the entire Group was renewed in 2012 and is valid until 2015. A comprehensive corporate eco-balance is prepared each year as the basis for targeted measures to improve environmental performance. In 2013, the roll-out of the integrated management system for quality, environment, energy and safety was continued at all plants. This includes the further implementation of the software program launched in 2012 for the Group-wide monitoring of the corporate eco-balance, the energy master plan and occupational safety. Among other things, this enables the energy balance to be checked on a monthly basis.

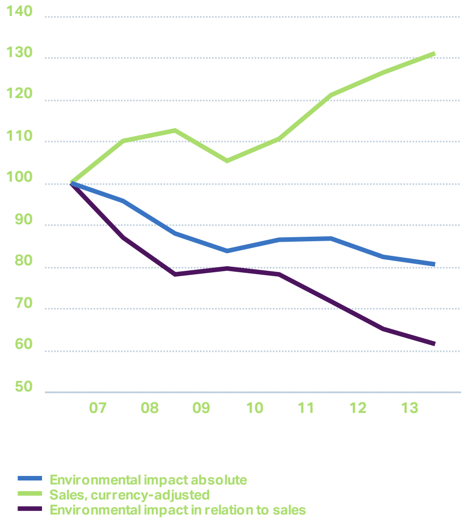
Although currency-adjusted Group sales rose by 3.6% in the reporting year (previous year +4.5%), the absolute environmental impact over the same period declined by 2.1% (previous year -5.1%). The consumption of energy in the form of electricity, combustibles and fuels represents the greatest environmental impact. The consumption of electricity fell in 2013 (111.7 GWh; previous year 113.4 GWh). In terms of combustibles, while the company consumed slightly more natural gas (39.9 GWh compared to 38.1 GWh in the previous year), it consumed considerably less heating oil (0.16 GWh compared to 0.24 GWh in the previous year). Fuel consumption increased slightly (18.2 GWh compared to 17.9 GWh in the previous year). The procurement of green electricity (21 GWh compared to 20 GWh in the previous year) and the use of 10.6 GWh of biogas (previous year 9.4 GWh) reduced the environmental impact and CO_2 emissions.

Numerous technical measures have helped increase energy efficiency. For example, the number of injection molding machines retrofitted with energy-efficient drive technology was increased in the reporting year as planned from 74 to 96, with the two Chinese production plants in Shanghai and Daishan benefiting particularly from this development. An analysis on site showed that a modified machine consumed an average of over 40% less energy. This measure enables the Chinese plants to save approximately 2 GWh of electricity per year, which corresponds to over 20% of total electricity consumption. At the site in Pfullendorf (DE), replacing an old blow molding machine with the latest machine technology and using the waste heat from the block heating station contributed to a reduction in energy consumption of around 1.2 GWh per year. The conducting of pre-audits at three German plants for the purpose of implementing the new ISO 50001 standard is further evidence of active energy management.

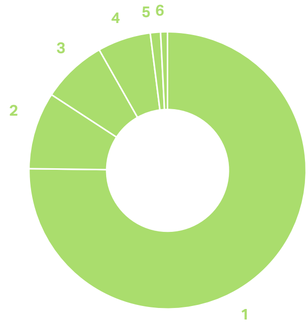
CO_2 emissions in 2013 amounted to 69,909 metric tons (previous year 71,853 metric tons). The ratio of CO_2 emissions to currency-adjusted sales was reduced by 6.1% (previous year -10.6%). This enabled the targets set out in the long-term → CO_2-strategy to be met. The growing use of renewable energies plays a significant role here. In 2013, the consumption of additionally purchased green electricity amounted to 21 GWh (previous year 20 GWh). Renewable energy sources accounted for 31% of total electricity consumption (previous year 30%). This figure is to be increased to 60% by 2020. The amount of green electricity supplied to the largest production site in Pfullendorf (DE) was increased by an additional 2 GWh to 14 GWh. The Daishan site in China used around 2 GWh of wind power, which corresponds to approximately 60% of the plant's total energy consumption. At the plant in Givisiez (CH), a roof area of 3,050 m^2 was made available for the installation of solar panels. The photovoltaic system produces just under 0.5 GWh of electricity per year, which is equivalent to the amount of electricity consumed by two production lines at the plant. The share of renewable energies in combustibles is also to be gradually increased Group-wide, rising to 25% by 2020. The block heating station in Pfullendorf (DE), which was commissioned in 2012, is fed with 10.6 GWh of regionally generated biogas.

Environmental impact 2007–2013

since launch of the CO_2 strategy
(Index: 2006 = 100)



Distribution environmental impact 2013



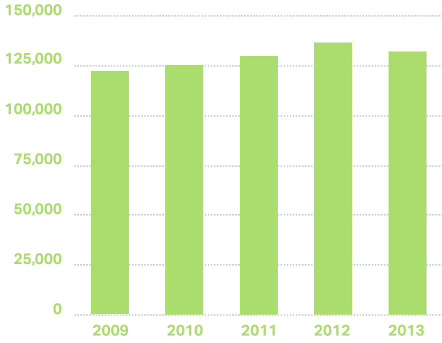
1 Electricity (75.2%)
2 Fuels (9.0%)
3 Combustibles (7.6%)
4 Disposal (6.2%)
5 Solvents (1.2%)
6 Water (0.8%)

Binding requirements for new vehicles help increase energy efficiency and reduce CO_2 emissions. Furthermore, CO_2 emissions caused by air travel amounted to 829 metric tons in the reporting year (previous year 769 metric tons). All the corresponding targets and measures are disclosed in detail as part of the company's participation in the Carbon Disclosure Project (CDP). Successes were also achieved with respect to other environmental factors. Internal water consumption is at a very low level thanks to the exploitation of far-reaching savings potential. Targeted improvements contribute to the diligent handling of water: Examples include the reuse of water in laboratories and the optimization of fresh water test runs in development. Altogether, 131,938 cubic meters of water were consumed in the reporting year (previous year 136,669 cubic meters). The total amount of waste disposed of came to 12,118 metric tons (previous year 11,460 metric tons), with 84% (previous year 84%) sent to external recycling processes.

Geberit is investing in the infrastructure of tomorrow through the holistic planning and realization of new buildings and expansion projects. The use of rainwater, external shading and enhanced ventilation and cooling were implemented at the new production plant in India, which commenced operations in August 2013. Efficiency potentials are also being exploited as part of the expansion of the plant in Villadose (IT). By relocating the warehouses, the 12,000 m^2 area can be managed more efficiently in future and deadhead trips can be reduced to a minimum. The factory premises currently being built in → **Ruše (SI)** are already serving as a model for green production throughout Slovenia. The site's holistic energy concept includes the use of all waste heat from industrial processes as well as the complete absence of fossil fuels. The available ground water is used for cooling, while rainwater is collected and used both as fire fighting water and for watering the surrounding area.

Water consumption of Geberit production sites 2009–2013

(in m^3)



Compliance

Increasingly comprehensive compliance processes

The five topic areas “antitrust legislation”, “corruption”, “employee rights”, “product liability” and “environmental protection” are at the forefront of efforts in the area of compliance. The relevant processes are continually optimized by the departments involved. Cartels of any kind and other competition-distorting activities are categorically rejected. Adherence to compliance in all organizational units is subject to binding controls each year as part of reporting on the Code of Conduct for Employees. In 2013, this survey, which has been implemented since 2009 and continuously expanded ever since, comprised 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 the → **Sustainability Performance Report** in accordance with the guidelines of the Global Reporting Initiative (GRI). No significant breaches of the Code of Conduct were identified in 2013.

To raise awareness on the topic of compliance, a “Corporate Compliance Info Letter” was sent to Group managers in 2013 for the first time. This letter contained information on the latest developments in case law, legislation and practice in the areas of antitrust legislation, product liability and corruption. Comprehensive training on antitrust legislation via an e-learning program was carried out as planned at the sites in China, India, South Africa, Southeast Asia, Australia and the USA. During this training, the respective members of management and the field service employees were brought up to the same level of knowledge and prepared for the market challenges. As in 2011, all sites in Europe will take part in the updated e-learning program in 2014.

As an active member of Transparency International, Geberit is committed to high standards in combating corruption, which it implements accordingly. Guidelines on donations that apply Group-wide are in place in this regard. A high level of awareness with respect to the correct practice regarding donations – which particularly plays a role during marketing campaigns – can be seen in the company. In cases of uncertainty, local business and marketing managers can have marketing concepts examined early on and consult the Group’s Legal department. Awareness of compliance issues is also raised among sales partners at locations without Geberit representation, with a Code of Conduct for these partners currently in preparation.

The → **Geberit Code of Conduct**, which is currently being revised, will be published in 2014 and demonstrates the company’s ongoing commitment to further development. This includes the → **Geberit Integrity Line** for employees launched in 2013, the goals of which include identifying breaches of the Code and enabling the company to take the necessary measures. Overall, since the introduction of the Code of Conduct and the related training, employees’ awareness of misconduct and their understanding of compliance topics have increased considerably, all of which contribute to risk minimization.

Social engagement

Social projects with focus on water

Geberit aims to achieve sustained improvement in the quality of people's lives through innovative solutions in sanitary technology. This is why it supports social projects in developing regions. What all social activities have in common is the topic of "water". When selecting projects, it is important that they exhibit a relationship to Geberit's core competencies and corporate culture. The social projects are also integrated into Geberit's training philosophy. Working on these projects provides apprentices with the opportunity to develop abilities and social skills that aid their personal development. At the same time, social commitment also contributes to the implementation of the Millennium Development Goal of the United Nations, which has the aim of providing people worldwide with access to clean drinking water and basic sanitation.

Targeted aid throughout the world

In 2013, Geberit funded the installation of the sanitary facilities at a hospice in Bucharest (RO) that treats seriously ill patients, offering them day-care facilities and in-patient care. The organization "Hospice Casa Sperantei", which is responsible for the hospice, is dependent on donations. The materials for all sanitary facilities were provided free of charge. The Geberit team was made up of eight apprentices from Switzerland, Germany and Austria, as well as a technical advisor and a supervisor. Their first week in Bucharest was spent installing the sanitary technology. This was followed by a week of voluntary work which saw them mainly visit patients or look after the children of patients.

Geberit continued its support of Swiss WaterKiosk's pilot project aimed at cleaning polluted drinking water in Bangladesh. The goal of the project is to supply the population in several rural locations with clean water. The water available there is usually contaminated with arsenic and iron or has an excessive salt content. The water is treated using a solar water pasteurization system developed at the University of Applied Sciences in Rapperswil-Jona (CH). The long-term goal is for the locals to take over responsibility for the operation of the water treatment systems.

The partnership with the Swiss development organization Helvetas was continued, with the contract extended by three years. Geberit supports Helvetas in its commitment to providing people in the world's poorest regions with access to clean drinking water and basic sanitary facilities. 2013 was the United Nations "International Year of Water Cooperation". In this regard, the partnership between Geberit and Helvetas is a success story that highlights what can be achieved by two partners in pursuit of a joint vision.

The cooperation with the non-profit organization "Swiss Water Partnership" was also continued in the reporting year. The goal of this platform is 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 in this area and promote the international dialog on water.

Donations and financial contributions – including product donations – totaling CHF 3.1 million were made during the reporting year (previous year CHF 2.7 million). In addition, employees contributed 1,340 hours of charitable work as part of social projects (previous year 2,335 hours). All donations and related commitments are neutral from a party political point of view. Geberit also supported facilities for disabled persons and long-term unemployed, where simple assembly and packaging work in the amount of around CHF 4.4 million was carried out in 2013 (previous year CHF 4.8 million). No donations were made to parties or politicians. As a rule, no political statements are made and no political lobbying is carried out. This is ensured globally as part of the annual audit of the Code of Conduct.

Changes in Group structure

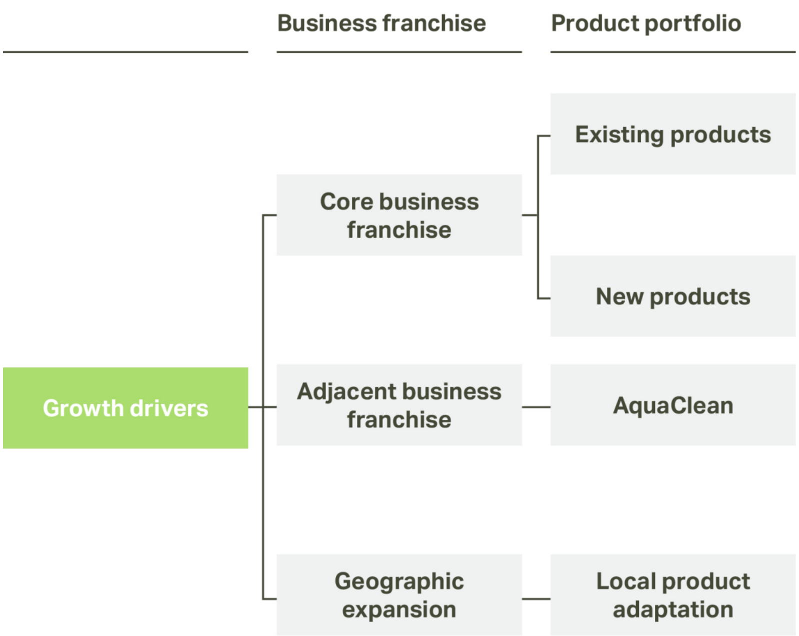
No significant changes in the Group structure took place during the reporting year. Please also refer to the → **Financial Statements of the Geberit Group, Notes to the Consolidated Financial Statements, 2. Changes in Group Organization**.

Targets and strategy

Ambitious medium-term goals

Geberit has made the setting of standards in sanitary technology worldwide its goal and aims to entrench these standards in the long-term by acting sustainably. This approach is to be reflected among other things in sales growth that outstrips the industry average. Basically, Geberit is aiming to achieve its sales targets while at the same time maintaining its industry leadership in terms of profitability and the ability to generate high cashflows. Additional growth through acquisitions has not been ruled out. However, any potential acquisition will have to satisfy strict strategic and financial criteria. In the medium term, average currency-adjusted sales growth of 4 to 6% and an operating cashflow margin of between 23 and 25% should be achieved annually.

Source of growth contribution



Medium-term contributions to growth will come from products already launched on the market, new product launches, the AquaClean business and from local product adaptations. Overall, around one-third of growth should result from products that have been launched in the past three years and from the AquaClean business.

Having achieved the project objectives, the organic growth initiatives (OGIs) in sales launched over the past few years became an integral part of standard business once again in 2013 and will no longer be measured and disclosed separately. These initiatives are generating substantial contributions to growth, which shall pave the way for continued above-average growth and market share gains.

A concerted internationalization strategy for the AquaClean business has been pursued since the beginning of 2009 with the objectives of establishing shower toilets as a product category in Europe and strengthening Geberit's position as the market leader in this category.

In addition, further contributions to growth will be generated in the context of geographic expansion from products adapted to the specific local needs outside the core European markets.

In order to be prepared for the expected growth, Geberit also intends to invest around CHF 100 million annually in property, plant and equipment in the coming years.

Strategy

In accordance with its vision, Geberit aims to achieve sustained improvement in the quality of people's lives through innovative solutions in sanitary technology. Its proven, focused strategy for doing so is based on the four strategic pillars "Focus on sanitary technology", "Commitment to innovation", "Selective geographic expansion" and "Continuous optimization of business processes". These are practiced daily by the highly motivated and qualified employees.

- With regard to focusing on sanitary technology, Geberit centers on those business areas in the sanitary industry for which in-depth know-how and core competencies are available within the company. Essentially, these are sanitary systems and piping systems for the transport of water in buildings. Here, superior-quality, integrated, water-saving sanitary systems are offered.
- Continuously optimizing and extending the product range is crucial for future success. Innovation strength is founded on basic research in areas such as hydraulics, statics, fire protection, hygiene and acoustics. The insights gained are systematically applied in the development of products and systems for the benefit of customers.
- The accelerated penetration of markets such as France, the United Kingdom, the Nordic Countries, Eastern Europe and the Iberian Peninsula is an important factor for long-term success. Outside Europe, Geberit concentrates on the most promising markets. These include North America, China, Southeast Asia, Australia, the Gulf region and India. With the exception of North America and Australia, the company mainly engages in project business in these regions. In this respect, the company always adheres strictly to the existing high standards in terms of quality and profitability.
- A further strategic focus relates to the permanent optimization of business processes. This is intended to ensure a leading, competitive cost structure in the long-term and is partly achieved through Group-wide projects and partly through employees identifying improvement potential in their day-to-day work, thus making a major contribution toward positive development.

Strategic success factors

The success of the Geberit Group is based on a series of success factors. The most important are:

- a clear, long-term strategy,
- the focus on the sanitary industry,
- significant sustainable growth drivers (refer to graphic → "Source of growth contribution"),
- an attractive competitive position,
- an innovative product range, developed in accordance with customer needs,
- a proven push-and-pull business model,
- a stable management structure,
- a lean, high-performance organization with optimized processes.

Value-oriented management

Value orientation aspects are considered in many areas of the company.

The remuneration model for Group management as a whole involves a remuneration portion that is dependent on the company's performance and which is calculated on the basis of four equally weighted key figures – including the return on operating capital. In addition to the salary, there is an annual option plan for the Group Executive Board and other management members. Allotments under the option plan are also linked to a target figure for return on operating capital. Details can be found in the → Remuneration Report and in the → Corporate Governance section.

Investments in property, plant and equipment above a certain amount are approved only if strict criteria are met. In this context, it is mandatory that an investment return be achieved that exceeds the cost of capital plus a premium.

In the interests of value-oriented management, Group-relevant projects are tracked over the long-term following project completion and the achievement of objectives is evaluated. To this end, a controlling report is discussed annually by the Group Executive Board.

Outlook

Situation in global construction industry to remain challenging

Despite moderate global economic growth being forecast for this period, the construction industry will remain challenging in 2014. The individual regions/markets and construction sectors will develop very differently.

In Europe, volumes in the construction industry are continuing to contract overall. Apart from a few markets such as Germany, Switzerland and the United Kingdom/Ireland that are performing positively, most other markets have been seeing a clear fall in demand for some time. Within the construction sector, non-residential construction is failing to recover, but this is at least partially being compensated by a flat to slightly positive trend for residential construction. Furthermore, the renovation sector is developing better than the new building sector.

In North America, the relevant indicators in public construction projects are pointing to an uncertain development that will significantly affect the Geberit business in this market. In contrast, robust growth with rising prices and substantial piling up of demand can be seen in residential construction.

In the Far East/Pacific region, mid-single-digit growth is forecast for China in both residential and commercial construction. Business in Australia is expected to be flat overall, while Southeast Asia is expected to see moderate growth – though with significant differences between regions. The outlook for the Middle East and South Africa is positive.

Considerably lower volatility in raw material prices

The raw material markets relevant for Geberit eased during the reporting year. Flat to moderately increasing prices for plastics and flat to slightly declining prices for industrial metals are expected over the coming quarters. However, due to the uncertain economic environment, forecasts for 2014 as a whole are not possible.

Geberit

Owing to the tense situation in the majority of the European construction markets, 2014 will once again be a demanding business year for the Geberit Group. The objective is, not only in the few markets that are healthy but also in the large number of markets that are shrinking, to provide a convincing performance and to continue to gain market shares as in previous years. The focus will fall on the concerted marketing of the new products introduced in recent years, the more intense penetration of new markets and on the very promising shower toilet business. In line with the Geberit strategy, these measures will be accompanied by efforts to further optimize business processes. The management is convinced that the company is very well equipped for upcoming tasks. With experienced and highly motivated employees, a number of promising products that have been launched in recent years and product ideas for the more distant future, a lean and market-oriented organization, an established cooperation based on trust with our market partners in both commerce and trade and – as a result of our industry leadership in terms of financial results in recent years – an extremely solid financial foundation, Geberit can look to the future with confidence.

Corporate Governance

The → **Articles of Incorporation of Geberit AG** contained in the Corporate Governance chapter are available in two versions:

- The version that is currently in effect (version as of April 4, 2013).
- The draft Articles of Incorporation with the amendments as proposed by the Board of Directors for approval by the Annual General Meeting scheduled for April 3, 2014.

1. Group structure and shareholders

Group structure

Operational Group structure is shown in the diagram → "Management Structure".

Geberit AG, the parent company of the Geberit Group, has its headquarters in Rapperswil-Jona (CH). For the place of listing, market capitalization, Swiss securities identification number and ISIN code, please refer to → "Geberit share information".

The Group's consolidated subsidiaries are listed in → Note 33, Group companies as of December 31, 2013 to the Consolidated Financial Statements. Except for Geberit AG, the scope of consolidation does not include any listed companies.

Significant shareholders

Shareholders acquiring or disposing of shares in a company listed in Switzerland and thereby reaching, exceeding or falling below certain thresholds of the share capital must be disclosed under the Federal Act governing the Swiss Stock Exchange.

The significant shareholders within the meaning of Art. 663c of the Swiss Code of Obligations (Schweizerisches Obligationenrecht) listed at right were entered in the share register on December 31, 2013, as holding more than 3% of share capital.

Disclosure notifications reported to Geberit during 2013 and published by Geberit via the electronic publishing platform of SIX Swiss Exchange can be viewed at:
→ www.six-exchange-regulation.com/obligations/disclosure/major_shareholders_en.html.

Cross-shareholdings

In terms of equity interests or voting rights, the Geberit Group has no cross-shareholdings with any other companies.

Significant shareholders (as of December 31, 2013)

Capital Group Companies, Inc., Los Angeles, USA
Black Rock, New York, USA
MFS Investment Management, Boston, USA
AKO Capital LLP, London, UK

2. Capital structure

Capital

Ordinary capital:	MCHF 3.8
Conditional capital:	–
Authorized capital:	–

For more details, please refer to the following subchapters.

Conditional and authorized capital details

As of December 31, 2013, the Geberit Group had no conditional or authorized capital.

Changes in capital

For Geberit AG's changes in capital see table to the right.

	31.12.2011	31.12.2012	31.12.2013
	MCHF	MCHF	MCHF
Share capital	4.0	3.9	3.8
Reserves	947.1	918.4	765.1
Retained earnings	401.7	301.7	408.6

For further details on changes in capital, reference is made to the Geberit Group's Consolidated Financial Statements in this Annual Report 2013 (→ **consolidated statements of changes in equity and consolidated statements of comprehensive income** and → **Note 22, capital stock and treasury shares**), to the information in the → **Financial Statements of Geberit AG** as well as to the 2011 figures in the → **2012 Annual Report** (Geberit Group's Consolidated Financial Statements: → **consolidated statements of changes in equity and statements of comprehensive income**, → **Note 22, capital stock and treasury shares**; → **Financial Statements of Geberit AG**).

Shares, participation and profit-sharing certificates

The share capital of Geberit AG is fully paid in and amounts to CHF 3,779,842.70. It is divided into 37,798,427 registered shares with a par value of CHF 0.10 each. Each share registered in the share register of the Company with voting right carries one vote at the General Meeting.

No participation and profit-sharing certificates of the Geberit Group are outstanding.

Limitations on transferability and nominee registrations

Upon request and presentation of evidence of the transfer, acquirers of shares are registered as shareholders with voting rights in the share register if they explicitly declare to hold the shares in their own name and for their own account. The Articles of Incorporation provide for the registration of a maximum of 3% of the shares held by nominees, which may be permitted by the Board of Directors. The Board of Directors may register nominees as shareholders with voting rights in excess of such registration limitation, provided the nominees disclose detailed information and shareholdings of the persons for which they hold 0.5% or more of the share capital.

The Board of Directors has the power to delete entries in the share register retroactively as of the date of entry if the registration has been made on the basis of false information. It may give the concerned shareholder the opportunity to comment in advance. In any case, the concerned shareholder is informed without delay about the deletion.

Furthermore, the Articles of Incorporation do not contain any restrictions in terms of registration or voting rights.

Convertible bonds and warrants/options

No convertible bonds are outstanding.

No options were issued to any external parties. As regards options issued to employees, reference is made to the → **Remuneration Report** and → **Note 18, participation plans** in the Consolidated Financial Statements of the Geberit Group.

3. Board of Directors

Members of the Board of Directors

On December 31, 2013, the Board of Directors was composed of six members.

Albert M. Baehny (1952)

Executive Chairman of the Board of Directors since 2011
Swiss citizen

Albert M. Baehny graduated with a degree in biology from the University of Fribourg (CH). In 1979, he started his career in the research department of Serono-Hypolab. His further career comprised various marketing, sales, strategic planning and global management positions with Dow Chemicals Europe (1981–1993), Ciba-Geigy/Ciba SC (1994–2000), Vantico (2000–2001) and Wacker Chemie (2001–2002). For more than 20 years, Albert M. Baehny gathered relevant knowledge and expertise with global business responsibility. Before joining Geberit, he was Senior Vice President of Wacker Specialties. At Geberit he was Head of Group Division Marketing and Sales Europe from 2003–2004. Albert M. Baehny has been Chief Executive Officer (CEO) of the Geberit Group since 2005 and Chairman of the Board of Directors since 2011.

Robert F. Spoerry (1955)

Vice Chairman and Lead Director of the Board of Directors since 2011, non-executive, independent member of the Board of Directors since 2009
Swiss citizen
Chairman of the Board of Directors Mettler-Toledo International Inc., Greifensee (CH); Chairman of the Board of Directors Sonova Holding AG, Stäfa (CH); member of the Board of Directors Conzzeta AG, Zurich (CH)

Robert F. Spoerry holds a degree in mechanical engineering from the Swiss Federal Institute of Technology (ETH) in Zurich (CH) and an MBA from the University of Chicago (US). He has been with Mettler-Toledo since 1983 and was its CEO from 1993–2007. He oversaw the separation from Ciba-Geigy in 1996 and the initial public offering of Mettler-Toledo on the New York Stock Exchange (NYSE) in 1997. In 1998, he became Chairman of the Board of Directors. Robert F. Spoerry has had no significant business relations with the Geberit Group in the past five years.

Felix R. Ehrat (1957)

Non-executive, independent member of the Board of Directors since 2013
Swiss citizen
Group General Counsel and member of the Executive Committee Novartis AG, Basel (CH); Chairman of the Board of Directors Globalance Bank AG, Zurich (CH); member of the Board of Directors Hyos Invest Holding AG, Zurich (CH)

Felix R. Ehrat received his doctorate of law from the University of Zurich (CH) in 1990, where he previously also received his law degree in 1982. In 1986, he completed an LL.M. at the McGeorge School of Law in the USA. In 1985, he was admitted to the Zurich Bar Association. He has been Group General Counsel of Novartis since October 2011 and a member of the Executive Committee of the Novartis Group since January 1, 2012. Felix R. Ehrat is a leading practitioner of corporate, banking and mergers and acquisitions law, as well as an expert in corporate governance and arbitration. He started his career as an Associate with Bär & Karrer in Zurich (CH) in 1987, became Partner in 1992 and advanced to Senior Partner (2003–2011) and Executive Chairman of the Board of Directors (2007–2011) of the firm. Felix R. Ehrat is Chairman of the Board of Directors of Globalance Bank AG, Zurich (CH), and a member of the Board of Directors of

Hyos Invest Holding AG, Zurich (CH). Previously, he was, among other things, Chairman of the Board of Directors of Banca del Gottardo and a board member of Julius Bär Holding AG, Austriamicrosystems AG, Charles Vögele Holding AG and Carlo Gavazzi Holding AG. Felix R. Ehrat has had no significant business relations with the Geberit Group in the past five years.

Hartmut Reuter (1957)

Non-executive, independent member of the Board of Directors since 2008
German citizen
Member of the Shareholders Committee and Supervisory Board Vaillant GmbH, Remscheid (DE); Chairman of the Advisory Board GBT-Bücolit GmbH, Marl (DE); Member of the Board of Directors Wilkhahn GmbH + Co KG, Bad Münder (DE)

After graduating in industrial engineering from Technical University Darmstadt (DE), Hartmut Reuter joined the Bosch Group in Stuttgart (DE) in 1981. During more than 15 years with Bosch, he occupied management positions in various industrial business units, until finally becoming Director in the planning and controlling division at Bosch headquarters. From 1997–2009, Hartmut Reuter was member of the Group Executive Board of the Rieter Group in Winterthur (CH); for the last seven of those years he was CEO of the company. Since then, he has worked as a freelance management consultant and has held positions in various supervisory bodies. He has had no significant business relations with the Geberit Group in the past five years.

Jeff Song (1946)

Non-executive, independent member of the Board of Directors since 2012
US citizen

Jeff Song earned a Master's degree in mechanical engineering at Jiaotong University in Shanghai (CN) and at the University of Toronto (CA). In 1988 he received his Ph.D. at the University of Utah (US). He was responsible for the China business of Ingersoll Rand from 2004 to January 2014 and reported directly to the CEO and Chairman of the Group. He also headed the management body of the Ingersoll Rand Division Heads of the Asia/Pacific region. From 1988–2004, Jeff Song was employed at Honeywell. In the Honeywell Group he held different positions as a development engineer, marketing and sales director as well as managing director, first in the USA and later in China. Jeff Song has had no significant business relations with the Geberit Group in the past five years.

Jørgen Tang-Jensen (1956)

Non-executive, independent member of the Board of Directors since 2012
Danish citizen
Member of the Board of Directors Coloplast A/S (DK); member of the Confederation of Danish Industry Business Political Committee

Jørgen Tang-Jensen holds an MSc in Economics & Business Administration from the Business School in Aarhus (DK). He has also completed a number of management further training courses at the IMD in Lausanne (CH) and at Stanford University (US). Jørgen Tang-Jensen has been CEO of the Danish building materials manufacturer VELUX A/S since 2001. The VELUX Group has 10,000 employees at its sales companies in about 40 countries and its manufacturing companies in 11 countries. VELUX is one of the strongest brands in the global building materials sector. After completing his studies, Jørgen Tang-Jensen joined the VELUX Group in 1981 and worked in various executive positions in the main VELUX sales and production companies until being appointed CEO. As a managing director, he was responsible for the respective national companies in Denmark from 1989–1991, France from 1991–1992, the United States in 1996 and Germany from 1999–2000. Jørgen Tang-Jensen has had no significant business relations with the Geberit Group in the past five years.

Elections and terms of office

As from January 1, 2014, pursuant to Art. 3 of the Ordinance Against Excessive Compensation for Listed Companies (OaEC), the term of office for a member of the Board of Directors ends at the closing of the following ordinary General Meeting. Members of the Board of Directors are elected on an individual basis. Re-election is possible.

Also as from January 1, 2014, the Chairman of the Board of Directors is elected by the General Meeting. Their term of office also ends at the closing of the following ordinary General Meeting. Re-election is possible. If the position of Chairman of the Board of Directors is vacant, the Board of Directors is to appoint a new Chairman of the Board of Directors from among its members for the remaining term of office. See Art. 4 OaEC.

Members of the Nomination and Compensation Committee are as from January 1, 2014 also elected annually and on an individual basis. Only members of the Board of Directors are eligible. Their term of office ends at the closing of the following ordinary General Meeting. Re-election is possible. See Art. 7 OaEC.

Jeff Song has decided to step down from the Board of Directors as of the next General Meeting in April 2014 for health reasons.

At the General Meeting 2014, the Chairman of the Board of Directors, the Vice Chairman and Lead Director, and the remaining members of the Board of Directors and the members of the Nomination and Compensation Committee are standing for re-election for a further year.

As of the General Meeting 2013, Susanne Ruoff decided to step down from the Board of Directors in order to concentrate fully on her new role as CEO of Swiss Post.

Internal organizational structure

The organization of the Board of Directors is governed by law, the Company's **→ Articles of Incorporation** and **→ "Organization Regulations of the Board of Directors of Geberit AG"** (see also **→ "Definition of areas of responsibility"**).

Upon the entry into force of the OaEC on January 1, 2014, the Chairman of the Board of Directors and the members of the Nomination and Compensation Committee are now to be elected annually by the General Meeting. After each ordinary General Meeting, the Board of Directors elects the Vice Chairman and Lead Director from among its members, as well as the Chairman of the Nomination and Compensation Committee and the Chairman and the members of the Audit Committee.

The reorganization in the Board of Directors, with Albert M. Baehny as Chairman of the Board of Directors while at the same time remaining in office as CEO, was communicated and explained in detail. This is an interim solution intended to aid in determining the best possible succession for the management positions in the company. Albert M. Baehny holds the position of Executive Chairman, Robert F. Spoerry that of Vice Chairman and Lead Director. The Lead Director is invested with additional authorities so that – despite the positions of Chairman of the Board of Directors and CEO being combined – exemplary corporate governance is guaranteed. For instance, the Lead Director can independently convene meetings of the independent members of the Board of Directors, and he chairs the Board of Directors in the event of conflicts of interest on the part of the Chairman or when resolutions regarding the compensation of the Chairman of the Board of Directors and CEO are to be passed. Robert F. Spoerry was elected an independent member of the Board of Directors of Geberit AG in 2009 and, because of his extensive experience in corporate management and on company boards, has the best credentials to carry out his responsibilities on Geberit's Board of Directors.

The Board of Directors meets whenever business so requires, usually six times a year for one day each (2013: six meetings). Meetings shall be chaired by the Chairman or, in the event of his incapacity, by the Vice Chairman. The Board of Directors shall appoint a Secretary, who need not be a member of the Board of Directors. The Chairman of the Board of Directors may invite members of the Group Executive Board to attend meetings of the Board of Directors.

The Board of Directors shall be quorate if a majority of its members are present. Attendance can also be effected via telephone or electronic media.

The regular meetings of the Board of Directors and committees are scheduled early, so that as a rule all members participate in person. The participation rate in 2013 was 89%.

	Mar 5	Apr 4	June 25	Sept 5	Oct 28	Dec 10
Albert M. Baehny	X	X	X	X	X	X
Robert F. Spoerry	X	X	X	X	X	X
Felix R. Ehrat	n/a	n/a	-	X	X	X
Hartmut Reuter	X	X	X	X	X	X
Jeff Song	-	X	X	X	X	-
Jørgen Tang-Jensen	X	X	X	-	X	X
Susanne Ruoff	X	X	n/a	n/a	n/a	n/a

The Board of Directors has formed two committees composed exclusively of non-executive Board members:

Nomination and Compensation Committee (NCC; formerly Personnel Committee)
The compensation and nomination tasks and responsibilities are combined in this Committee. Detailed responsibilities are stipulated in the → **Organization Regulations of the Nomination and Compensation Committee**

The members of the Nomination and Compensation Committee are Robert F. Spoerry (Chairman), Hartmut Reuter (from October 2013) and Jørgen Tang-Jensen. The committee meets at least three times a year for a half day each (2013: four meetings).

	Mar 5	Apr 4	Sept 6	Dec 10
Robert F. Spoerry	X	X	X	X
Jørgen Tang-Jensen	X	X	-	X
Hartmut Reuter	n/a	n/a	n/a	X

This corresponds to a participation rate of 89%.

The powers and duties of the Nomination and Compensation Committee are based on the following principles:

1. Preparation and periodical review of the Geberit Group's compensation policy and principles and personnel policy, performance criteria related to compensation and periodical review of their implementation, as well as submission of the respective proposals and recommendations to the Board of Directors.
2. Preparation of all relevant decisions of the Board of Directors in relation to the nomination and compensation of the members of the Board of Directors and of the Group Executive Board, as well as submission of the respective proposals and recommendations to the Board of Directors.

The Board of Directors may delegate further powers and duties to the Nomination and Compensation Committee in respect of nomination, compensation and related matters.

Audit Committee
The Audit Committee is composed of Hartmut Reuter (Chairman), Felix R. Ehrat (from the General Meeting 2013) and Robert F. Spoerry. The committee meets at least twice a year for a half day each (2013: three meetings).

	Mar 4	Sept 6	Oct 30
Hartmut Reuter	X	X	X
Felix R. Ehrat	n/a	X	X
Robert F. Spoerry	X	X	X

This corresponds to a participation rate of 100%.

The Audit Committee develops proposals to be submitted to the entire Board of Directors. The committee's responsibilities include, in particular, the supervision of the internal and external audit as well as the control of the financial reporting. It determines the scope and planning of the internal audit and coordinates them with those of the external audit. For every meeting, the internal and external auditors provide an all-inclusive report about all audits carried out and the measures to be implemented. The Audit Committee monitors the implementation of the conclusions of the audit. The committee also assesses the functionality of the internal control system, including risk management (refer to → **"Information and control instruments vis-à-vis the Group Executive Board"**). The CEO and CFO as well as the internal and external auditors attend the meetings if necessary. Furthermore, the committee is entitled to hold meetings exclusively with representatives of the external as well as the internal auditors. Both the external and internal auditors have access to the minutes of the meetings of the Board of Directors and Group Executive Board. The detailed responsibilities are stipulated in the → **organization regulations of the Audit Committee**.

Definition of areas of responsibility

Pursuant to Swiss Corporate Law and the Articles of Incorporation, the Board of Directors has the following non-transferable and irrevocable responsibilities:

- The ultimate management of the Company and the giving of the necessary directives
- The establishment of the organization
- The structuring of the accounting system and the financial controls as well as the financial planning
- The appointment and removal of the persons entrusted with the management and the representation
- The ultimate supervision of the persons entrusted with the management, in particular, in view of compliance with the law, Articles of Incorporation, regulations and directives
- The preparation of the annual report and of the compensation report (for the first time for the business year 2014) as well as the preparation of the General Meeting and the implementation of its resolutions
- The notification of the judge in case of overindebtedness

The Board of Directors determines the strategic objectives and the general resources for achieving these, and decides on major business transactions. To the extent legally permissible and in accordance with the Organization Regulations, the Board of Directors has assigned the operational management to the Chief Executive Officer.

The Group Executive Board is composed of the Chief Executive Officer and four other members. The members of the Group Executive Board are appointed by the Board of Directors based upon the proposal of the Nomination and Compensation Committee.

The Articles of Incorporation and the Organization Regulations of the Board of Directors regulate the duties and powers of the Board of Directors as a governing body, of the Chairman, the Vice Chairman and Lead Director and the committees. The Organization Regulations also define the rights and duties of the Group Executive Board that are set forth in more detail in the Internal Regulations for the Group Executive Board. The Organization Regulations of the → Board of Directors, the → Nomination and Compensation Committee and the → Audit Committee can be viewed at www.geberit.com/infocenter.

Information and control instruments vis-à-vis the Group Executive Board

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. Essentially, this report contains key statements on the Group and on the market development, information and key figures on the Group sales and profit development (in January, April, July and October, it contains statements only on sales development and not on profit development), statements about the course of business in the individual product lines and countries as well as an analysis on the share price development. The more extensive quarterly report additionally contains the expectations of the operational management on the development of results until the end of the financial year, information on the development of the workforce and on the investments made, the composition of the shareholders as well as market expectations in regard to the business development. In the past year, the Board of Directors held six ordinary meetings. In addition, decisions were made using conference calls.

Furthermore, the Vice Chairman and Lead Director of the Board of Directors and the Chief Executive Officer are in contact at regular intervals with respect to all major issues of corporate policy. Each member of the Board of Directors may individually demand information with respect to all matters of the Group or Group companies, as the case may be.

Based on the Organization 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 the risk identification, analysis, control and reporting. Operationally, the Group Executive Board is responsible for the controlling of the 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 information on the management of financial risks, refer to → Notes to the Consolidated Financial

Statements, 4. "Risk assessment and management". In addition, the Internal Audit department reports to the Audit Committee at every meeting on completed audits and on the status of the implementation of findings and optimization proposals of previous audits.

4. Group Executive Board

Albert M. Baehny (1952)

Chief Executive Officer (CEO) since 2005
Member of the Group Executive Board since 2003
with Geberit since 2003
Chairman of the Board of Directors since 2011
Swiss citizen

Albert M. Baehny graduated with a degree in biology from the University of Fribourg (CH). In 1979, he started his career in the research department of Serono-Hypolab. His further career comprised various marketing, sales, strategic planning and global management positions with Dow Chemicals Europe (1981–1993), Ciba-Geigy/Ciba SC (1994–2000), Vantico (2000–2001) and Wacker Chemie (2001–2002). For more than 20 years, Albert M. Baehny gathered relevant knowledge and expertise with global business responsibility. Before joining Geberit, he was Senior Vice President of Wacker Specialties. At Geberit he was Head of Group Division Marketing and Sales Europe from 2003–2004. Albert M. Baehny has been Chief Executive Officer (CEO) since 2005 and Chairman of the Board of Directors since 2011, refer also to → Management Structure.

Roland Iff (1961)

Member of the Group Executive Board since 2005
with Geberit since 1993
Head of Group Division Finance (CFO)
Swiss citizen
Member of the Board of Directors VZ-Holding AG, Zurich (CH)

Roland Iff studied economics at the University of St. Gallen (CH) and graduated with the degree of lic.oec. (major: accounting and finance) in 1986. He started his professional career in 1987 as internal auditor with the American Mead Corporation in Zurich (CH) and at the company's headquarters in Dayton (US). Subsequently he worked on different market development projects in Brussels (BE) before he was appointed Chief Financial Officer of Mead's Italian subsidiary in Milan (IT) in 1990. In 1993, Roland Iff joined Geberit as Head of Corporate Development. In 1995, he became Head of Group Controlling. Beginning in October 1997, he served as Head of Group Treasury. Roland Iff has been Head of Group Division Finance (CFO) of the Geberit Group since 2005, refer also to → Management Structure.

William J. Christensen (1973)

Member of the Group Executive Board since 2009
with Geberit since 2004
Head of Group Division Sales International
Swiss citizen

William J. Christensen graduated with a Bachelor of Arts (major: economics) from Rollins College (US). In 1995, he started his career as a project manager in Switzerland for Rieter Automotive Systems. He held subsequent positions in finance, sales and general management with Rieter Automotive both in Switzerland and in North America. He left Rieter in 2001 to pursue an MBA at the University of Chicago (US). Upon graduation in 2003, William J. Christensen joined J. P. Morgan Securities Inc. in New York (US) in the Mergers & Acquisitions department. In November 2004, he returned to Switzerland, joining Geberit as Head of Strategic Marketing. He relocated to Chicago in February 2006, to become President and CEO of Geberit's North American business. 2007, he became Head Group Marketing. William J. Christensen is Head of the Group Division Sales International, effective 2009, refer also to → Management Structure.

Michael Reinhard (1956)

Member of the Group Executive Board since 2005
with Geberit since 2004
Head of Group Division Products
German citizen
Member of the Board of Directors Reichle & De-Massari AG, Wetzikon (CH)

Michael Reinhard studied mechanical engineering at the Technical University Darmstadt (DE) and was awarded a PhD in materials science from the Deutsche Kunststoffinstitut. He started his professional career in 1987 as a project manager with Automatik GmbH, Gross-Ostheim (DE). In 1990, he joined McKinsey & Company and was soon promoted to senior associate. In 1992, Michael Reinhard joined Schott, Mainz (DE), where he was entrusted with various functions of increasing responsibility within international sales and marketing. In 1995, he became Vice President of Schott’s Pharmaceutical Packaging Division and in 1998 Senior Vice President of the Tubing Division comprising 2,400 employees. At Geberit, Michael Reinhard became Head of Group Division Sales in 2005. He has been Head of the Group Division Products since 2006, refer also to → Management Structure.

Karl Spachmann (1958)

Member of the Group Executive Board since 2011
with Geberit since 1997
Head of Group Division Sales Europe
German citizen

Karl Spachmann graduated in business and organizational studies at the University of the German Armed Forces in Munich (DE). He began his career with the German Armed Forces in 1983 where he served as radar commanding officer, platoon leader and press officer until 1990. In early 1990, he joined Adolf Würth GmbH & Co. KG in Künzelsau (DE), initially as Assistant to the Managing Director of Sales and later as Regional Sales Manager for North Rhine-Westphalia. In 1995, he moved to Friedrich Grohe AG in Hemer (DE) to work as responsible Sales Manager for Germany. Since 1997, he has been responsible for the German sales company of the Geberit Group, initially as Managing Director focusing on field service, and since 2000 as Chairman of the Management Board. Karl Spachmann has been responsible for Group Division Sales Europe since 2011, refer also to → Management Structure.

Management contracts

The Group has not entered into any management contracts with third parties.

5. Compensations, shareholdings and loans

See → **Remuneration Report**.

6. Participatory rights of the shareholders

Voting rights and representation restrictions

Upon request and presentation of evidence of the transfer, acquirers of shares are registered as shareholders with voting rights in the share register if they explicitly declare to hold the shares in their own name and for their own account. The Articles of Incorporation provide for the registration of a maximum of 3% of the shares held by nominees, which may be permitted by the Board of Directors. The Board of Directors may register nominees as shareholders with voting rights in excess of such registration limitation, provided the nominees disclose detailed information and shareholdings of the persons for which they hold 0.5% or more of the share capital.

No exceptions to these rules were granted in the year under review.

The voting right may be exercised only if the shareholder is recorded as a voting shareholder in the share register of Geberit AG. Treasury shares do not entitle the holder to vote.

With respect to the participation in the General Meeting, there are no regulations in the Articles of Incorporation that deviate from the law.

Quorums required by the Articles of Incorporation

The rules relating to quorums set forth in the Articles of Incorporation correspond to the legal minimum requirements.

Convocation of the General Meeting of shareholders/agenda

The General Meeting is convened by the Board of Directors at the latest 20 days before the date of the meeting. No resolutions may be passed on any subject not announced in this context. Applications to convene an extraordinary General Meeting or for the performance of a special audit are exempt from this rule. Shareholders representing shares with a par value of CHF 4,000 may demand inclusion of items on the agenda. Such requests must be made at least 45 days prior to the General Meeting in writing by stating the items of the agenda and the motions.

Furthermore, one or more shareholders representing together at least 10% of the share capital may jointly request that an extraordinary shareholders' meeting is called. This is made in writing by indicating the agenda items and the motions, and in the case of elections the name of the proposed candidates. The Board of Directors proposes to reduce this percentage from 10% to 3% at the upcoming General Meeting on April 3, 2014.

Inscriptions into the share register

In the invitation to the General Meeting, the Board of Directors will announce the cut-off date for inscription into the share register that is authoritative with respect to the right to participate and vote.

7. Changes of control and defense measures

There are no regulations in the Articles of Incorporation with respect to “opting-up” and “opting-out”. For agreements and plans in the event of a change of control, see the → **Remuneration report**.

8. Auditors

Duration of the mandate and term of office of the lead auditor

PricewaterhouseCoopers AG, Zurich, has been the auditor of the Geberit Group and Geberit AG since 1997. Lead auditor René Rausenberger has been in charge of the auditing mandate since 2008. His term of office will end with the approval of the Financial Statements and the Consolidated Financial Statements 2014.

Auditing fees

In 2013, PricewaterhouseCoopers invoiced the Geberit Group TCHF 1,042 for services in connection with the audit of the financial statements of Group companies as well as the Consolidated Financial Statements of the Geberit Group.

Additional fees

For additional services PricewaterhouseCoopers invoiced TCHF 1,153 relating to tax consultancy and support as well as TCHF 523 for other services.

Supervisory and control instruments pertaining to the auditors

Prior to every meeting, the external auditor informs the Audit Committee in writing about relevant auditing activities and other important facts and figures related to the company. Representatives of the external and internal auditors attend the meeting of the Audit Committee for specific agenda items, and to comment on their activities and answer questions.

The Audit Committee of the Board of Directors makes an annual assessment of the performance, fees and independence of the auditors, and submits a proposal to the General Meeting for the appointment of the Group auditors. Every year, the Audit Committee determines the scope and planning of the internal audit, coordinates them with those of the external audit and discusses audit results with the external and internal auditors. For more details on the Audit Committee, see → **item 3, "Board of Directors, Internal organizational structure, Audit Committee"**.

9. Information policy

Geberit maintains open and regular communication with its shareholders, the capital market and the general public with the CEO, CFO and the Head Corporate Communications & Investor Relations as direct contacts.

Printed summary annual reports as well as half-year reports are sent to shareholders. A comprehensive online version of the annual report, including an integrated sustainability report, is available on the Internet at → www.geberit.com/annualreport. Quarterly financial statements are published. Media and analysts' conferences are held at least once a year.

Contact may be established at any time at →corporate.communications@geberit.com. Contact addresses for investors, media representatives and the interested public can be found on the Internet at → www.geberit.com/contact under the appropriate chapters.

Interested parties may add their names to a mailing list available at → www.geberit.com/mailinglist in order to receive ad hoc announcements or further information relating to the company. All published media releases of the Geberit Group from recent years can be downloaded at →www.geberit.com/media.

For further details on the Geberit Group's information policy including a time schedule, please refer to the → "Geberit share information" chapter.

1. Introduction by the Chairman of the Nomination & Compensation Committee

Dear Shareholder

The public demand for greater transparency regarding the remuneration of the Board of Directors and the Group Executive Board, together with the results of the external benchmarking study conducted in 2012 and the weaker-than-expected result of last year's consultative vote on the Remuneration Report, has led Geberit to make a series of changes in the area of executive remuneration and its disclosure in order to meet the needs of the various stakeholders.

In terms of content, the following changes were made to the remuneration system:

- The remuneration of the Board of Directors consists exclusively of a fixed remuneration paid out in the form of non-discounted shares with a blocking period
- Implementation of a performance criterion in the Long-Term Incentive for the Group Executive Board
- Increased transparency of the performance-based compensation programs (Short-Term and Long-Term Incentives)
- Implementation of a claw-back policy and a change of control clause for the Group Executive Board
- Increased disclosure of compensation and employment terms and conditions of the Group Executive Board.

The Remuneration Report provides comprehensive information about the remuneration principles and programs applicable to the Board of Directors and the Group Executive Board. It also describes the governance of the determination of remuneration and provides details of remuneration related to the 2013 performance year. The report meets today's corporate governance standards and is written in accordance with Art. 663b and 663c of the Swiss Code of Obligations, the principles of the Swiss Code of Best Practice issued by economiesuisse and the Corporate Governance Directive of the SIX Swiss Exchange.

I hope you find this report informative; I am confident that the changes made to executive remuneration align well with the evolving environment in which the company operates.

Yours sincerely

Robert F. Spoerry
Chairman of the Nomination & Compensation Committee

2. Remuneration policy and principles

In order to ensure the company's success and to maintain its position as market leader, it is critical to attract, develop and retain the right talent. Geberit's compensation programs are designed to support these fundamental objectives and are based on the following principles:

- Remuneration is competitive with that of other companies with which Geberit competes for talent
- Both company performance and individual contributions are recognized and rewarded
- Remuneration programs are balanced between the reward of short-term success and long-term value creation
- Shareholding programs foster the long-term commitment of executives and the alignment of their interests to those of shareholders
- Executives are protected against risks through appropriate pension and insurance programs

In order to ensure the independence of the Board of Directors in its supervisory function over the Group Executive Board, members of the Board of Directors receive a fixed remuneration in the form of non-discounted shares with a blocking period of four years. The remuneration system for the Board of Directors no longer contains any performance-related component.

The remuneration of the Group Executive Board is based on Geberit's value drivers, such as sales growth, earnings before interest and tax (EBIT), return on invested capital (ROIC) and earnings per share (EPS). The performance-related components are embedded in the annual target setting process within the performance management system, where both individual and financial performance objectives are defined and assessed.

Geberit's remuneration system is balanced between the reward of individual performance and the company's success, and the long-term retention of executives and the alignment of their interests to those of shareholders by means of an equity ownership plan.

3. Determination of remuneration

3.1. Process of determination of remuneration

The Nomination & Compensation Committee (NCC) supports the Board of Directors (BoD) in the fulfillment of its duties and responsibilities in the area of personnel policy, which include:

- Regular review of the remuneration system and benefits
- Yearly review of the individual remuneration of members of the Group Executive Board
- Yearly assessment of members of the Group Executive Board
- Personnel development of the Group Executive Board
- Succession planning and nomination for positions on the Group Executive Board
- Preparation of the selection of candidates for election or re-election to the Board of Directors

Approval and authority levels:

Decision on	CEO	NCC	BoD
Remuneration of members of the Board of Directors, Chairman of the Board of Directors/CEO		proposes	approves
Fixed remuneration, members of the Group Executive Board (excl. CEO)	proposes	reviews	approves
STI [1], Chairman of the Board of Directors/CEO		proposes	approves
STI [1], members of the Group Executive Board (excl. CEO)	proposes	reviews	approves
LTI [2] grant, Chairman of the Board of Directors/CEO		proposes	approves
LTI [2] grant, members of the Group Executive Board (excl. CEO) and other eligible parties	proposes	reviews	approves

[1] Short-Term Incentive

[2] Long-Term Incentive (long-term equity participation plan)

The Nomination & Compensation Committee consists exclusively of independent members of the Board of Directors, who will be, as of 2014 and in accordance with the Ordinance OaEC, proposed for election by the Annual General Meeting. For the period under review, the Nomination & Compensation Committee consisted of Robert F. Spoerry as Chairman and Jørgen Tang-Jensen and Hartmut Reuter as members (the latter as of October 2013). The Chairman of the Nomination & Compensation Committee can invite the Chairman of the Board of Directors/CEO and the Head Corporate Human Resources to join the meetings. However, the Chairman of the Board of Directors/CEO does not take part in the section of the meeting where his own remuneration is discussed.

After each meeting, the Chairman of the Nomination & Compensation Committee reports to the Board of Directors on its activities and recommendations. The minutes of the Nomination & Compensation Committee's meetings are available to the full Board of Directors.

3.2. Benchmarks and external consultants

Geberit regularly reviews the remuneration of its executives, including members of the Group Executive Board; this includes regular participation in benchmark studies on comparable functions in other industrial companies. In 2012, a detailed analysis of the remuneration of members of the Group Executive Board was carried out by an independent external compensation consulting firm, Towers Watson. This consulting firm has no other mandates from Geberit. The remuneration analysis was conducted on the basis of a peer group of industrial companies of comparable size and geographic scope, with their headquarters in Switzerland: Barry Callebaut, Bucher, Dätwyler, EMS-Chemie, Georg Fischer, Givaudan, Kaba, Lindt & Sprüngli, Logitech, Lonza, Mettler-Toledo, Nobel Biocare, Oerlikon, Sika, Sonova, Straumann, Sulzer and Zehnder. The study revealed that remuneration of the CEO and other members of the Group Executive Board was broadly in line with that of the peer group. However, it became apparent that the weighting of the different remuneration components deviated from that of the market; in particular, the proportion of the Long-Term Incentive as a percentage of the total remuneration at Geberit was below that of the peer group. The Board of Directors intends to rebalance the remuneration components in line with market practice over the coming years.

In regard to the remuneration of the Board of Directors, the remuneration of non-financial companies of the Swiss Market Index Mid (SMIM) and of the Swiss Market Index (SMI) is taken into consideration, as well as public surveys. The remuneration system (structure) is reviewed periodically by the Nomination & Compensation Committee. Such a review took place in 2012 and has led to a fundamental change: the elimination of any performance-related remuneration for the Board of Directors.

3.3. Shareholder involvement

It is important for Geberit to receive feedback on the Remuneration Report through a consultative vote at the Annual General Meeting, and to make corrections where appropriate. The weaker-than-expected approval of the Remuneration Report at last year's General Meeting was one of the main reasons for the decision to critically examine areas of improvement. The company has made significant efforts to improve the compensation disclosure in terms of transparency and level of detail about the remuneration system. Further, the company has made changes to the remuneration programs as mentioned above. At the 2014 General Meeting, shareholders will have the opportunity to comment on those improvements in the course of the consultative vote on the 2013 Remuneration Report. Geberit is also in contact with shareholders and shareholders' representatives in order to explain and discuss its remuneration policy and programs.

4. Remuneration architecture

4.1. Board of Directors

Remuneration of the members of the Board of Directors is based on a fixed retainer and a compensation for their committee work. They also receive a lump sum to cover their expenses. The Vice Chairman/Lead Director receives a higher remuneration than other members of the Board of Directors. The remuneration of non-executive members of the Board of Directors is paid out in the form of shares, which are subject to a blocking period of four years. Only the expenses allowance is paid out in cash.

The remuneration of the Chairman of the Board of Directors is covered by his reported remuneration as CEO.

4.2. Group Executive Board

Remuneration of the Group Executive Board is defined in a regulation adopted by the Board of Directors and consists of the following elements:

- Base salary
- Variable cash remuneration (Short-Term Incentive (STI))
- Long-term equity participation plan (Long-Term Incentive (LTI))
- Additional employee benefits, such as pension benefits and perquisites

	Program	Instrument	Purpose	Plan-/ performance period
Fixed base salary	Annual base salary	Monthly cash payments	Attract & Retain	
Short-Term Incentive	Short-Term Incentive, STI	Annual variable cash	Reward short-term performance	1-year performance period
	Share Participation Program MSPP	In case of an investment of variable cash in shares Matching share options	Align with interests of shareholders	Shares: – 3-year plan period Share options: – 4-year performance period – 7-year plan period
Long-Term Incentive	Share Option Plan MSOP	Performance share options	Reward long-term performance Align with interests of shareholders	4-year performance period 7-year plan period
Benefits	Pension	Gemeinschafts-stiftung Wohlfahrtsfond	Cover retirement, survivors' and disability risks	
	Perquisites	Company car policy, expense policy	Attract & Retain	

Base salary
The base salary is paid in cash on a monthly basis. It is determined on the basis of the scope and responsibilities of the position, the external value of the role and the qualifications and experience of the incumbent.

Variable cash remuneration / Short-Term Incentive (STI)
The variable cash remuneration / STI of the Group Executive Board and some 150 additional members of Group management depends on the achievement of annual financial business goals equally weighted (sales growth, EBIT growth, earnings per share and return on invested capital (ROIC)), and on the achievement of individual objectives agreed and evaluated during the annual performance management process. The transparency and consistency of the system over many years has conferred a high level of credibility and acceptance.

The base salary and the variable cash remuneration (assuming 100% achievement of objectives) form the target income. The base salary makes up 70% of the target income and the variable remuneration 30%, out of which 25% is driven by the achievement of business goals and 5% by the achievement of individual objectives.

Functionality remuneration model

Every year, on the basis of a recommendation made by the Nomination & Compensation Committee, the Board of Directors determines the expected level of performance for each financial objective for the following year. The target level of performance is in line with the budget and leads to a payout level equivalent to the target incentive (25% of target income as defined above). In addition, a threshold level of performance, below which no variable renumeration is paid out, and a maximum level of performance, above which the variable renumeration is capped, are determined as well. The payout level between the threshold, the target and the maximum is calculated by linear interpolation. The maximum payout for the financial objectives shall not exceed 60% of target income.

The individual performance component is based on the achievement of individual objectives predefined at the beginning of the year between the CEO and individual members of the Group Executive Board, and for the CEO, between the Board of Directors and the CEO. The individual objectives can be qualitative and quantitative in nature. The individual performance component amounts to 5% of target income (as defined above) and the payout may range from 0% to 10% of target income. As a result, the total variable cash remuneration for members of the Group Executive Board is capped at 70% of the target income, which corresponds to the annual base salary.

Members of the Group Executive Board have the opportunity to invest part or all their variable cash remuneration in shares of the company through the Management Stock Purchase Plan (MSPP). They may define a fixed number of shares to purchase, or a certain amount or a percentage of their variable cash remuneration to be invested in shares. In order to encourage executives to participate in the program, a free share option is provided for each share purchased through the program. The shares are blocked for a period of three years. The options are subject to a performance-based vesting period of four years: a quarter of the options can be exercised one year after the grant, a further quarter two years after the grant, a further quarter three years after the grant, and the remaining quarter four years after the grant. All the other elements are regulated equally according to the MSOP options (please refer to the section below).

Functionality remuneration model

Long-Term Incentive (LTI)

The purpose of the Long-Term Incentive (Management Share Option Plan MSOP) is to ensure long-term value creation for the company, alignment of the interests of executives to those of shareholders and long-term retention of executives. The MSOP was revised, effective January 1, 2013, with the introduction of a performance-based vesting condition.

Every year, the Board of Directors determines the grant of share options. Based on a benchmark study conducted in 2012, the Board of Directors decided to increase the grant value for members of the Group Executive Board. The market value of options granted amounts to 40% of the target income for the CEO and to 20% of the target income for other members of the Group Executive Board. For some 60 additional participants of the Group management, the market value amounts to 10% of the target income.

The exercise price of the options corresponds to the fair market value at the time of grant. In order to respond to the demands of various stakeholders, the vesting schedule has been modified, so that the average vesting period now is three years. The options are subject to a vesting period over four years: a third of the options can be exercised two years after the grant, a further third can be exercised three years after the grant and the remaining third four years after the grant. The vesting of share options is subject to the achievement of a performance criterion, the average Return on Invested Operating Capital (ROIC) over the respective vesting period. A target level of performance is defined, for which the options will vest in full. A minimum level of performance (threshold) is defined, below which there is no vesting at all. The payout level between the threshold and the target is determined by linear interpolation. There is no over-achievement in the MSOP. The options have a term of seven years after which they expire. They can be exercised between the respective vesting date and the expiration date.

In the event of termination of employment, vested options from the MSOP and the MSPP program can be exercised within a 90-day period. Any options that have not been exercised lapse following the expiry of this 90-day period. Non-vested options from the MSOP program are forfeited on termination. Non-vested options from the MSPP program can be repurchased by Geberit. The repurchase price is calculated as the difference between the market price at termination date and the exercise price of the

To find out how the long-term option program (MSOP) works, visit the interactive graphic in the online Annual Report at
→ **www.geberit.com/annualreport > Business report > Remuneration report**.

option, and is capped at 10% of the exercise price. If Geberit does not repurchase the options, those continue to vest normally and are exercisable over a 90-day period after the vesting.

In the event of termination of employment following a change of control, the restrictions on any options and shares granted as part of Geberit's participation plans lapse, so that shares are immediately free and options can be exercised.

Benefits
Members of the Group Executive Board participate in the regular employee pension fund applicable to all employees in Switzerland. The retirement plan consists of a basic plan covering annual earnings up to TCHF 146 per annum, with age-related contribution rates equally shared between the company and the individual, and a supplementary plan in which income in excess of TCHF 146 is insured (including variable cash remuneration). The company pays for the entire contribution in the supplementary plan.

Furthermore, each member of the Group Executive Board is entitled to a company car and a representation allowance in line with the expense regulations applicable to all members of management in Switzerland and approved by the tax authorities.

Employment terms and conditions
All members of the Group Executive Board have permanent employment contracts with notice periods of a maximum of one year. Members of the Group Executive Board are not entitled to a severance payment.

In order to ensure good corporate governance, Geberit has implemented a claw-back policy on payments made under the Short-Term Incentive program over the last three years, which covers situations where the company is required to restate its accounts due to non-compliance with financial reporting requirements under the securities laws at the time of disclosure. In such cases, the Board of Directors is empowered to recalculate the STI payout, taking into account the restated financial results, and to seek reimbursement of any STI amount paid in excess of the variable cash renumeration.

5. Board of Directors: remuneration and share ownership

In 2013, members of the Board of Directors received a total remuneration of TCHF 1,183 (previous year TCHF 1,198). Compensation for regular board activities and committee assignments amounted to TCHF 1,063 (previous year TCHF 1,100). This is a reduction of approximately 3%. For 2013, the remuneration of the Board of Directors consists solely of a fixed remuneration paid out in the form of non-discounted restricted shares.

Please refer to the following table for details pertaining to the remuneration of members of the Board of Directors:

	A. Baehny Chairman [4] CHF	R. Spoerry Vice Chairman CHF	H. Reuter CHF	F. Ehrat CHF	J. Song CHF	J. Tang-Jensen CHF	Total CHF
2013							
Remuneration of the Board of Directors							
Accrued remuneration [1]	-	320,000	222,500	150,000	170,000	200,000	1,062,500
Expenses	-	15,000	15,000	11,250	15,000	15,000	71,250
Contributions to social insurance	-	15,071	10,714	7,438	6,066	9,701	48,990
Total	**-**	**350,071**	**248,214**	**168,688**	**191,066**	**224,701**	**1,182,740**

	CHF
Remuneration of former members of the Board of Directors	
Accrued remuneration	50,000
Expenses	3,750
Contributions to social insurance	2,469
Total	**56,219**

	A. Baehny Chairman [4] CHF	R. Spoerry Vice Chairman CHF	H. Reuter CHF	S. Ruoff CHF	J. Song CHF	J. Tang-Jensen CHF	Total CHF
2012							
Remuneration of the Board of Directors							
Remuneration							
- Fixed remuneration	-	210,000	140,000	130,000	82,500	97,500	660,000
- Variable remuneration	-	140,043	93,384	86,684	54,843	64,846	439,800
Total remuneration [2]	-	350,043	233,384	216,684	137,343	162,346	1,099,800
thereof drawn in shares in 2013 [3]		*333,621*	*222,183*	*206,230*	*103,346*	*122,305*	*987,685*
Expenses	-	10,000	10,000	10,000	7,500	7,500	45,000
Contributions to social insurance	-	16,422	11,201	10,454	6,799	7,893	52,769
Total	**-**	**376,465**	**254,585**	**237,138**	**151,642**	**177,739**	**1,197,569**

[1] Directors fee booked, but not yet paid as at December 31. Payment will be made in the first quarter of 2014 in the form of restricted shares. The blocking period is 4 years.
[2] The total remuneration for 2012 was calculated based on the fixed fee and the share discount of 40% granted under the Employee Share Plan 2013 in March 2013. The size of the Employee Share Plan discount is based on the performance of the previous year. For 2013, the compensation regulations of the board have been changed. From 2013, the compensation for the Board of Directors no longer includes a variable component.
[3] The remuneration is paid out in the form of registered shares in the company with a par value of CHF 0.10 each, 4-year blocking period, valued at fair value at grant date of CHF 231.20. The part not paid in shares is used for the payment of social charges and for Swiss withholding taxes for non Swiss board members.
[4] The remuneration of A. Baehny as Chairman of the Board is compensated with his total CEO remuneration.

As of the end of 2013 and 2012, the members of the Board of Directors held the following shares in the company:

	A. Baehny Chairman	R. Spoerry Vice Chairman	H. Reuter	F. Ehrat	J. Song	J. Tang-Jensen	Total
2013							
Shareholdings Board of Directors							
Shares	see Group Executive Board	6,355	5,584	200	448	749	13,336
Percentage voting rights shares		< 0.1%	< 0.1%	< 0.1%	< 0.1%	< 0.1%	< 0.1%

	A. Baehny Chairman	R. Spoerry Vice Chairman	H. Reuter	S. Ruoff	J. Song	J. Tang-Jensen	Total
2012							
Shareholdings Board of Directors							
Shares	see Group Executive Board	4,912	4,623	2,595	1	220	12,351
Percentage voting rights shares		< 0.1%	< 0.1%	< 0.1%	< 0.1%	< 0.1%	< 0.1%

As of December 31, 2013, there were no outstanding loans or credits between the company and the members of the Board of Directors.

6. Group Executive Board: remuneration and share/option ownership

The remuneration of the Group Executive Board amounted to TCHF 7,391 in 2013 (previous year TCHF 6,504). Remuneration of the CEO amounted to TCHF 2,597 in 2013 (previous year TCHF 2,358). Base salaries for the CEO and other members of the Group Executive Board remained unchanged. The increase of the overall compensation from 2012 to 2013 is the consequence of the strong results achieved in 2013. The majority of business goals were clearly overachieved. The amount of options granted under the MSOP (Long-Term Incentive) was increased from 30% to 40% of the target income for the CEO, and from 10% to 20% of the target income for other members of the Group Executive Board. As described in **→ 3.2 Determination of renumeration, "Benchmarks and external consultants"**, these are necessary changes to rebalance the different remuneration components in order that the total compensation package is in line with market practice over the coming years. During this process, the base salaries of members of the Group Executive Board will remain unchanged. The MSPP options decreased compared to the previous year as a smaller part of the variable remuneration was drawn in shares. Contributions to company pension funds decreased for the CEO and other members of the Group Executive Board, as the 2012 figures included a one-time adjustment related to pension scheme modifications (reduction of pension conversion).

The following table shows details of remuneration for 2013 and 2012:

	2013		2012	
	A. Baehny CEO[10]	Total	A. Baehny CEO	Total
	CHF	CHF	CHF	CHF
Remuneration of the Group Executive Board				
Salary				
- Fixed salary	946,803	2,861,729	946,803	2,861,729
- Variable salary [1]	831,086	2,507,682	596,580	1,792,510
thereof in shares in 2013 [2]			*596,496*	*1,028,378*
Shares/options				
- Call options MSOP 2012 A [3]	0	0	179,755	327,146
- Call options MSOP 2012 B [4]	0	0	163,093	296,822
- Call options MSOP 2013 [5]	548,526	1,110,585	0	0
- Call options MSPP	62,797 [6]	108,264 [6]	107,271 [7]	219,068 [7]
Non-cash benefits				
- Private share of company vehicle [8]	9,660	38,792	9,660	37,512
Expenditure on pensions				
- Pension plans and social insurance	196,283	752,034	352,076 [11]	956,121 [11]
- Contribution health/accident insurance	2,262	12,390	2,390	13,030
Total [9]	**2,597,417**	**7,391,476**	**2,357,628**	**6,503,938**

[1] The amounts to be paid respectively the amounts effectively paid are shown. The payment of the variable salary occurs in the following year. The member of the Group Executive Board are free to choose between a payment in shares or in cash.
[2] Registered shares of the company with a par value of CHF 0.10 each, 3-year blocking period, valued at fair market value at grant date of CHF 231.20 (PY CHF 192.85).
[3] Call options A on registered shares of the company with a par value of CHF 0.10 each, issued within the scope of the Management Stock Option Program (MSOP); 1 option entitles to purchase 1 registered share at an exercise price of CHF 196.15; definitive acquisition of the option ("vesting") dependent on various conditions, 2-year blocking period, market value of CHF 26.97 determined using the binomial method.
[4] Call options B on registered shares of the company with a par value of CHF 0.10 each, issued within the scope of the Management Stock Option Program (MSOP); 1 option entitles to purchase 1 registered share at an exercise price of CHF 205.50; definitive acquisition of the option ("vesting") dependent on various conditions, 4-year blocking period, market value of CHF 24.47 determined using the binomial method.
[5] Call options on registered shares of the company with a par value of CHF 0.10 each, issued within the scope of the Management Stock Option Programm (MSOP); 1 option entitles to purchase 1 registered share at an exercise price of CHF 231.20; definitive acquisition of the option ("vesting") dependent on various conditions, 2-4-year blocking period (3 tranches at 33.3%), market value of CHF 24.34 determined using the binomial method. Effective January 1 2013, the MSOP program has been amended by implementing a performance-based vesting criteria (→ Note 18 Participation plans of the consolidated financial statements),
[6] Call options on registered shares of the company with a par value of CHF 0.10 each, issued within the scope of the Management Share Participation Program (MSPP) related to the payout of the variable salary for the year 2012 and 2011 respectively; 1 option entitles to purchase 1 registered share at an exercise price of CHF 231.20; definitive acquisition of the option ("vesting") dependent on various conditions, 1-4-year blocking period (4 tranches at 25%), market value of CHF 24.34 determined using the binomial method.
[7] Call options on registered shares of the company with a par value of CHF 0.10 each, issued within the scope of the Management Share Participation Program (MSPP); 1 option entitles to purchase 1 registered share at an exercise price of CHF 192.85; definitive acquisition of the option ("vesting") dependent on various conditions, 2-year blocking period, market value of CHF 31.43 determined using the binomial method.
[8] Valuation in accordance with the guidelines of the Swiss Federal Tax Administration FTA (0.8% of the purchase cost per month).
[9] Immaterial payments (below CHF 500) are not included in the total. Overall, these payments do not exceed CHF 2,000 per member of the Group Executive Board.
[10] The remuneration of A. Baehny as Chairman of the Board of Directors is compensated with his total CEO remuneration.
[11] Including one-off compensation in pension provision due to pension scheme modifications (reduction of pension conversion rate).

The parameters taken into consideration in the option valuation model are set out in → Note 18 Participation plans of the consolidated financial statements.

As of the end of 2013 and 2012, the Group Executive Board held the following shares in the company:

	Maturity	Average exercise price in CHF	A. Baehny CEO	R. Iff CFO	W. Christen-sen	M. Reinhard	K. Spachmann	Total
2013								
Shareholdings Group Executive Board								
Shares			45,201	20,000	1,489	1,940	3,084	71,714
Percentage voting rights shares			0.12%	< 0.1%	< 0.1%	< 0.1%	< 0.1%	0.19%
Call options [1]								
Vesting period:								
Vested	2014–2016	217.60	1,792	957	0	1,017	1,038	4,804
2014	2015–2017	198.53	11,742	4,220	1,891	3,560	2,619	24,032
2015	2016	228.00	1,792	957	753	1,017	483	5,002
2016	2017	205.50	6,665	1,417	1,176	1,542	1,330	12,130
2014–2017	2020	231.20	25,116	7,356	4,968	7,016	5,620	50,076
Total options			**47,107**	**14,907**	**8,788**	**14,152**	**11,090**	**96,044**
Percentage potential share of voting rights options			0.12%	< 0.1%	< 0.1%	< 0.1%	< 0.1%	0.25%

[1] Purchase ratio 1 share for 1 option

	Maturity	Average exercise price in CHF	A. Baehny CEO	R. Iff CFO	W. Christen-sen	M. Reinhard	K. Spachmann	Total
2012								
Shareholdings Group Executive Board								
Shares			49,684	21,823	6,086	2,206	3,084	82,883
Percentage voting rights shares			0.13%	< 0.1%	< 0.1%	< 0.1%	< 0.1%	0.21%
Call options [1]								
Vesting period:								
Vested	2013–2015	178.37	4,232	3,983	715	1,784	555	11,269
2013	2014–2016	179.05	8,137	4,691	2,242	3,578	1,708	20,356
2014	2015–2017	198.53	11,742	4,220	1,891	3,560	2,619	24,032
2015	2016	228.00	1,792	957	753	1,017	483	5,002
2016	2017	205.50	6,665	1,417	1,176	1,542	1,330	12,130
Total options			**32,568**	**15,268**	**6,777**	**11,481**	**6,695**	**72,789**
Percentage potential share of voting rights options			< 0.1%	< 0.1%	< 0.1%	< 0.1%	< 0.1%	0.19%

[1] Purchase ratio 1 share for 1 option

As of December 31, 2013, there were no outstanding loans or credits between the company and the members of the Group Executive Board.

7. Summary of share and option plans 2013

In 2013 employees, management and the members of the Board of Directors participated in three different share plans. The plans are described for the management and the Board of Directors in this Remuneration Report and for the employees in → Note 18 of the consolidated financial statements. Under the three different **share plans**, the following numbers of shares were allocated.

	End of blocking period	Number of participants	Number of shares issued	Issuing price CHF
Employee share program 2013 (ESPP)	2015	1,563	21,353	138.72
Management share program 2013 (MSPP)	2016	41	8,968	231.20
Board of Directors' program 2013 (DSPP)	2017	7	4,724	138.72
Total			**35,045**	

The 35,045 shares required for these plans were taken from the stock of treasury shares.

In 2013 Geberit management participated in two different **option plans** (MSPP and MSOP). The plans are described in this Remuneration Report. Under the two different option plans, the following numbers of options were allocated.

	End of vesting period	Maturity	Number of partici-pants	Number of options allocated	Exercise price CHF
Management share program 2013 (MSPP)	2014–2017	2020	41	8,968	231.20
Option plan 2013 (MSOP)/Group Executive Board	2015–2017	2020	5	45,628	231.20
Option plan 2013 (MSOP)/other management	2014–2017	2020	57	52,576	231.20
Total				**107,172**	

The fair value of the options granted in 2013 amounted to CHF 24.34 at the respective granting date. The fair value was determined using the binomial model for "American Style Call Options".

The calculation model was based on the following parameters:

	Exercise price [1] CHF	Expected volatility %	Expected Ø dividend yield %	Contractual period Years	Riskfree interest rate %
Management share program 2013 (MSPP)	231.20	17.139	3.47	7	0.463
Option plan 2013 (MSOP)	231.20	17.139	3.47	7	0.463

[1] The exercise price corresponds to the average price of Geberit shares for the period from 2.–18.3.2013.

Costs resulting from participation plans amounted to CHF 2.6 million in 2013 (prior year 3.7 million), those for option plans totaled 2.6 million (prior year 2.3 million).

8. Summary of shares and options held by employees and management as of December 31, 2013

As of December 31, 2013, the Board of Directors, the Group Executive Board and the employees owned a combined total of 338,788 (previous year 370,045) shares, i.e. 0.9% (previous year 1.0%) of the share capital of Geberit AG.

The following table summarizes all option plans in place as of December 31, 2013:

End of vesting period	Maturity	Number of options outstanding	Ø exercise price CHF	Number of options in the money	Ø exercise price CHF
Vested	2014–2016	29,509	184.88	29,509	184.88
2014	2015–2020	86,834	204.15	86,834	204.15
2015	2016–2020	50,590	229.94	50,590	229.94
2016	2017–2020	66,366	217.35	66,366	217.35
2017	2020	30,595	231.20	30,595	231.20
Total		**263,894**	**213.39**	**263,894**	**213.39**

The following movements took place in 2013 and 2012:

	MSOP		MSPP		Total 2013		Total 2012	
	Number of options	Ø exercise price CHF	Number of options	Ø exercise price CHF	Number of options	Ø exercise price CHF	Number of options	Ø exercise price CHF
Outstanding January 1	**207,359**	**185.93**	**43,946**	**183.49**	**251,305**	**185.51**	**266,710**	**175.17**
Granted options	98,204	231.20	8,968	231.20	107,172	231.20	89,529	199.42
Forfeited options	4,569	207.34	55	189.10	4,624	207.12	5,079	175.64
Expired options	0	0	35	146.60	35	146.60	43,420	210.20
Exercised options	67,703	150.32	22,221	177.48	89,924	157.03	56,435	140.60
Outstanding December 31	**233,291**	**214.91**	**30,603**	**201.86**	**263,894**	**213.39**	**251,305**	**185.51**
Exercisable at December 31	23,683	185.80	5,826	181.17	29,509	184.88	45,972	168.12

The 263,894 options outstanding represent 0.7% of the outstanding shares of Geberit AG. As a basic principle, the Group hedges this exposure with treasury shares.

The options outstanding at December 31, 2013 had an exercise price between CHF 96.50 and CHF 231.20 and an average remaining contractual life of 3.9 years.

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Consolidated Balance Sheets

	Note	31.12.2013 MCHF	31.12.2012 [1] MCHF	01.01.2012 [1] MCHF
Assets				
Current assets				
Cash and cash equivalents		538.1	361.3	455.0
Marketable securities	6	74.7	61.8	87.0
Trade accounts receivable	7	114.8	119.6	112.9
Other current assets and current financial assets	8	53.4	53.0	43.8
Inventories	9	170.9	163.8	162.2
Total current assets		**951.9**	**759.5**	**860.9**
Non-current assets				
Property, plant and equipment	10	536.4	521.2	516.2
Deferred tax assets	19	55.8	66.8	79.0
Other non-current assets and non-current financial assets	11	36.4	21.8	21.4
Goodwill and intangible assets	12	645.5	638.1	645.2
Total non-current assets		**1,274.1**	**1,247.9**	**1,261.8**
Total assets		**2,226.0**	**2,007.4**	**2,122.7**

Liabilities and equity				
Current liabilities				
Short-term debt	13	4.0	3.8	64.8
Trade accounts payable		61.6	58.6	60.2
Tax liabilities and tax provisions		67.2	69.9	62.3
Other current provisions and liabilities	14	146.7	140.3	161.0
Total current liabilities		**279.5**	**272.6**	**348.3**
Non-current liabilities				
Long-term debt	15	7.7	10.9	10.8
Accrued pension obligation	17	188.9	206.2	257.3
Deferred tax liabilities	19	51.2	47.6	49.8
Other non-current provisions and liabilities	20	34.6	38.8	37.0
Total non-current liabilities		**282.4**	**303.5**	**354.9**
Shareholders' equity				
Capital stock	22	3.8	3.9	4.0
Reserves		1,886.2	1,660.6	1,644.4
Cumulative translation adjustments		-225.9	-233.2	-228.9
Total equity		**1,664.1**	**1,431.3**	**1,419.5**
Total liabilities and equity		**2,226.0**	**2,007.4**	**2,122.7**

[1] Restatement see → **Note 1**

The accompanying → **Notes** are an integral part of the consolidated financial statements.

Consolidated Income Statements

	Note	2013 MCHF	2012 [1] MCHF
Revenue from sales [2]	**28**	**1,999.9**	**1,919.6**
Cost of materials		597.2	590.7
Personnel expenses		475.4	469.3
Depreciation expense	**10**	76.6	74.3
Amortization of intangibles	**12**	5.5	5.8
Other operating expenses, net	**24**	334.5	323.0
Total operating expenses, net		1,489.2	1,463.1
Operating profit (EBIT)		**510.7**	**456.5**
Financial expenses	**25**	-4.8	-10.7
Financial income	**25**	3.4	4.3
Foreign exchange loss(-)/gain	**25**	-4.1	-0.8
Financial result, net		-5.5	-7.2
Profit before income tax expenses		**505.2**	**449.3**
Income tax expenses	**26**	69.4	61.8
Net income		**435.8**	**387.5**
- Attributable to shareholders of Geberit AG		435.8	387.5

EPS (CHF)	**23**	11.59	10.16
EPS diluted (CHF)	**23**	11.58	10.16

[1] Restatement see → **Note 1**

[2] New presentation see → **Note 1**

The accompanying → **Notes** are an integral part of the consolidated financial statements.

Consolidated Statements of Comprehensive Income

	Note	2013 MCHF	2012 [1] MCHF
Net income according to the income statement		**435.8**	**387.5**
Cumulative translation adjustments		7.3	-4.3
Cumulative translation adjustments		**7.3**	**-4.3**
Cashflow hedge accounting	**16**	0.0	1.4
Taxes		0.0	-0.4
Cashflow hedge accounting, net of tax		**0.0**	**1.0**
Total other comprehensive income to be reclassified to the income statement in subsequent periods, net of tax		**7.3**	**-3.3**
Remeasurements of pension plans	**17**	51.6	64.4
Taxes		-9.0	-8.2
Remeasurements of pension plans, net of tax		**42.6**	**56.2**
Total other comprehensive income not reclassified to the income statement in subsequent periods, net of tax		**42.6**	**56.2**
Total other comprehensive income, net of tax		**49.9**	**52.9**
Total comprehensive income		**485.7**	**440.4**
- Attributable to shareholders of Geberit AG		485.7	440.4

[1] Restatement see → **Note 1**

The accompanying → **Notes** are an integral part of the consolidated financial statements.

Statements of Changes in Equity

	Attributable to shareholders of Geberit AG						
	Ordinary shares	Reserves	Treasury shares	Pension plans	Hedge-accounting	Cum. translation-adjustments	Total equity
	MCHF	MCHF	MCHF	MCHF	MCHF	MCHF	MCHF
Balance at 31.12.2011	**4.0**	**2,065.0**	**-229.4**	**-190.2**	**-1.0**	**-228.9**	**1,419.5**
Restatement [1]		-5.1		5.1			0.0
Total comprehensive income [1]		387.5		56.2	1.0	-4.3	440.4
Distribution		-241.7					-241.7
Purchase (-)/Sale of treasury shares		5.6	-191.6				-186.0
Management option plans		-0.9					-0.9
Capital reduction	-0.1	-192.5	192.6				0.0
Balance at 31.12.2012	**3.9**	**2,017.9**	**-228.4**	**-128.9**	**0.0**	**-233.2**	**1,431.3**
Total comprehensive income		435.8		42.6		7.3	485.7
Distribution		-248.2					-248.2
Purchase (-)/Sale of treasury shares		8.0	-9.7				-1.7
Management option plans		-3.0					-3.0
Capital reduction	-0.1	-197.5	197.6				0.0
Balance at 31.12.2013	**3.8**	**2,013.0**	**-40.5**	**-86.3**	**0.0**	**-225.9**	**1,664.1**

[1] Restatement see → **Note 1**

The accompanying → **Notes** are an integral part of the consolidated financial statements.

Consolidated Statements of Cashflows

	Note	2013 MCHF	2012 [1] MCHF
Cash provided by operating activities			
Net income		435.8	387.5
Depreciation and amortization	**10/12**	82.1	80.1
Financial result, net	**25**	5.5	7.2
Income tax expenses	**26**	69.4	61.8
Other non-cash income and expenses		20.7	31.9
Operating cashflow before changes in net working capital and taxes		613.5	568.5
Income taxes paid		-56.0	-58.5
Changes in trade accounts receivable		-0.7	-6.4
Changes in inventories		-7.3	-4.3
Changes in trade accounts payable		3.0	-1.2
Changes in other positions of net working capital		7.4	-4.1
Net cash provided by operating activities		**559.9**	**494.0**
Cash from/used (-) in investing activities			
Purchase of property, plant & equipment and intangible assets	**10/12**	-98.0	-86.0
Proceeds from sale of property, plant & equipment and intangible assets		2.8	1.0
Marketable securities, net	**6**	-12.1	24.5
Interest received		2.9	5.6
Other, net		2.5	-3.7
Net cash from/used (-) in investing activities		**-101.9**	**-58.6**
Cash from/used (-) in financing activities			
Repayments of borrowings		-4.0	-80.5
Interest paid		-0.5	-5.4
Distribution		-248.2	-241.7
Purchase/Sale of treasury shares		-26.8	-198.4
Other, net		-0.5	-1.8
Net cash from/used (-) in financing activities		**-280.0**	**-527.8**
Effects of exchange rates on cash		-1.2	-1.3
Net increase/decrease (-) in cash		**176.8**	**-93.7**
Cash and cash equivalents at beginning of year		361.3	455.0
Cash and cash equivalents at end of year		**538.1**	**361.3**

[1] Restatement see → **Note 1**

Further cashflow figures see → **Note 27**

The accompanying → **Notes** are an integral part of the consolidated financial statements.

Notes to the Consolidated Financial Statements

1. Basic information and principles of the report

The Geberit Group is a leading supplier of sanitary plumbing systems for the residential and commercial new construction and renovation markets. The product range of the Group consists of the product area "sanitary systems" with the product lines installation systems, cisterns & mechanisms, faucets & flushing systems and waste fittings and traps and the product area "piping systems" with the product lines building drainage systems and supply systems. Worldwide, all products are sold through the wholesale channel. Geberit sells its products in more than 100 countries. The Group is present in 41 countries with its own sales employees.

The consolidated financial statements include Geberit AG and the companies under its control ("the Group" or "Geberit"). The Group eliminates all intra-group transactions as part of the Group consolidation process. Companies are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date on which control ceases.

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRS").

The term "MCHF" in these consolidated financial statements refers to millions of Swiss francs, "MEUR" refers to millions of Euro, "MGBP" refers to millions of Great Britain pounds sterling and "MUSD" refers to millions of US dollars. The term "shareholders" refers to the shareholders of Geberit AG.

Other than required by IAS 1, in the past the consolidated income statements not only contained "Revenue from sales" but also "Sales" (see **→ Note 3** and **→ Note 28**). The correction of this presentation error was done in accordance with IAS 8 and does not affect net income.

As a consequence of the introduction of IAS 19R (see **→ Note 17**), the previous year figures were restated for comparability reasons. As of December 31, 2012, the negative effect on the net income amounted to MCHF 4.8 (personnel expenses MCHF +5.8, taxes MCHF -1.0). The negative effect on earnings per share was CHF 0.13, on the diluted earnings per share CHF 0.12. In the balance sheet, the restatement for the year 2011 was done with a reclassification within equity of MCHF 5.1 from "Reserves" to "Pension plans" (see **→ consolidated statements of changes in equity**). As a result of reviewing the accounting of defined benefit plans in connection with the introduction of IAS 19R, it became clear that the reinsurance policies were not presented correctly in the Notes. They were reported as a part of the plan assets, instead of being reported separately as reimbursement rights. These presentation errors were corrected in accordance with IAS 8 and do not affect net income.

Due to the change of the consolidation system, a presentation error occurred in the assets register in connection with the data transfer to the new system (see **→ Notes 10** and **→ 12**). The reported historical cost and accumulated depreciation were too low. This error did not, however, have any impact on the net book values and the balance sheet. The gross values both were corrected accordingly. This presentation error was corrected in accordance with IAS 8 and does not affect net income.

Critical accounting estimates
The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the balance sheet date, and the reported amounts of revenues and expenses during the reporting period. Actual results can differ from estimates. Estimates and assumptions are continually reviewed and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the prevailing circumstances.

Important estimates and assumptions (with the related uncertainties) were primarily made in the following areas:

- Impairment tests for goodwill and intangible assets with an indefinite useful life (see **→ Note 12**)
- Capitalization of development costs (see **→ Note 3**)
- Assumptions for the recognition of defined benefit pension plans (see **→ Note 17**)
- Future development of tax rates (see **→ Note 3**)

2. Changes in Group organization

No material changes in Group organization took place in 2013 and 2012.

3. Summary of significant accounting policies

New or revised IFRS standards and interpretations 2013 and their adoption by the Group

Standard/Interpretation	Enactment	Relevance for Geberit	Introduction
IFRS 7 - Financial Instruments: Disclosures	1.1.2013	Disclosure in connection with the offsetting of financial assets and financial liabilities. This amendment has no material impact on the consolidated financial statements.	1.1.2013
IFRS 10 - Consolidated Financial Statements	1.1.2013	This standard replaces the guidance on control and consolidation in IAS 27 and SIC-12. A consistent definition of control is introduced. This amendment has no impact on the consolidated financial statements.	1.1.2013
IFRS 11 - Joint Arrangements	1.1.2013	Replaces IAS 31 Joint Ventures and SIC 13. The proportionate consolidation has been eliminated. This amendment has no impact on the consolidated financial statements.	1.1.2013
IFRS 12 - Disclosure of Interests in Other Entities	1.1.2013	Enhancement of required disclosures for subsidiaries, joint arrangements and unconsolidated entities. This amendment has no impact on the consolidated financial statements.	1.1.2013
IFRS 13 - Fair Value Measurement	1.1.2013	Overall standard to measure and disclose assets and liabilities at fair value. This standard does not include rules where the fair value has to be used. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This value is disclosed accordingly (Level 1–3). This amendment has no material impact on the consolidated financial statements.	1.1.2013
IAS 1 – Presentation of Financial Statements	1.7.2012	This amendment requires entities to separate items presented in other comprehensive income into two groups, based on whether they may be recycled to profit or loss in the future. This amendment has no material impact on the consolidated financial statements.	1.1.2013
IAS 19 - Employee Benefits incl. amendment of IAS 19	1.1.2013 and 1.7.2014 for amendment of IAS 19	1) The optional corridor approach was eliminated. As the Geberit Group already recognized actuarial gains and losses in other comprehensive income, this amendment had no impact on the consolidated financial statements. 2) The net periodic pension cost now comprises the net interest cost or income, measured on the basis of the funded status of the plan by applying the discount rate for the defined benefit obligation (impact on the consolidated financial statements see → **Note 1**). 3) New principle-based disclosure requirements are introduced to enable a wide evaluation of the (risk) management of pension plans. The Notes were expanded to account for this adjustment. Risk sharing: the risk sharing was not implemented due to immaterial amounts. The amendment of IAS 19 was early adopted to take the option to go on with the present calculation method (without risk sharing).	1.1.2013 [1]
IAS 36 - Impairment of Assets	1.1.2014	Clarification of disclosures required regarding recoverable amount for non-financial assets. This amendment has no material impact on the consolidated financial statements.	1.1.2013 [1]
Annual improvements of IFRS and interpretations (IFRIC)	various	The ordinary yearly clarifications and minor amendments of various standards and interpretations have no material impact on the consolidated financial statements.	various

[1] This standard was early adopted by the Geberit Group.

New or revised IFRS standards and interpretations as from 2014 and their adoption by the Group

Standard/Interpretation	Enactment	Relevance for Geberit	Planned adoption
IFRS 9 - Financial Instruments	open	The first parts of this new standard, which replaces IAS 39, was originally issued in November 2009, reissued in October 2010, and then amended in November 2013. The current version of IFRS 9 does not include a mandatory effective date. An effective date will be added when all phases of the project are complete and a final version of IFRS 9 is issued. The Geberit Group will assess the impacts on the consolidated financial statements based on the final version.	open
IFRS 10 - Consolidated Financial Statements; IFRS 11 - Joint Arrangements; IAS 27 - Consolidated and Separate Financial Statement	1.1.2014	Amendments related to investment companies. This amendment has no impact on the consolidated financial statements.	1.1.2014
IAS 32 - Financial Instruments: Presentation	1.1.2014	Clarification related to the offsetting of financial assets and financial liabilities . This amendment has no material impact on the consolidated financial statements.	1.1.2014
IAS 39 - Financial Instruments: Recognition and Measurement	1.1.2014	Clarification that there is no need to discontinue hedge accounting if a hedging derivative is novated. This amendment has no impact on the consolidated financial statements.	1.1.2014
Annual improvements of IFRS and interpretations (IFRIC)	various	The ordinary yearly clarifications and minor amendments of various standards and interpretations have no material impact on the consolidated financial statements.	various

The Geberit Group does not plan any further early adoption of any standard or interpretation (IFRIC).

Foreign currency translation

The functional currencies of the Group's subsidiaries are generally the currencies of the local jurisdiction. Transactions denominated in foreign currencies are recorded at the rate of exchange prevailing at the dates of the transaction, or at a rate that approximates the actual rate at the date of the transaction. At the end of the accounting period, receivables and liabilities in foreign currency are valued at the rate of exchange prevailing at the consolidated balance sheet date, with resulting exchange rate differences charged to income. Exchange rate differences related to loans that are part of the net investment in foreign entities are recorded in → **"other comprehensive income"** and disclosed as cumulative translation adjustments. For the consolidation, assets and liabilities stated in functional currencies other than Swiss francs are translated at the rates of exchange prevailing at the consolidated balance sheet date. Income and expenses are translated at the average exchange rates (weighted sales) for the period. Translation gains or losses are accumulated in → **"other comprehensive income"** and disclosed as cumulative translation adjustments.

Cash and cash equivalents
Cash and cash equivalents consist of cash on hand, balances with banks and short-term, highly liquid financial investments with maturities of three months or less at their acquisition date that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. The carrying amount of cash and cash equivalents approximates to their fair value due to the short-term maturities of these instruments.

Marketable securities
Marketable securities are principally traded in liquid markets. Marketable securities with a remaining time to maturity of 4-12 months or which are purchased with the intention of selling them in the near future have to be measured at their fair value through the income statement.

Inventories
Inventories are stated at the lower of cost or net realizable value. Cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Historical cost is determined using the weighted average cost formula, while the manufacturing cost is determined using the standard cost formula. Net realizable value corresponds to the estimated selling price in the ordinary course of business less the estimated costs of completion and the selling costs. An allowance is made for obsolete and slow-moving inventories.

Property, plant and equipment
Property, plant and equipment are carried at cost less accumulated depreciation. Betterment that increases the useful lives of the assets, improves the quality of the output, or enables a substantial reduction in operating costs is capitalized and depreciated over the remaining useful lives. Depreciation of property, plant and equipment is calculated using the straight-line method based on the following useful lives: buildings (15–50 years), production machinery and assembly lines (8–25 years), molds (4–6 years), equipment (4–25 years) and vehicles (5–10 years). Properties are not regularly depreciated. Repairs and maintenance related to investments in property, plant and equipment are charged to income as incurred.

Borrowing costs of all material qualified assets are capitalized during the production phase in accordance with IAS 23. A qualified asset is an asset for which an extensive period (generally more than a year) is required to transform it to its planned usable condition. If funds are specifically borrowed, the costs that can be capitalized are the actual costs incurred less any investment income earned on the temporary investment of these borrowings. If the borrowed funds are part of a general pool, the amount that can be capitalized must be determined by applying an interest rate to the expenses related to this asset.

If there is any indication for impairment, the actual carrying amount of the asset is compared to its recoverable amount. If the carrying amount is higher than its estimated recoverable amount, the asset is reduced accordingly and charged to the income statement.

Intangible assets and goodwill
The Group records goodwill as the difference between the purchase price and the net assets of the company acquired, both measured at fair value. If the value of net assets is higher than the purchase price, this gain is credited immediately to the income statement.

Goodwill and intangibles such as patents, trademarks and software acquired from third parties are initially stated and subsequently measured at cost. Goodwill and intangible assets with an indefinite useful life are not regularly amortized but tested for impairment on an annual basis. Since the Geberit trademark is an inherent element of the business model of the Geberit Group and therefore is used over an indefinite time period, it is assigned with an indefinite useful life. Impairments are expensed in the consolidated income statements when they occur, and in the case of goodwill, not reversed in subsequent periods. The amortization of intangible assets with a definite useful life is calculated using the straight-line method based on the following useful lives: patents and technology (10 years), trademarks (5 years), software (4–6 years) and capitalized development costs (6 years).

Valuation of intangible assets and goodwill
Intangible assets with an indefinite useful life and goodwill are tested for impairment at each reporting date. In this process, the actual carrying amount of the asset is compared with the recoverable amount. If the carrying amount is higher than its estimated recoverable amount, the asset is reduced correspondingly. The Group records the difference between recoverable amount and carrying amount as expense. The valuation is based on single assets or, if such valuation is not possible, on the level of the group of assets for which separately identifiable cashflows exist. The Geberit trademark is valued on the Group level.

For the impairment tests of intangible assets with an indefinite useful life and goodwill, the Group applies the most recent business plans (period 4 years) and the assumptions therein concerning development of prices, markets and Group's market shares. To discount future cashflows, the Group applies market or country-specific discount rates. Management considers the discount rates, the growth rates and the development of the operating margins to be the crucial parameters for the calculation of the recoverable amount. More detailed information is disclosed in → **Note 12**.

Provisions
The Group recognizes provisions when it has a present legal or constructive obligation to transfer economic benefits as a result of past events, and when a reasonable estimate of the size of the obligation can be made. The Group warrants its products against defects and accrues for such warranties at the time of sale based on estimated claims. Actual warranty costs are charged against the provision when incurred.

Revenue from sales
Revenue from sales is recognized when the risks and rewards are transferred to the customer, which normally happens when the products are shipped to the customer, i.e. when the products are handed over to the carrier at the ramp of a Geberit logistics center. Revenue from sales includes the invoiced net amounts after deduction of the rebates shown on the invoice, plus customer bonuses and cash discounts granted subsequently.

Customer bonuses are sales deductions linked to the achievement of predefined sales targets. Cash discounts are sales deductions recognized on receipt of timely payments. Changes to these items material to Geberit's business model are described in "Segment reporting" (see → **Note 28**).

Marketing expenses
All costs associated with advertising and promoting products are expensed in the financial period during which they are incurred.

Taxes
The consolidated financial statements include direct taxes based on the results of the Group companies and are calculated according to local tax rules. Deferred taxes are recorded on temporary differences between the tax base of assets and liabilities and their carrying amount using the "liability method". Deferred taxes are calculated either using the current tax rate or the tax rate expected to be applicable in the period in which these differences will reverse. If the realization of future tax savings related to tax loss carryforwards and other deferred tax assets is no longer probable, then the deferred tax assets are reduced accordingly.

A liability for deferred taxes is recognized for non-refundable taxes at source and other earning distribution-related taxes for foreign subsidiaries for which available earnings are intended to be remitted and of which the parent company controls the dividend policy (see **→ Note 19**).

Research and development expenditures
Geberit spends about 2% of sales on research and development (R&D) every year. The R&D expenses remain relatively constant over the years. About 70% of the R&D expenses are incurred in relation to basic research, product and product range management, customer software development and R&D support/overhead. The residual expenses relate to development costs for new products. If it concerns material development projects, they are reviewed at each balance sheet date in order to verify that the capitalization criteria of IAS 38.57 are fulfilled. In 2013, this was the case for two major development projects and costs of MCHF 3.3 (PY: 0.0) were capitalized.

In 2013, research and development costs totaling MCHF 50.9 (PY: MCHF 49.8) were charged directly to the income statement. The costs are included in the items "Personnel expenses", "Depreciation" and "Other operating expenses, net".

Retirement benefit plans
The Group manages different employee pension funds structured as both defined benefit and defined contribution plans. These pension funds are governed by the regulations of the countries in which the Group operates.

For defined benefit plans, the present value of the defined benefit obligation is calculated periodically by independent pension actuaries using the projected unit credit method on the basis of the service years, the expected salary and pension trends, and the return on investments. Actuarial gains and losses are immediately recognized in other comprehensive income as "Remeasurements pension plans". This item also includes the return on plan assets/reimbursement rights (excluding the interest based on the discount rate) and any effects of an asset ceiling adjustment. For defined benefit plans with an independent pension fund, the funded status of the pension fund is included in the consolidated balance sheet. Any surplus is capitalized in compliance with IAS 19.64 and IFRIC 14. The annual net periodic pension costs calculated for defined benefit plans are recognized in the income statement in the period in which they occur.

For defined contribution plans, the annual costs are calculated as a percentage of the pensionable salaries and are also charged to the income statement. Except for the contributions, the Group does not have any other payment obligations.

Participation plans
Rebates granted to employees and members of the Board of Directors when buying Geberit shares under share participation programs are charged to the income statement in the year the programs are offered.

The fair value of the options provided in participation plans is determined at the grant date and recorded as personnel expenses over the vesting period. The values are determined using the binomial model, adjusted by the expected employee departure rate.

Earnings per share
The number of ordinary shares for the calculation of the earnings per share is determined on the basis of the weighted average of the issued ordinary shares less the weighted average number of the treasury shares. For the calculation of diluted earnings per share, an adjusted number of shares is calculated as the sum of the total of the ordinary shares used to calculate the earnings per share and the potentially dilutive shares from option programs. The dilution from option programs is determined on the basis of the number of ordinary shares that could have been bought for the amount of the accumulated difference between the market price and exercise price of the options. The relevant market price used is the average Geberit share price for the financial year.

Earnings per share and diluted earnings per share are defined as the ratio of the attributable net income to the relevant number of ordinary shares.

Financial instruments
Trade accounts receivable and other current assets are carried at amortized cost less allowances for credit losses. Trade and other payables are carried at amortized cost. The carrying amount of such items basically corresponds to its fair value.

The recognition and measurement of marketable securities is described in the section **→ "Marketable securities"**.

Debt is initially recorded at fair value, net of transaction costs, and measured at amortized cost according to the effective interest rate method. The Group classifies debt as non-current when at the balance sheet date, it has the unconditional right to defer settlement for at least 12 months after the balance sheet date.

Derivatives are initially recorded at fair value and subsequently adjusted for fair value changes. The recognition of derivatives in the Group's balance sheet is based on internal valuations or on the valuation of the respective financial institution (see **→ Note 16**).

Hedge accounting
Geberit applies hedge accounting in accordance with IAS 39 to hedge balance sheet items and future cashflows, thus reducing income statement volatility. Changes in the value of instruments designated as fair value hedges are recorded together with the change in fair value of the underlying item directly in the income statements, net. The effective portion of instruments designated as cashflow hedges is recognized in **→ "other comprehensive income"**. The ineffective portion of such instruments is recorded in financial result, net.

4. Risk assessment and management

General
The Geberit Group runs a risk-management system approved by the Board of Directors.

The policy defines a structured process according to which the business risks are systematically managed. In this process, risks are identified, analyzed concerning the likelihood of occurrence and magnitude, evaluated, and risk-control measurements are determined. Each member of the management is responsible for the implementation of the risk-management measures in his area of responsibility. The Board of Directors is periodically informed about the major changes in the risk assessment and about risk-management actions taken. The permanent observation and control of the risks is a management objective. For risks concerning accounting and financial reporting, a special assessment is carried out as part of the risk control process. The Geberit-internal control system for financial reporting defines in this regard control measures, that reduce the related risks.

Financial risks are monitored by the Treasury department of the Geberit Group, which acts in line with the directives of the treasury policy issued by the Group. Risk management focuses on recognizing, analyzing and hedging foreign exchange rate, interest rate, liquidity and counterparty risks, with the aim of limiting their effect on cashflow and net income. The Group measures its risks with the value-at-risk method for foreign exchange rate risks and the cashflow-at-risk method for interest rate risks.

Management of counterparty risks from treasury activities
Financial contracts are agreed only with third parties that have at least an A (S&P) or A2 (Moody's) rating, or are considered to be relevant to the system. Management believes that the risk of loss from the existing contracts is remote.

In general, liquid funds are invested for less than three months. Part of the liquid funds is invested in government bonds (maximum MCHF 70 per country and usually with terms of less than 12 months). The residual liquid funds are generally put into fixed-term deposits at banks. To avoid cluster risks, the value of an investment per third party may not exceed MCHF 50 (or MCHF 70 for the major Swiss banks). In addition, investments with the same counterparty may not exceed half of the Group's total deposits. The Group has not suffered any losses on such transactions to date.

Management of foreign exchange rate risk
The Geberit Group generates sales and profits in Switzerland and abroad in foreign currencies. Therefore, exchange rate changes have an impact on the consolidated results. In order to limit such risks, the concept of "natural hedging" is considered as the primary hedging strategy. Hereby, the foreign exchange rate risk of cash inflows in a certain currency is neutralized with cash outflows of the same currency. For the most important currencies EUR (approx. 70% of sales) and USD (approx. 5% of sales), in principle, the relative portion of sales and costs is almost equal. Therefore, currency fluctuations influence the profit margin of the Group only to a marginal extent; i.e. the Group is exposed to a relatively small transaction risk. However, the translation risk which results from the translation of profits generated abroad can still substantially influence the consolidated results depending on the level of currency fluctuation despite the effective "natural hedging". The Group does not hedge translation risks.

Any remaining currency risk is measured with the value-at-risk (VaR) method. By using statistical methods, the effect of probable changes in foreign exchange rates on the fair value of foreign currency positions and therefore on the financial result of the Group is evaluated. The risk is controlled with the key figure (VaR +/- unrealized gains/losses from foreign exchange positions)/equity. Based on internal limits, it is decided whether any hedging measures have to be taken. Normally, forward exchange contracts are used as hedging instruments. The key figure's limit is determined annually and amounts to 0.5% (PY: 0.5%) of equity for the reporting period.

The following parameters have been used for the calculation of the value-at-risk (VaR):

Model	Method	Confidence level	Holding period
J. P. Morgan	Variance-covariance approach	95%	30 days

Foreign exchange rate risk as of December, 31:

	2013 MCHF	2012 MCHF
Value-at-risk +/- unrealized gains/losses	3.2	2.1
Equity	1,664.1	1,431.3
(Value-at-risk +/- unrealized gains/losses)/equity	**0.2%**	**0.1%**

Management of interest rate risk
Basically, two types of interest rate risk exist:

a) the fair market value risk for financial positions bearing fixed interest rates
b) the interest rate risk for financial positions bearing variable interest rates

The fair market value risk does not have a direct impact on the cashflows and results of the Group. Therefore, it is not measured. The refinancing risk of positions with fixed interest rates is taken into account with the integration of financial positions bearing fixed interest rates with a maturity under 12 months in the measurement of the interest rate risk.

The interest rate risk is measured using the cashflow-at-risk (CfaR) method for the interest balance (including financial positions bearing fixed interest rates with a maturity under 12 months). By using statistical methods, the effect of probable interest rate changes on the cashflow of a financial position is evaluated. The calculation of the CfaR is based on the same model as the calculation of the value-at-risk regarding the foreign exchange rate risk.

The Group's risk is controlled with the key figure EBITDA/(financial result, net, for the coming 12 months + CfaR). Based on an internally determined limit, it is decided if hedging activities have to be taken. The limit is reviewed annually and amounts to a minimum of 20 for the reporting period (PY: 20).

Interest rate risk as of December, 31:

	2013 MCHF	2012 [1] MCHF
EBITDA	592.8	536.6
Financial result, net + CfaR	1.7	1.8
EBITDA/(Financial result, net + CfaR)	**349x**	**298x**

[1] Restatement see → **Note 1**

The unchanged high level of this key figure in comparison to the limit is due to the fact that no interest expenses are expected for the next 12 months.

Combined foreign exchange rate and interest rate risk
The following table shows the combined foreign exchange rate and interest rate risk according to the calculation method of the value-at-risk model and includes all foreign exchange rate risk and interest rate risk positions and instruments described above. Foreign exchange rate risks and interest rate risks are monitored with the key figures as previously mentioned.

	2013 MCHF	2012 MCHF
Combined foreign exchange rate and interest rate risk	5.6	4.2

Management of liquidity risk
Liquid funds (including the committed unused credit lines) must be available in order to cover future cash drains in due time amounting to a certain liquidity reserve. This reserve considers interest and amortization payments and capital expenditures and investments in net working capital. At the balance sheet date, the liquid funds including the committed unused credit lines, exceeded the defined liquidity reserve by MCHF 590.5 (PY: MCHF 399.7).

Management of credit risk
The Group sells a broad range of products throughout the world, but primarily within continental Europe. Major credit risks mainly result from such selling transactions (debtor risk). Ongoing evaluations of customers' financial situation are performed and, generally, no further collateral is required. Concentrations of debtors' risk with respect to trade receivables are limited due to the large number of customers of the Group. The Group records allowances for potential credit losses. Such losses, in aggregate, have not exceeded management's expectations in the past.

The maximum credit risk resulting from receivables and other financial assets basically corresponds to the net carrying amount of the asset. The balance of receivables at year-end is not representative because of the low sales volume in December. In 2013, the average balance of receivables is about 160% of the amount at year-end.

Summary
The Group uses several instruments and procedures to manage and control the different financial risks. These instruments are regularly reviewed in order to make sure that they meet the requirements of financial markets, changes in the Group organization and regulatory obligations. Management is informed on a regular basis with key figures and reports about the compliance with the defined limits. At the balance sheet date, the relevant risks, controlled with statistical and other methods, and the corresponding key figures are as follows:

Type of risk	Key figure	2013	2012 [1]
Foreign exchange rate risk	(VaR +/- unrealized gains/losses)/equity	0.2%	0.1%
Interest rate risk	EBITDA/(financial result, net + CfaR)	349x	298x
Liquidity risk	(Deficit)/excess of liquidity reserve	MCHF 590.5	MCHF 399.7

[1] Restatement see → **Note 1**

5. Management of capital

The objectives of the Group in regard to the management of the capital structure are as follows:

- ensure sufficient liquidity to cover all liabilities
- guarantee an attractive return on equity (ROE) and return on invested capital (ROIC)
- ensure a sufficient debt capacity and credit rating
- ensure an attractive distribution policy

In order to maintain or change the capital structure, the following measures can be taken:

- adjustment of the distribution policy
- share buyback programs
- capital increases
- incur or repay debt

Further measures to guarantee an efficient use of the invested capital and therefore also to achieve attractive returns are:

- active management of net working capital
- demanding objectives regarding the profitability of investments
- clearly structured innovation process

The invested capital is composed of net working capital, property, plant and equipment, goodwill, and intangible assets.

The periodic calculation and reporting of the following key figures to the management ensures the necessary measures in connection with the capital structure in a timely manner.

The relevant values as of December 31, are outlined below:

	2013 MCHF	2012 [1] MCHF
Gearing		
Debt	11.7	14.7
Liquid funds and marketable securities	612.8	423.1
Net debt	-601.1	-408.4
Equity	1,664.1	1,431.3
Net debt/equity	**-36.1%**	**-28.5%**
Return on equity (ROE)		
Equity (rolling)	1,546.2	1,397.8
Net income	435.8	387.5
ROE	**28.2%**	**27.7%**
Return on invested capital (ROIC)		
Invested capital (rolling)	1,366.0	1,346.0
Net operating profit after taxes (NOPAT)	437.9	389.6
ROIC	**32.1%**	**28.9%**

[1] Restatement see → **Note 1**

6. Marketable securities

The government bonds bought in 2012 in the amount of MEUR 52.1 were fully repaid in 2013. In return, the Group invested MEUR 61.8 in new government bonds (Germany and Austria) in 2013. As of December 31, the carrying amount was MCHF 74.7.

7. Trade accounts receivable

	2013 MCHF	2012 MCHF
Trade accounts receivable	123.0	127.9
Allowance	-8.2	-8.3
Total trade accounts receivable	**114.8**	**119.6**

Of trade accounts receivable, MCHF 5.3 was denominated in CHF (PY: MCHF 5.5), MCHF 62.4 in EUR (PY: MCHF 61.6), MCHF 13.3 in USD (PY: MCHF 13.4), and MCHF 9.0 in GBP (PY: MCHF 9.6).

The following table shows the movements of allowances for trade accounts receivable:

	2013 MCHF	2012 MCHF
Allowances for trade accounts receivable		
January 1	**8.3**	**8.0**
Additions	1.5	1.4
Used	-1.1	-0.6
Reversed	-0.5	-0.5
Translation differences	0.0	0.0
December 31	**8.2**	**8.3**

	2013 MCHF	2012 MCHF
Maturity analysis of trade accounts receivable		
Not due	90.8	95.4
Past due < 30 days	18.5	19.1
Past due < 60 days	4.8	6.1
Past due < 90 days	1.5	1.5
Past due < 120 days	0.7	1.0
Past due > 120 days	6.7	4.8
Allowance	-8.2	-8.3
Total trade accounts receivable	**114.8**	**119.6**

8. Other current assets and current financial assets

	2013 MCHF	2012 MCHF
Income tax refunds receivable	2.9	3.5
Value-added tax receivables	34.4	32.9
Short-term derivative financial instruments (see → **Note 16**)[1]	2.9	3.1
Prepaid expenses and other current assets	13.2	13.5
Total other current assets and current financial assets	**53.4**	**53.0**

[1] Is not part of the calculation of net working capital

9. Inventories

	2013 MCHF	2012 MCHF
Raw materials, supplies and other inventories	61.6	58.0
Work in progress	33.6	31.7
Finished goods	68.0	65.3
Merchandise	7.3	8.3
Prepayments to suppliers	0.4	0.5
Total inventories	**170.9**	**163.8**

As of December 31, 2013, inventories included allowances for slow-moving and obsolete items of MCHF 21.2 (PY: MCHF 18.2).

10. Property, plant and equipment

	Total MCHF	Land and buildings MCHF	Machinery and equipment MCHF	Office equipment MCHF	Assets under constr./ advance payments MCHF
2013					
Cost at beginning of year	1,251.6	361.3	795.8	56.8	37.7
Additions	90.6	11.2	36.3	2.9	40.2
Disposals	-33.9	-0.7	-29.8	-3.4	
Transfers	0.0	3.0	27.0	0.4	-30.4
Translation differences	6.8	1.6	5.2	0.1	-0.1
Cost at end of year	**1,315.1**	**376.4**	**834.5**	**56.8**	**47.4**
Accumulated depreciation at beginning of year	730.4	138.9	550.6	40.9	0.0
Depreciation expense	76.6	11.3	59.8	5.5	
Disposals	-32.1	-0.4	-28.4	-3.3	
Translation differences	3.8	0.5	3.3		
Accumulated depreciation at end of year	**778.7**	**150.3**	**585.3**	**43.1**	**0.0**
Net carrying amounts at end of year	**536.4**	**226.1**	**249.2**	**13.7**	**47.4**
2012					
Cost at beginning of year	955.2	296.9	580.4	35.1	42.8
Restatement [1]	260.0	47.4	184.0	30.3	-1.7
Additions	83.4	11.2	31.6	5.0	35.6
Disposals	-40.3	-0.1	-26.4	-13.8	
Transfers	0.0	7.7	30.4	0.5	-38.6
Translation differences	-6.7	-1.8	-4.2	-0.3	-0.4
Cost at end of year	**1,251.6**	**361.3**	**795.8**	**56.8**	**37.7**
Accumulated depreciation at beginning of year	439.0	82.3	337.8	18.9	0.0
Restatement [1]	260.0	47.3	182.6	30.1	
Depreciation expense	74.3	10.2	58.2	5.9	
Disposals	-39.6	-0.4	-25.4	-13.8	
Translation differences	-3.3	-0.5	-2.6	-0.2	
Accumulated depreciation at end of year	**730.4**	**138.9**	**550.6**	**40.9**	**0.0**
Net carrying amounts at end of year	**521.2**	**222.4**	**245.2**	**15.9**	**37.7**

[1] Restatement see → **Note 1**

As of December 31, 2013, buildings were insured at MCHF 433.6 (PY: MCHF 432.2) and equipment at MCHF 928.4 (PY: MCHF 915.4) against fire, which amounts to a total fire insurance value for property, plant and equipment of MCHF 1,362.0 (PY: MCHF 1,347.6).

As of December 31, 2013, there were no qualified assets for which borrowing costs were capitalized during the production phase. As of December 31, 2013, the Group had entered into firm commitments for capital expenditures of MCHF 20.0 (PY: MCHF 11.6).

11. Other non-current assets and non-current financial assets

	2013 MCHF	2012 MCHF
Reinsurance policies for pension obligations (see → **Note 17**)	13.7	11.7
Reinsurance policies for other long-term employee obligations [1]	0.0	3.7
Employer contribution reserve (see → **Note 17**)	19.5	0.0
Deposits	0.9	2.6
Other	2.3	3.8
Total other non-current assets and non-current financial assets	**36.4**	**21.8**

[1] As from 2013, reinsurance policies for other long-term employee benefits are offset with the corresponding provision (→ **Note 20**). As this amount is not material, no restatement was made.

12. Goodwill and intangible assets

	Total MCHF	Goodwill MCHF	Patents and technology MCHF	Trademarks and other intangible assets [2] MCHF
2013				
Cost at beginning of year	1,079.8	768.6	127.3	183.9
Additions	7.4			7.4
Disposals	-0.8			-0.8
Translation differences	6.4	7.3	-0.1	-0.8
Cost at end of year	**1,092.8**	**775.9**	**127.2**	**189.7**
Accumulated amortization at beginning of year	441.7	226.2	124.4	91.1
Amortization expense	5.5		2.8	2.7
Disposals	-0.8			-0.8
Translation differences	0.9	1.7		-0.8
Accumulated amortization at end of year	**447.3**	**227.9**	**127.2**	**92.2**
Net carrying amounts at end of year	**645.5**	**548.0**	**0.0**	**97.5**
2012				
Cost at beginning of year	1,013.0	715.6	127.3	170.1
Restatement [1]	72.9	58.6	0.0	14.3
Additions	2.6			2.6
Disposals	-2.9			-2.9
Translation differences	-5.8	-5.6		-0.2
Cost at end of year	**1,079.8**	**768.6**	**127.3**	**183.9**
Accumulated amortization at beginning of year	367.8	169.4	121.2	77.2
Restatement [1]	72.9	58.6	0.0	14.3
Amortization expense	5.8		3.2	2.6
Disposals	-2.9			-2.9
Translation differences	-1.9	-1.8		-0.1
Accumulated amortization at end of year	**441.7**	**226.2**	**124.4**	**91.1**
Net carrying amounts at end of year	**638.1**	**542.4**	**2.9**	**92.8**

[1] Restatement see → **Note 1**

[2] Other intangible assets: mainly software and capitalized development costs (→ **Note 3: chapter research and development expenditures**)

Goodwill and intangible assets with an indefinite useful life resulting from acquisitions are analyzed for impairment on an annual basis. As of December 31, 2013, there was no need for an impairment of these assets. The following table shows the carrying amount of positions which are material for the Group. The table shows also the parameters used in the impairment analysis.

	Carrying amount 31.12.2013	Carrying amount 31.12.2012	Calculation of recoverable amount (PY numbers in brackets)			
			Value in use (U) or fair value less cost to sell (F)	Growth rate beyond planning period	Discount pre-tax rate	Discount post-tax rate
	MCHF	MCHF		%	%	%
Goodwill from LBO Geberit	241.0	238.6	U	3.00 (2.60)	8.90 (10.10)	7.90 (8.90)
Goodwill from Mapress acquisition	289.3	285.9	U	3.00 (2.90)	10.40 (12.30)	8.20 (9.50)
Geberit trademarks	84.6	84.6	U	3.00 (2.60)	9.20 (10.60)	7.90 (8.90)
Total	**614.9**	**609.1**				

The growth rates beyond the planning period are based on Euroconstruct estimations and on history-based internal assumptions about price and market share development. From today's perspective, management believes that a possible and reasonable change of one of the crucial parameters (see → **Note 3**) used to calculate the recoverable amount would not lead to an impairment. The scenarios used to support this assumption are based specifically on decreases both in operating margins and the growth rate beyond the planning periods.

13. Short-term debt

	2013 MCHF	2012 MCHF
Other short-term debt	4.0	3.8
Total short-term debt	**4.0**	**3.8**

Short-term credit lines
The Group maintains credit lines of MCHF 48.3 (PY: MCHF 47.9) from various lenders, which can be canceled at short notice. The use of these credit lines is always short-term in nature and, accordingly, any amounts drawn are included in short-term debt. At December 31, 2013 and 2012, the Group did not have any outstanding drawings on the above-mentioned credit lines.

Other short-term debt
As of December 31, 2013, the Group had MCHF 4.0 of other short-term debt (PY: MCHF 3.8). This debt incurred an effective interest rate of 5.9% (PY: 6.0%).

Currency mix
Of the short-term debt outstanding as of December 31, 2013, MCHF 4.0 was denominated in EUR (PY: MCHF 3.8).

14. Other current provisions and liabilities

	2013 MCHF	2012 MCHF
Compensation-related liabilities	53.1	47.6
Customer-related liabilities	53.9	58.3
Current provisions	5.1	2.1
Value added tax payables	14.1	12.0
Other current liabilities	20.5	20.3
Total other current provisions and liabilities	**146.7**	**140.3**

2013 and 2012 movements of current provisions are shown in the following table:

	2013 MCHF	2012 MCHF
Current provisions		
January 1	**2.1**	**3.2**
Additions	4.2	1.2
Used	-1.2	-0.7
Reversed	0.0	-1.6
December 31	**5.1**	**2.1**

15. Long-term debt

	2013 MCHF	2012 MCHF
Revolving Facility	0.0	0.0
Other long-term debt	7.7	10.9
Total long-term debt	**7.7**	**10.9**

Revolving Facility
The Group has a firmly committed credit line ("Revolving Facility") of MCHF 150 with a banking syndicate. The credit line is firmly committed until June 2016 with the purpose of ensuring the Group's financial flexibility. At December 31, 2013, the Revolving Facility bears interest at LIBOR plus an annual interest margin of 0.5%. The interest margin depends on the net debt to EBITDA ratio. This ratio is verified on a quarterly basis. In

addition, in the case of a drawdown of the credit line of 33⅓%, a utilization fee of 0.15% is due on the entire credit portion and in the case of a drawdown of 66⅔%, an utilization fee of 0.30% is due. The interest is payable at the maturity date of the respective drawing used under the Revolving Facility. The drawings can have terms of one to six months. A commitment fee of 35% of the applicable interest margin is due on the unused portion. Drawings under the Revolving Facility are secured by guarantees from Geberit AG, Geberit Holding AG, Geberit Verwaltungs GmbH, and the Chicago Faucet Company, and contain covenants and conditions typical for syndicated financing, among others, compliance with the following financial ratios:

- EBITDA/financial result, net: min. 5.0x
- Net debt/EBITDA: max. 3.0x
- Equity/total assets: min. 25%

The limits for these financial ratios were fulfilled on December 31, 2013. In 2013 and 2012, no drawdown of the Revolving Facility took place.

Other long-term debt
As of December 31, 2013, the Group had MCHF 7.7 of other long-term debt (PY: MCHF 10.9). This debt incurred an effective interest rate of 6.0% (PY: 6.0%).

Currency mix
Of the long-term debt outstanding as of December 31, 2013, MCHF 7.7 was denominated in EUR (PY: CHF 10.9).

16. Derivative financial instruments

Where required, the Group hedges foreign currency exchange rate and interest rate risks using derivative financial instruments according to the treasury policy. This policy and the corresponding accounting policies for the Group's derivative financial instruments are disclosed in → **Notes 3** and → **4**. As of December 31, 2013 and 2012, the following derivative financial instruments were outstanding:

a) Cross Currency Interest Rate Hedges
The following instruments were used to hedge foreign exchange rate risks, arising from the intercompany financing of subsidiaries:

2013	Maturity	Strike price	Contract amount buy	Contract amount sell (-)	Fair value 31.12.	Interest rate %	Interest rate %	Calculation method
			MCHF	MUSD	MCHF	CHF	USD	
CHF buy/ USD sell	18.12.2014	1.03345	20.7	-20.0	2.9	0.00	0.50	DCF[1]

The cross currency interest rate swap (CHF buy/USD sell) for MUSD 20.0 was not designated as cash flow hedge according to IAS 39.86 et seq. The change in fair value of the instrument is recognized directly in the financial result, net.

2012	Maturity	Strike price	Contract amount buy	Contract amount sell (-)	Fair value 31.12.	Interest rate %	Interest rate %	Calculation method
			MCHF	MUSD	MCHF	CHF	USD	
CHF buy/ USD sell	18.12.2013	1.03345	25.8	-25.0	3.0	0.21	0.66	DCF[1]

The cross currency interest rate swap (CHF buy/USD sell) for MUSD 25.0 was not designated as cash flow hedge according to IAS 39.86 et seq. The change in fair value of the instrument is recognized directly in financial result, net.

b) Forward foreign exchange contracts and foreign exchange options

						Contract values	Fair value 31.12.	Calculation method
2013	MCZK	MEUR	MNOK	MGBP	MPLN	MSEK	MCHF	
Foreign exchange contracts	0.0	-29.0	-3.0	-0.5	-2.5	0.0	0.0	Mark-to-Market

2012	MCZK	MEUR	MNOK	MGBP	MPLN	MSEK	MCHF	
Foreign exchange contracts	-10.0	-10.0	-2.2	-0.5	-3.7	-2.2	0.1	Mark-to-Market
Foreign exchange options		-10.0					0.0	Black-Scholes

The change in fair value of the instruments is booked in financial result, net.

17. Retirement benefit plans

The Geberit Group manages defined benefit plans for its employees in various countries. Only the Swiss retirement benefit plans, which hold their assets in legally separate pension funds are funded plans. The biggest plans are managed in Switzerland and Germany, which together account for 98% (PY: 98%) of the total benefit obligations.

The following table provides an overview of the current status of the benefit obligations, plan assets and reimbursement rights of reinsurance policies.

	2013 MCHF	2012 [1] MCHF
Switzerland		
Benefit obligation (for funded retirement benefit plans)	401.7	421.5
Plan assets at fair value	434.4	391.8
Funded status	**32.7**	**-29.7**
Germany		
Benefit obligation (for unfunded retirement benefit plans)	177.2	165.6
Funded status	**-177.2**	**-165.6**
Reimbursement rights	8.8	7.1
Other plans		
Benefit obligation (for unfunded retirement benefit plans)	11.7	10.9
Funded status	**-11.7**	**-10.9**
Reimbursement rights	4.9	4.6
Total		
Benefit obligation (for all retirement benefit plans)	590.6	598.0
Plan assets at fair value	434.4	391.8
Funded status	**-156.2**	**-206.2**
Reimbursement rights	13.7	11.7

[1] Restatement see → **Note 1**

Swiss retirement benefit plans
The Swiss Federal Law on Occupational Retirement, Survivors' and Disability Pension Plans (BVG) governs occupational benefits in Switzerland. An employer with employees who must be insured is obliged to set up an independent pension fund entered in the register for occupational pension providers or affiliate with such a pension fund. The "Gemeinschaftsstiftung" of the Geberit Group is a foundation legally independent from the Geberit Group that insures all Geberit employees in Switzerland for compulsory and non-compulsory benefits. The Board of Trustees manages the Foundation and consists of employer and employee representatives in a parity ratio. The tasks of the Board of Trustees are set out in the BVG and the regulations based on the BVG adopted by the Board of Trustees.

The benefits provided by the pension plan exceed the minimum prescribed by law. They are funded by the employer and employee contributions, plus the interest paid on the savings assets of the insured party at an interest rate defined annually by the Board of Trustees in accordance with the legal provisions. If an insured party leaves the Geberit Group and/or the pension plan before reaching retirement age, the vested benefits accrued under the BVG are transferred to the new pension fund of the insured party. In addition to the funds brought into the pension plan by the insured party, these vested benefits consist of the employer and employee contributions, plus a supplement prescribed by law. The pension benefits comprise lifelong retirement pensions, disability benefits and death benefits for the surviving dependents. On retirement, a maximum of 50% of the retirement assets can be withdrawn in the form of a lump sum. The employer and employees pay an equal contribution to the pension fund, which is settled monthly. The contribution amount is determined by the employee's age and is calculated as a percentage of the pensionable salary.

If the pension fund is underfunded in accordance with the BVG, the Board of Trustees is obliged by law to initiate measures to rectify the situation, such as reducing the interest paid on retirement assets, reducing the benefit entitlement, or collecting remedial contributions. Legally accrued benefits may not be reduced. With remedial contributions, the risk is shared between the employer and employees; the employer is not legally obliged to pay more than 50% of the additional contributions. The current financial status of the Swiss BVG-based pension plans does not require any remedial measures; the technical funding ratio of this foundation in accordance with the BVG was 113.6% as of December 31, 2013 (December 31, 2012: 109.8%).

If a pension fund is overfunded as defined in IAS 19, the surplus funds are available to the company only to a very limited extent. The economic benefit for Geberit lies in future reductions in contributions and is calculated in accordance with IFRIC 14.

The Board of Trustees is responsible for deciding on a strategy for investment of the plan assets. The objective is to achieve medium-term and long-term congruence and sustainability between the plan assets and the pension obligations under the BVG. Taking into account the foundation's risk capacity, the investment strategy is defined as a targeted long-term investment structure.

The funded plans also include the "Wohlfahrtsfonds" of the Geberit Group, which provides non-compulsory benefits only. This fund for managerial employees supplements the insurance cover granted by the existing pension plan. On retirement, the benefit is drawn as a lump sum or converted into a fixed-term annuity. The employer's contributions must equal at least the total of all contributions by the insured party.

German retirement benefit plans
In Germany, there are capital account plans and annuity plans. The annuity plans are closed-end funds.

Capital account plans
The benefit plans and guidelines for payout are agreed in labor-management contracts. The employer can change the conditions by applying provisos. There can be special commitments based on the labor-management contracts or individual agreements, sometimes with annuity options. There is no minimum financing obligation.

Every year, a pension contribution is determined as a percentage of the pensionable salary or the employees can choose an amount of deferred compensation with or without employer contributions. This then serves as the age-dependent component on which a pension is accrued. The pension components accrued during the years of active service, including any resulting promises of fixed bonus payments and the initial credit from the transitional arrangement, are paid out in the form of a one-off lump sum or in installments. Annuitization is possible with the consent of the employer. The pension is not dependent on the employee's final salary.

The employer manages the retirement accounts, informs the employees of the balance of their retirement assets, manages the claims and makes payments, sometimes involving the services of external service providers. When paying a lifelong pension, the employer must monitor the statutory and contractual obligations to adjust the pension and make adjustments when necessary.

If a lump-sum benefit is annuitized, the lifelong payment of the pension and possible subsequent widow's or widower's pension can trigger a longevity risk. Thanks to the contractual adjustment rules applying to annuitization, the statutory obligation to make (and review) adjustments is not currently seen to harbor any inflation risk.

The deferred compensation with/without employer contributions and possible demographic contributions retained by the employer are paid into reinsurance policies where the employer is the beneficiary. This partly covers the pension obligations.

Annuity plans
Annuity plans are governed by labor-management contracts or individual employment contracts. § 16 of the Company Pensions Act imposes an obligation on the employer to review the adjustment of pension payments. The extent of the adjustment requirement is usually determined by the consumer price index. Some individual employment contracts impose a contractual adjustment obligation. There is no minimum financing obligation.

These are closed-end funds. Pension commitments as prescribed by the Essener Verband (Essen Association) have been made to some active employees. Fixed euro entitlements are maintained for departing employees with vested rights. Annuities are paid out to the beneficiaries in the form of lifelong monthly pension payments that include survivors' benefit entitlements.

The employer manages entitlements and claims and makes payments, sometimes involving the services of external service providers. It monitors the statutory and contractual obligations to adjust the pension and makes adjustments when necessary.

The lifelong payment of the pension and possible subsequent widow's or widower's pension can trigger a longevity risk. The statutory obligation to make (and review) adjustments can also harbor an inflation risk.

The net periodic pension costs of all defined benefit plans were as follows:

	2013 **MCHF**	**2012 [1]** **MCHF**
Current service cost	25.8	31.2
Contributions of employees	-8.6	-9.0
Net interest cost for retirement benefit plans	5.3	8.5
Net periodic pension cost	**22.5**	**30.7**

The service cost for the Swiss retirement benefit plans was MCHF 17.1 in 2013 (PY: MCHF 24.6) and for the German retirement benefit plans MCHF 8.1 (PY: MCHF 6.1). The net interest cost for the Swiss retirement benefit plans was MCHF 0.4 in 2013 (PY: MCHF 2.5) and for the German retirement benefit plans MCHF 4.8 (PY: MCHF 5.9).

The following table shows the remeasurements for the defined benefit plans in other comprehensive income in the Consolidated Statements of Comprehensive Income:

	2013 **MCHF**	**2012 [1]** **MCHF**
Actuarial gains (-) / losses:	-32.7	-49.6
- of which from changes in demographic assumptions	0.0	-42.2
- of which from changes in financial assumptions	-31.7	-19.0
- of which from experience adjustments	-1.0	11.6
Return on plan assets (excluding interest based on discount rate)	-32.1	-14.8
Return on reimbursement rights (excluding interest based on discount rate)	0.0	0.0
Asset ceiling adjustment	13.2	0.0
Total pre-tax remeasurements recognized in other comprehensive income	**-51.6**	**-64.4**

The remeasurements recognized in other comprehensive income in the Consolidated Statements of Comprehensive Income in 2013 for the Swiss retirement benefit plans amounted to MCHF -50.3 (PY: MCHF -91.2) and for the German retirement benefit plans MCHF -1.4 (PY: MCHF 25.5).

The following tables show the changes in benefit obligations, plan assets and reimbursement rights from January 1 to December 31:

	2013 MCHF	2012 [1] MCHF
Benefit obligation		
At beginning of year	598.0	616.6
Current service cost	25.8	31.2
Interest cost	13.3	17.4
Actuarial gains (-) / losses	-32.7	-49.6
New plans / plan adjustments	3.2	1.2
Benefits paid	-19.4	-17.8
Translation differences	2.4	-1.0
Benefit obligation at end of year	**590.6**	**598.0**

[1] Restatement see → **Note 1**

	2013 MCHF	2012 [1] MCHF
Plan assets at fair value		
At beginning of year	391.8	359.3
Interest income	7.5	8.7
Return on plan assets (excluding interest based on discount rate)	32.1	14.8
Contributions of employees	8.2	7.6
Contributions of employers	8.2	13.2
Benefits paid	-13.4	-11.8
Plan assets at fair value at end of year	**434.4**	**391.8**
Funded status at end of year	**-156.2**	**-206.2**
Swiss retirement benefit plans: asset ceiling adjustment	-13.2	0.0
Swiss retirement benefit plans: capitalization of employer contribution reserve (→ **Note 11**)	-19.5	0.0
Net funded status at end of year	**-188.9**	**-206.2**

	2013 MCHF	2012 [1] MCHF
Fair value of reimbursement rights		
At beginning of year	11.7	10.1
Interest income	0.5	0.2
Return on reimbursement rights (excluding interest based on discount rate)	0.0	0.0
Contributions of employers	1.3	0.2
Contributions of employees	0.4	1.4
Benefits paid	-0.2	0.0
Translation differences	0.0	-0.2
Fair value of reimbursement rights at end of year	**13.7**	**11.7**

[1] Restatement see → **Note 1**

As of December 31, 2013, the fair value of the reinsurance policies for the German retirement benefit plans was MCHF 8.8 (PY: MCHF 7.1).

The following table provides an analysis of the fair value and composition of the plan assets.

	2013			2012		
	Listed on an active market MCHF	Other MCHF	Total MCHF	Listed on an active market MCHF	Other MCHF	Total MCHF
Equity instruments	175.1	9.9	185.0	130.6	9.6	140.2
Bonds and other debt instruments	52.4	36.2	88.6	53.5	36.6	90.1
Real estate property	22.9	94.2	117.1	20.9	87.3	108.2
Cash and cash equivalents	37.1	0.0	37.1	42.2	0.0	42.2
Other	2.0	4.6	6.6	6.1	5.0	11.1
Total	**289.5**	**144.9**	**434.4**	**253.3**	**138.5**	**391.8**

The effective income on the plan assets was +8.4% in 2013 and +7.6% in 2012. As of the end of 2013, the plan assets included MCHF 4.2 (PY: MCHF 3.1) in equity instruments of Geberit AG and MCHF 10.1 (PY: MCHF 10.1) in real estate used by the Group.

The following table provides an analysis of the benefit obligations of the Swiss and German retirement benefit plans:

				2013				2012
	Active members	Deferred members	Pensioners	Total	Active members	Deferred members	Pensioners	Total
Plan members (number)								
Swiss retirement benefit plans	1,149		458	1,607	1,154		436	1,590
German retirement benefit plans	3,873	409	333	4,615	3,601	371	330	4,302
Total plan members	**5,022**	**409**	**791**	**6,222**	**4,755**	**371**	**766**	**5,892**
Benefit obligation (in MCHF)								
Swiss retirement benefit plans	233.6		168.1	401.7	247.9		173.5	421.5
German retirement benefit plans	131.8	16.4	29.0	177.2	121.9	14.9	28.8	165.6
Total benefit obligation	**365.4**	**16.4**	**197.1**	**578.9**	**369.8**	**14.9**	**202.3**	**587.1**
Share in %	63.2	2.8	34.0	100.0	63.0	2.5	34.5	100.0

The weighted average duration of the benefit obligation for the Swiss retirement benefit plans is approx. 14 years and for the German retirement benefit plans approx. 12 years.

Employer contributions of MCHF 8.2 are expected for the Swiss retirement benefit plans in 2014. In Switzerland, there is an employer contribution reserve of MCHF 19.5 that may be used for future contribution payments.

The calculation of the benefit obligations for the material retirement benefit plans was based on the following assumptions (in %):

		2013		2012
	CH	DE	CH	DE
Discount rate	2.4	3.1	1.9	3.0
Salary increase rate	2.0	2.5	2.0	2.5
Pension increase rate	0.0	2.0	0.0	2.0
Mortality	BVG 2010 generations table	2005G actuarial tables	BVG 2010 generations table	2005G actuarial tables

The trend for sickness costs does not affect benefit obligations in Switzerland or Germany.

The following sensitivity analysis shows how the present value of the benefit obligation for the material retirement benefit plans (CH and DE) would change if a single reporting date assumption were changed. Every assumption change was analyzed separately. Interdependencies were not taken into account.

	Swiss retirement benefit plans: increase/reduction (-) in present value of benefit obligation	German retirement benefit plans: increase/reduction (-) in present value of benefit obligation
Discount rate		
Increased by 50 basis points	-5.8%	-5.4%
Reduced by 50 basis points	+7.4%	+5.9%
Salaries		
Increased by 25 basis points	+0.32%	+0.04%
Reduced by 25 basis points	-0.31%	-0.04%

The Group's income statement for 2013 also includes expenses for defined contribution plans of MCHF 2.2 (PY: MCHF 2.0).

18. Participation plans

Share plans

In 2013, employees were able to purchase a limited number of shares at a discount of 40% (PY: 50%) compared to the market price ("Employee share plan 2013"). Geberit management was entitled to draw the previous year's variable remuneration partly or entirely in shares valued at market price ("Management share plans 2013"). For each of these shares, management participants received one option (see part 2: "Option plans"). As part of the "Directors program 2013", non-executive members of the Board of Directors received their compensation for 2012 in shares of Geberit AG at a discount of 40% (PY: 50%). All share plans are subject to blocking periods valid beyond the period of employment.

The share plans introduced in 2013 are summarized below:

	End of blocking period	Number of participants	Number of shares issued	Issuing price CHF
Employee share program 2013 (ESPP)	2015	1,563	21,353	138.72
Management share program 2013 (MSPP)	2016	41	8,968	231.20
Board of Directors' program 2013 (DSPP)	2017	7	4,724	138.72
Total			**35,045**	

The 35,045 shares required for these plans were taken from the stock of treasury shares.

As of December 31, 2013, the Board of Directors, the Group Executive Board and the employees owned a combined total of 338,788 (PY: 370,045) shares, i.e. 0.9% (PY: 1.0%) of the share capital of Geberit AG.

Option plans
The management has the opportunity to invest part or all their variable remuneration in shares of the company through the management share participation plan (MSPP). They may define a fixed number of shares to purchase, or a certain amount or a percentage of their variable remuneration to be invested in shares. In order to encourage the management to participate in the program, a free share option is provided for each share purchased through the program. These options are subject to a vesting period of four years: a quarter of the options can be exercised one year after the grant, a further quarter two years after the grant, a further quarter three years after the grant, and the remaining quarter four years after the grant.

In connection with an additional option plan (MSOP), the managing directors and members of the Group Executive Board are entitled to additional options. The options of the managing directors are subject to a vesting period of four years: a quarter of the options can be exercised one year after the grant, a further quarter two years after the grant, a further quarter three years after the grant, and the remaining quarter four years after the grant. The options of the members of the Group Executive Board are also subject to a vesting period of four years: a third of the options can be exercised two years after the grant, a further third can be exercised three years after the grant and the remaining third four years after the grant.

The exercise price of the options corresponds to the fair market value at the time of grant. The options have a term of seven years after which they expire. They can be exercised between the vesting date and the expiration date. The vesting of share options is subject to the achievement of a performance criterion - the average Return on Invested Capital (ROIC) - over the respective vesting period.

The following is a summary of the options allocated to the management in 2013:

	End of vesting period	Maturity	Number of partici-pants	Number of options allocated	Exercise price CHF
Management share program 2013 (MSPP)	2014–2017	2020	41	8,968	231.20
Option plan 2013 (MSOP)/Group Executive Board	2015–2017	2020	5	45,628	231.20
Option plan 2013 (MSOP)/other management	2014–2017	2020	57	52,576	231.20
Total				**107,172**	

The fair value of the options granted in 2013 amounted to CHF 24.34 at the respective granting date. The fair value was determined using the binomial model for "American Style Call Options".

The calculation model was based on the following parameters:

	Exercise price [1]	Expected volatility	Expected Ø dividend yield	Contractual period	Riskfree interest rate
	CHF	%	%	Years	%
Management share program 2013 (MSPP)	231.20	17.139	3.47	7	0.463
Option plan 2013 (MSOP)	231.20	17.139	3.47	7	0.463

[1] The exercise price corresponds to the average price of Geberit shares for the period from 2.–18.3.2013.

The following table summarizes all option plans in place as of December 31, 2013:

End of vesting period	Maturity	Number of options outstanding	Ø exercise price CHF	Number of options in the money	Ø exercise price CHF
Vested	2014–2016	29,509	184.88	29,509	184.88
2014	2015–2020	86,834	204.15	86,834	204.15
2015	2016–2020	50,590	229.94	50,590	229.94
2016	2017–2020	66,366	217.35	66,366	217.35
2017	2020	30,595	231.20	30,595	231.20
Total		**263,894**	**213.39**	**263,894**	**213.39**

The following movements took place in 2013 and 2012:

	MSOP		MSPP		Total 2013		Total 2012	
	Number of options	Ø exercise price CHF	Number of options	Ø exercise price CHF	Number of options	Ø exercise price CHF	Number of options	Ø exercise price CHF
Outstanding January 1	**207,359**	**185.93**	**43,946**	**183.49**	**251,305**	**185.51**	**266,710**	**175.17**
Granted options	98,204	231.20	8,968	231.20	107,172	231.20	89,529	199.42
Forfeited options	4,569	207.34	55	189.10	4,624	207.12	5,079	175.64
Expired options	0	0	35	146.60	35	146.60	43,420	210.20
Exercised options	67,703	150.32	22,221	177.48	89,924	157.03	56,435	140.60
Outstanding December 31	**233,291**	**214.91**	**30,603**	**201.86**	**263,894**	**213.39**	**251,305**	**185.51**
Exercisable at December 31	23,683	185.80	5,826	181.17	29,509	184.88	45,972	168.12

The 263,894 options outstanding represent 0.7% of the outstanding shares of Geberit AG. In principle, the Group hedges this exposure with treasury shares.

The options outstanding at December 31, 2013 had an exercise price of between CHF 96.50 and CHF 231.20 and an average remaining contractual life of 3.9 years.

Costs resulting from participation plans amounted to MCHF 2.6 in 2013 (PY: MCHF 3.7), those for option plans totaled MCHF 2.6 (PY: MCHF 2.3).

19. Deferred tax assets and liabilities

	2013	Movements 2013				2012
	Total MCHF	Charged/credited to income MCHF	Through equity MCHF	Through OCI [1] MCHF	Translation differences MCHF	Total MCHF
Deferred tax assets						
Loss carryforwards	3.2	-0.7	0.0	0.0	-0.2	4.1
Accrued pension obligation	14.2	0.3	0.0	-5.6	0.0	19.5
Property, plant and equipment	3.3	0.4	0.0	0.0	0.0	2.9
Goodwill and intangible assets	21.5	-4.7	0.0	0.0	0.0	26.2
Other	13.6	-0.4	-0.1	0.0	0.0	14.1
Total deferred tax assets	**55.8**	**-5.1**	**-0.1**	**-5.6**	**-0.2**	**66.8**
Deferred tax liabilities						
Inventories	-5.4	-0.1	0.0	0.0	0.1	-5.4
Property, plant and equipment	-30.4	0.5	0.0	0.0	-0.2	-30.7
Intangible assets	-7.1	-0.4	0.0	0.0	0.0	-6.7
Employer contribution reserve	-3.4	0.0	0.0	-3.4	0.0	0.0
Other	-4.9	-0.2	0.0	0.0	0.1	-4.8
Total deferred tax liabilities	**-51.2**	**-0.2**	**0.0**	**-3.4**	**0.0**	**-47.6**

[1] Other comprehensive income

	2012	Movements 2012				2011
	Total MCHF	Charged/credited to income [2] MCHF	Through equity MCHF	Through OCI [1, 2] MCHF	Translation differences MCHF	Total MCHF
Deferred tax assets						
Loss carryforwards	4.1	-1.0	0.0	0.0	0.0	5.1
Accrued pension obligation	19.5	1.1	0.0	-8.2	0.0	26.6
Property, plant and equipment	2.9	0.2	0.0	0.0	0.0	2.7
Goodwill and intangible assets	26.2	-5.1	0.0	0.0	0.0	31.3
Other	14.1	2.1	-0.8	-0.4	-0.1	13.3
Total deferred tax assets	**66.8**	**-2.7**	**-0.8**	**-8.6**	**-0.1**	**79.0**
Deferred tax liabilities						
Inventories	-5.4	0.6	0.0	0.0	0.1	-6.1
Property, plant and equipment	-30.7	0.8	0.0	0.0	0.2	-31.7
Intangible assets	-6.7	-0.1	0.0	0.0	0.0	-6.6
Other	-4.8	0.6	0.0	0.0	0.0	-5.4
Total deferred tax liabilities	**-47.6**	**1.9**	**0.0**	**0.0**	**0.3**	**-49.8**

[1] Other comprehensive income

[2] Restatement see → **Note 1**

In general, deferred tax liabilities are recorded for non-refundable withholding taxes or other taxes on unremitted earnings if earnings are planned to be remitted to the parent. As of December 31, 2013 and 2012, there were no such earnings, except of the Chinese companies. On the unremitted earnings from China, no deferred tax liabilities were recorded, as no plan exists to remit these earnings. Such a transfer of earnings would lead to income tax of MCHF 0.1.

The Group recognizes deferred tax assets from loss carryforwards if they comply with the requirements of IAS 12. The following loss carryforwards (listed by maturity) were used for the calculation of deferred tax assets:

	2013 MCHF	Without deferred tax asset MCHF	With deferred tax asset MCHF	2012 MCHF	Without deferred tax asset MCHF	With deferred tax asset MCHF
Maturity						
1 year	0.0	0.0	0.0	0.0	0.0	0.0
2 years	0.0	0.0	0.0	0.0	0.0	0.0
3 years	0.0	0.0	0.0	0.0	0.0	0.0
4 years	0.6	0.0	0.6	0.6	0.0	0.6
5 years	1.0	0.0	1.0	1.2	0.0	1.2
6 years	0.3	0.0	0.3	5.0	0.0	5.0
> 6 years	8.5	0.0	8.5	8.8	0.0	8.8
Total loss carryforwards	**10.4**	**0.0**	**10.4**	**15.6**	**0.0**	**15.6**

20. Other non-current provisions and liabilities

	2013 MCHF	2012 MCHF
Provisions for operating risks	21.6	20.6
Accrued investment grants	3.3	3.1
Other non-current liabilities	9.7	15.1
Total other non-current provisions and liabilities	**34.6**	**38.8**

Provisions for operating risks mainly include provisions for warranties. Movements for 2013 and 2012 are shown in the following table.

	2013 MCHF	2012 MCHF
Provisions for operating risks		
January 1	**20.6**	**20.6**
Additions	8.8	8.4
Used	-7.4	-7.9
Reversed	-0.5	-0.4
Translation differences	0.1	-0.1
December 31	**21.6**	**20.6**

The provisions for operating risk are on average due for payment within 3.0 years.

21. Contingencies

The Group is involved in various legal proceedings arising from the ordinary course of business. The Group believes that none of these proceedings either individually or in the aggregate is likely to have a material adverse impact on the Group’s financial position or operating results. The Group has established insurance policies to cover product liabilities and it makes provisions for potential product warranty claims.

The Group operates in many countries, most of which have sophisticated tax regimes. The nature of its operations and ongoing significant reorganizations result in complex legal structures for the Group and its subsidiaries. The Group believes that it performs its business in accordance with the local tax laws. However, it is possible that there are areas where potential disputes with the various tax authorities could arise. The Group is not aware of any disputes that either individually or in the aggregate is likely to have a material adverse effect on the Group’s financial position or operating results.

22. Capital stock and treasury shares

	2013 pcs.	2012 pcs.
Issued shares		
January 1	**38,821,005**	**39,847,005**
Capital reduction as at June	-1,022,578	-1,026,000
December 31	**37,798,427**	**38,821,005**

Geberit AG concluded its share buyback program, started in January 2011, at the end of 2012. In total, 2,048,578 registered shares in the amount of CHF 390,172,725 were bought back as originally planned. The share buyback program was conducted via a second trading line set up especially for this purpose. The average purchase price per share was CHF 190.46. By December 31, 2011, Geberit AG had bought back 1,026,000 shares under this program, which were canceled by way of a capital reduction. The approved capital reduction was executed in June 2012. The General Meeting approved another capital reduction on April 4, 2013 for the remaining 1,022,578 shares bought back in 2012. This approved capital reduction was executed in June 2013.

As of December 31, 2013, the Group held a total of 212,382 (PY: 1,235,345) treasury shares with a carrying amount of MCHF 40.5 (PY: MCHF 228.4). In 2013, the Group decreased the net number of treasury shares by 1,022,963. The decrease is mainly the result of the capital reduction in June 2013. Treasury shares are deducted at cost from equity.

	2013 pcs.	2012 pcs.
Stock of treasury shares		
From share buyback programs	0	1,022,578
Other treasury shares	212,382	212,767
Total treasury shares	**212,382**	**1,235,345**

For transactions in connection with the participation plans, see → **Note 18**.

23. Earnings per share

Earnings per share are calculated by dividing the net income attributable to ordinary shareholders by the weighted average number of ordinary shares issued and outstanding during the year, excluding the weighted average number of ordinary shares purchased by the Group and held as treasury shares.

	2013	2012 [1]
Attributable net income according to income statement (MCHF)	435.8	387.5
Weighted average number of ordinary shares outstanding (thousands)	37,606	38,145
Total earnings per share (CHF)	**11.59**	**10.16**

[1] Restatement see → **Note 1**

For the diluted earnings per share, the weighted average number of ordinary shares issued is adjusted to assume conversion of all potentially dilutive ordinary shares (see → **Note 3**) The Group has considered the share options granted to the management to calculate the potentially dilutive ordinary shares.

	2013	2012 [1]
Attributable net income according to income statement (MCHF)	435.8	387.5
Weighted average number of ordinary shares outstanding (thousands)	37,606	38,145
Adjustments for share options (thousands)	27	10
Weighted average number of ordinary shares outstanding (thousands)	37,633	38,155
Total diluted earnings per share (CHF)	**11.58**	**10.16**

[1] Restatement see → **Note 1**

24. Other operating expenses, net

	2013 MCHF	2012 MCHF
Outbound freight costs and duties	67.0	63.9
Energy and maintenance expenses	74.1	73.7
Marketing expenses	84.2	87.4
Administration expenses	43.1	40.1
Other operating expenses	78.2	72.0
Other operating income	-12.1	-14.1
Total other operating expenses, net	**334.5**	**323.0**

Other operating income includes, among other things, insurance benefits received, rental income, gains from sales of fixed assets and catering revenues.

In 2013, costs of MCHF 12.0 (PY: MCHF 9.3) were capitalized as property, plant and equipment and intangible assets, including particular tools and assembly lines, which are part of the production process as well as capitalized development costs. The amount was deducted pro-rata from “personnel expenses”, “cost of materials” and “other operating expenses, net”.

25. Financial result, net

	2013 MCHF	2012 MCHF
Interest expenses	-1.3	-5.9
Amortization of deferred financing fees	-0.3	-0.5
Other financial expenses	-3.2	-4.3
Total financial expenses	**-4.8**	**-10.7**
Interest income	3.4	4.3
Total financial income	**3.4**	**4.3**
Foreign exchange loss/gain	-4.1	-0.8
Total financial result, net	**-5.5**	**-7.2**

In 2012, "interest expenses" includes interests for the MUSD 65.0 US Private Placement loan which was repaid entirely at the end of 2012. "Other financial expenses" mainly includes the valuation losses from marketable securities. The interest income of marketable securities is included in "interest income". The foreign exchange loss in 2013 results mainly from the valuation of receivables and liabilities and is due to the weakening of currencies from emerging markets in the second half year of 2013.

26. Income tax expenses

	2013 MCHF	2012 [1] MCHF
Current taxes	64.1	61.0
Deferred taxes	5.3	0.8
Total income tax expenses	**69.4**	**61.8**

The differences between income tax expenses computed at the weighted-average applicable tax rate of the Group of 13.4% (PY: 13.2%) and the effective income tax expenses were as follows:

	2013 MCHF	2012 [1] MCHF
Income tax expenses, at applicable rate	67.9	59.4
Operating losses with no current tax benefit	0.0	0.0
Changes in future tax rates	-0.2	-0.2
Taxable goodwill amortization	-4.9	-4.8
Non-deductible expenses	3.4	2.9
Other	3.2	4.5
Total income tax expenses	**69.4**	**61.8**

[1] Restatement see → **Note 1**

The expected business development in the different regions and markets will not lead to a material change of the weighted average tax rate of the Group.

27. Cashflow figures

Net cashflow is calculated as follows:

	2013 MCHF	2012 [1] MCHF
EBITDA[2]	592.8	536.6
Financial result, net	-5.5	-7.2
Income tax expenses	-69.4	-61.8
Deferred taxes charged/credited (-) to net income (→ **Notes 19** and → **Notes 26**)	5.3	0.8
Changes in non-current provisions	26.5	35.9
Changes in other non-current assets and liabilities and other	-1.0	-0.2
Net cashflow	**548.7**	**504.1**

[1] Restatement see → **Note 1**
[2] EBIT + Depreciation + Amortization

"Changes in non-current provisions" mainly includes the changes in provisions for operating risks, accrued pension obligations and non-cash expenses resulting from share participation and option plans charged or credited to net income. "Changes in other non-current assets and liabilities and other" mainly includes the changes in prepaid pension assets booked to net income and gains from the disposal of property, plant and equipment.

Free cashflow is calculated as follows:

	2013 MCHF	2012 [1] MCHF
Net cashflow	548.7	504.1
Purchase of property, plant and equipment and intangible assets, net	-95.2	-85.0
Changes in net working capital	2.4	-16.0
Payments charged to non-current provisions	-11.6	-12.1
Free cashflow	**444.3**	**391.0**

[1] Restatement see → **Note 1**

As per Group definition, the term "Free cashflow" does not include cashflows from divestments or acquisitions of subsidiaries, proceeds or repayments of borrowings, the purchase or sale of treasury shares and dividend payments.

"Changes in net working capital" comprises the changes in the aggregate of trade accounts receivable, inventories and other current assets, less the aggregate of trade accounts payable and other current provisions and liabilities.

"Payments charged to non-current provisions" mainly includes outflows resulting from pension and warranty obligations.

"Net cashflow" and "Free cashflow" are no substitute for figures shown in the consolidated income statements and the consolidated statements of cashflows, but they may give an indication of the Group's capability to generate cash, to pay back debt, to finance acquisitions, to buy back shares and to pay dividends.

28. Segment reporting

The Geberit Group consists of one single business unit, the purpose of which is to develop, produce and distribute sanitary products and systems for the residential and industrial construction industry. All products are distributed using the same distribution channel – wholesale – in general to installers, which resell the products to the end customer. Products are produced by plants that specialize in particular production processes. As a general rule, one specific article is produced at one location. Distribution is carried out by country or regional distribution companies, which sell to wholesalers. A distribution company is always responsible for the distribution of the whole range of products in its sales area. The main task of the distribution companies is local market development, which comprises as a main focus the support of installers, sanitary planners and wholesalers. Research and development of the whole range of products is carried out centrally by Geberit International AG. All corporate tasks are also centralized at Geberit International AG.

Due to the unity and focus of the business, the top management (Group Executive Board) and the management structure of the Geberit Group are organized by function (overall management, products, sales, finance). The financial management of the Group by the Board of Directors and the Group Executive Board is based on sales by markets and product lines and on the consolidated income statements, balance sheets, and statements of cashflows.

Segment reporting is therefore prepared according to IFRS 8.31 et seq. (one single reportable segment) and the valuation is made according to the same principles as the consolidated financial statements. The geographical allocation of sales is based on the domicile of customers.

The information is as follows:

	2013 MCHF	2012 [1] MCHF
Sales by product lines		
Installation Systems	830.5	780.0
Cisterns and Mechanisms	251.1	243.5
Faucets and Flushing Systems	120.6	125.9
Waste Fittings and Traps	95.4	93.4
Sanitary Systems	**1,297.6**	**1,242.8**
Building Drainage Systems	324.8	306.3
Supply Systems	669.2	638.7
Piping Systems	**994.0**	**945.0**
Total sales	**2,291.6**	**2,187.8**
Customer bonuses and cash discounts	291.7	268.2
Total revenue from sales	**1,999.9**	**1,919.6**
Operating cashflow (EBITDA)	**592.8**	**536.6**
Margin in % sales	25.9%	24.5%

	2013 MCHF	2012 [1] MCHF
Sales by markets		
Germany	842.0	768.1
Switzerland	290.5	282.4
Italy	174.9	180.2
Other Europe	791.4	764.2
Other markets	192.8	192.9
Total sales	**2,291.6**	**2,187.8**
Customer bonuses and cash discounts	291.7	268.2
Total revenue from sales	**1,999.9**	**1,919.6**
Operating cashflow (EBITDA)	**592.8**	**536.6**
Margin in % sales	25.9%	24.5%

	2013 MCHF	2012 MCHF
Share of sales by customers		
Customers with more than 10% of sales: customer A	362.1	319.6
Total > 10%	**362.1**	**319.6**
Remaining customers with less than 10% of sales	1,929.5	1,868.2
Total sales	**2,291.6**	**2,187.8**
Customer bonuses and cash discounts	291.7	268.2
Total revenue from sales	**1,999.9**	**1,919.6**

[1] Restatement see → **Note 1**

29. Related party transactions

In 2013 and 2012, total booked compensations for the Group Executive Board and the Board of Directors were as follows:

	2013 MCHF	2012 MCHF
Remuneration and salary fixed	4.0	3.5
Remuneration and salary variable	2.5	2.2
Options	1.2	0.9
Expenditures on pensions	0.8	1.0
Other	0.1	0.1
Total	**8.6**	**7.7**

Further information regarding compensations and investments of the Group Executive Board and the Board of Directors are disclosed in the notes of the financial statements of Geberit AG. This disclosure is according to the Swiss Code of Obligations.

In 2013 and 2012, there were no further material related party transactions.

30. Foreign exchange rates

The following exchange rates were used for the consolidated financial statements:

	Currency		2013 Balance sheet	2013 Income statement	2012 Balance sheet	2012 Income statement
European Currency Union	EUR	1	1.2253	1.2310	1.2073	1.2053
United Kingdom	GBP	1	1.4642	1.4484	1.4793	1.4864
USA	USD	1	0.8884	0.9271	0.9148	0.9380
Poland	PLN	100	29.5400	29.3210	29.5800	28.8280
China	CNY	100	14.6800	15.1110	14.6800	14.8760
Denmark	DKK	100	16.4250	16.5080	16.1820	16.1950
Australia	AUD	1	0.7929	0.8910	0.9496	0.9709
Czech Republic	CZK	100	4.4720	4.7430	4.8110	4.8010
Hungary	HUF	100	0.4132	0.4150	0.4131	0.4160
Norway	NOK	100	14.6140	15.8440	16.3940	16.1240
Sweden	SEK	100	13.8280	14.2460	14.0500	13.8410
Singapore	SGD	1	0.7021	0.7397	0.7492	0.7508
South Africa	ZAR	100	8.4900	9.6280	10.7600	11.4730
India	INR	100	1.4400	1.5690	1.6700	1.7530

31. Subsequent events

The Board of Directors of Geberit AG has decided to initiate a share buyback program. Over a period of two years shares amounting to a total of a maximum of 5% of the share capital recorded in the Commercial Register will be repurchased via a separate trading line, less withholding tax, and retired by means of a capital reduction. Based on the closing price of Geberit registered shares on March 6th, 2014, the value of the shares to be bought back is approximately CHF 530 million.

These financial statements are subject to approval by the General Meeting. They were released by the Board of Directors on March 7, 2014.

32. Additional disclosures on financial instruments

Measurement of financial instruments by categories according to IAS 39
Based on the relevant balance sheet item of financial instruments, the following table shows an allocation of the balance sheet items to the classification by categories according to IAS 39. In addition, a fair value measurement hierarchy was introduced for assets and liabilities that are measured at fair value. Level 1 contains all financial instruments with quoted prices in active markets. Level 2 contains all financial instruments with inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly. Level 3 contains all financial instruments with input for the asset and liability that are not based on observable market data.

	Carrying amount as of 31.12.2013 MCHF	Loans and receivables MCHF	Financial assets at fair value MCHF	Fair value measurement hierarchy
Financial assets				
Cash and cash equivalents	538.1	538.1	0.0	
Marketable securities	74.7	0.0	74.7	Level 1
Trade accounts receivable	114.8	114.8	0.0	
Other current assets	50.5	50.5	0.0	
Other non-current assets	3.2	2.7	0.5	Level 2
Derivative financial instruments	2.9	0.0	2.9	Level 2
Total	**784.2**	**706.1**	**78.1**	

	Carrying amount as of 31.12.2013 MCHF	Financial liabilities at amortized cost MCHF	Financial liabilities at fair value MCHF	Fair value measurement hierarchy
Financial liabilities				
Short-term debt	4.0	4.0	0.0	
Trade accounts payable	61.6	61.6	0.0	
Other financial liabilities	7.7	7.7	0.0	
Total	**73.3**	**73.3**	**0.0**	

	Carrying amount as of 31.12.2012	Loans and receivables	Financial assets at fair value	Fair value measurement hierarchy
	MCHF	MCHF	MCHF	
Financial assets				
Cash and cash equivalents	361.3	361.3	0.0	
Marketable securities	61.8	0.0	61.8	Level 1
Trade accounts receivable	119.6	119.6	0.0	
Other current assets	49.9	49.9	0.0	
Other non-current assets	6.4	5.4	1.0	Level 2
Derivative financial instruments	3.1	0.0	3.1	Level 2
Total	**602.1**	**536.2**	**65.9**	

	Carrying amount as of 31.12.2012	Financial liabilities at amortized cost	Financial liabilities at fair value	Fair value measurement hierarchy
	MCHF	MCHF	MCHF	
Financial liabilities				
Short-term debt	3.8	3.8	0.0	
Trade accounts payable	58.6	58.6	0.0	
Other financial liabilities	10.9	10.9	0.0	
Total	**73.3**	**73.3**	**0.0**	

Fair value measurement hierarchy:

Level 1: quoted prices in active markets for identical assets
Level 2: observable prices, either directly or indirectly
Level 3: input factors that are not based on observable market data

Maturity analysis of financial instruments

The following table shows the carrying amount of all contractually defined future (not discounted) interest and amortization payments of derivative and non-derivative financial instruments as of the balance sheet date:

	Carrying amount	Maturity				
	31.12.2013	2014	2015	2016	2017	2018 and later
	MCHF	MCHF	MCHF	MCHF	MCHF	MCHF
Short-term debt	4.0	4.0	0.0	0.0	0.0	0.0
Trade accounts payable	61.6	61.6	0.0	0.0	0.0	0.0
Other financial liabilities	7.7	0.5	3.1	2.3	1.7	1.6
Total non-derivative financial liabilities	**73.3**	**66.1**	**3.1**	**2.3**	**1.7**	**1.6**
Derivative financial assets	-2.9	55.4	0.0	0.0	0.0	0.0
Total derivative financial instruments	**-2.9**	**55.4**	**0.0**	**0.0**	**0.0**	**0.0**
Total	**70.4**	**121.5**	**3.1**	**2.3**	**1.7**	**1.6**

	Carrying amount	Maturity				
	31.12.2012	2013	2014	2015	2016	2017 and later
	MCHF	MCHF	MCHF	MCHF	MCHF	MCHF
Short-term debt	3.8	4.0	0.0	0.0	0.0	0.0
Trade accounts payable	58.6	58.6	0.0	0.0	0.0	0.0
Other financial liabilities	10.9	0.8	3.2	2.7	2.0	4.7
Total non-derivative financial liabilities	**73.3**	**63.4**	**3.2**	**2.7**	**2.0**	**4.7**
Derivative financial assets	-3.1	38.0	0.0	0.0	0.0	0.0
Total derivative financial instruments	**-3.1**	**38.0**	**0.0**	**0.0**	**0.0**	**0.0**
Total	**70.2**	**101.4**	**3.2**	**2.7**	**2.0**	**4.7**

33. Group companies as of December 31, 2013

Switzerland	**Ownership in %**	**Activity**
Geberit AG, Rapperswil-Jona		O
Geberit Holding AG, Rapperswil-Jona	100	O
Geberit International AG, Rapperswil-Jona	100	O
Geberit International Sales AG, Rapperswil-Jona	100	Δ
Geberit Verwaltungs AG, Rapperswil-Jona	100	O
Geberit Vertriebs AG, Rapperswil-Jona	100	Δ
Geberit Marketing e Distribuzione SA, Rapperswil-Jona	100	Δ
Geberit Produktions AG, Rapperswil-Jona	100	□
Geberit Apparate AG, Rapperswil-Jona	100	□
Geberit Fabrication SA, Givisiez	100	□
Australia		
Geberit Pty Ltd., North Ryde NSW	100	Δ
Austria		
Geberit Vertriebs GmbH & Co. KG, Pottenbrunn	100	Δ
Geberit Produktions GmbH & Co. KG, Pottenbrunn	100	□
Geberit Beteiligungsverwaltung GmbH, Pottenbrunn	100	O
Geberit Huter GmbH, Matrei	100	□
Belgium		
Geberit N.V., Machelen	100	Δ
Channel Islands		
Geberit Finance Ltd., Jersey	100	O
Geberit Reinsurance Ltd., Guernsey	100	O
China		
Geberit Flushing Technology Co. Ltd., Daishan	100	□
Geberit Plumbing Technology Co. Ltd., Shanghai	100	□
Geberit Shanghai Trading Co. Ltd., Shanghai	100	Δ
Geberit Shanghai Investment Administration Co. Ltd., Shanghai	100	O
Czech Republic		
Geberit spol. s.r.o., Brno	100	Δ
Denmark		
Geberit A/S, Lystrup	100	Δ
Finland		
Geberit OY, Helsinki	100	Δ
France		
Geberit S.a.r.l., Rungis Cedex	100	Δ
Germany		
Geberit Verwaltungs GmbH, Pfullendorf	100	O
Geberit Service GmbH & Co. KG, Pfullendorf	100	O
Geberit Vertriebs GmbH, Pfullendorf	100	Δ
Geberit Produktions GmbH, Pfullendorf	100	□
Geberit Logistik GmbH, Pfullendorf	100	O
Geberit Mapress GmbH, Langenfeld	100	□
Geberit RLS Beteiligungs GmbH, Langenfeld	100	O
Geberit Lichtenstein GmbH, Lichtenstein	100	□
Geberit Weilheim GmbH, Weilheim	100	□

Hungary	Ownership in %	Activity
Geberit Kft, Budapest	100	Δ
India		
Geberit Plumbing Technology India Pvt. Ltd., Bangalore	100	Δ
Geberit India Manufacturing Pvt. Ltd., Bangalore	100	▢
Italy		
Geberit Produzione S.p.a., Villadose	100	▢
Netherlands		
Geberit B.V., Nieuwegein	100	Δ
Geberit International B.V., Nieuwegein	100	O
Norway		
Geberit AS, Lysaker	100	Δ
Poland		
Geberit Sp.z.o.o., Warsaw	100	Δ
Portugal		
Geberit Tecnologia Sanitária S.A., Lisbon	100	Δ
Singapore		
Geberit South East Asia Pte. Ltd., Singapore	100	Δ
Slovakia		
Geberit Slovensko s.r.o., Bratislava	100	Δ
Slovenia		
Geberit Sanitarna tehnika d.o.o., Ruše	100	▢
Geberit prodaja d.o.o., Ruše	100	Δ
South Africa		
Geberit Southern Africa (Pty.) Ltd., Sandton	100	Δ
Spain		
Geberit S.A.U., Barcelona	100	Δ
Sweden		
Geberit AB, Malmö	100	Δ
Turkey		
Geberit Tesisat Sistemleri Ticaret Ltd., Istanbul	100	Δ
United Kingdom		
Geberit Sales Ltd., Warwick	100	Δ
USA		
Duffin Manufacturing Co., Elyria	100	▢ / Δ
The Chicago Faucet Company, Des Plaines	100	▢ / Δ

O Services, holding functions
Δ Distribution ▢ Production

Report of the Statutory Auditor

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Report of the Statutory Auditor
to the General Meeting of
Geberit AG
Rapperswil-Jona

Report of the Statutory Auditor on the Consolidated Financial Statements

As statutory auditor, we have audited the consolidated financial statements of Geberit AG, which comprise the **→ balance sheet**, **→ income statement**, **→ statement of comprehensive income**, **→ statement of changes in equity**, **→ statement of cashflows** and **→ Notes**, for the year ended December 31, 2013.

Board of Directors' Responsibility
The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) and the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards as well as the International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements for the year ended December 31, 2013 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with the International Financial Reporting Standards (IFRS) and comply with Swiss law.

Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

PricewaterhouseCoopers AG

René Rausenberger
Audit expert
Auditor in charge

Martin Knöpfel
Audit expert

Zurich, March 7, 2014

Geberit AG

PDF Version

Balance Sheets

	31.12.2013 MCHF	31.12.2013 MCHF	31.12.2012 MCHF	31.12.2012 MCHF
Assets				
Current assets				
Treasury shares		0.0		197.6
Accounts receivable				
- Third parties		4.0		4.1
- Group companies		233.5		59.0
Total current assets		**237.5**		**260.7**
Non-current assets				
Investments		945.1		976.3
Total non-current assets		**945.1**		**976.3**
Total assets		**1,182.6**		**1,237.0**
Liabilities				
Current liabilities				
- Third parties		1.6		9.5
- Group companies		3.5		3.5
Total current liabilities		**5.1**		**13.0**
Shareholders' equity				
Capital stock		3.8		3.9
Legal reserves				
- General reserve, share premium		0.8		0.8
- Reserve for treasury shares		40.4		225.0
- Reserve from capital contributions				
- Share premium, reserves from capital contributions	25.7		128.1	
- Reserve for treasury shares from capital contributions	0.0	25.7	3.4	131.5
Total legal reserves		66.9		357.3
Free reserves				
- Other free reserve		698.2		561.1
Total free reserves		698.2		561.1
Retained earnings		408.6		301.7
Total shareholders' equity		**1,177.5**		**1,224.0**
Total liabilities and shareholders' equity		**1,182.6**		**1,237.0**

Income Statements

	2013 MCHF	2012 MCHF
Income		
Dividends from Group companies	400.0	300.0
Financial income	3.1	2.6
Other operating income	0.4	0.3
Total income	**403.5**	**302.9**
Expenses		
Administrative expenses	3.0	2.9
Total expenses	**3.0**	**2.9**
Net income	**400.5**	**300.0**

Notes to the Financial Statements

1.1 Guarantees, assets pledged in favor of third parties

	31.12.2013 MCHF	31.12.2012 MCHF
Guarantee Revolving Facility	150.0	150.0

The guarantees are limited to the distributable reserves of the company.

1.2 Significant investments

	2013 Ownership in %	2013 capital stock	2012 Ownership in %	2012 capital stock
Geberit Holding AG, Rapperswil-Jona	100	TCHF 39 350	100	TCHF 39 350
Geberit Finance Ltd., Jersey[1]	82	TEUR 497	82	TEUR 522
Geberit Reinsurance Ltd., Guernsey	100	TEUR 2	100	TEUR 2

[1] The remaining 18.5% (PY 17.6%) are hold by Geberit Companies.

1.3 Share capital

The share capital of Geberit AG consists of 37,798,427 ordinary shares with a par value of CHF 0.10 each.

	2013	2012
Number of shares issued	**pcs.**	**pcs.**
January 1	**38,821,005**	**39,847,005**
Capital reduction as at June 2013 / June 2012	-1,022,578	-1,026,000
December 31	**37,798,427**	**38,821,005**

1.4 Capital contribution reserves

From the total of MCHF 25.7 shown as at 31.12.2013 the amount of MCHF 4.2 was confirmed by the Swiss tax authorities and is therefore available for withholding tax free distribution.

1.5 Treasury shares

Treasury shares held by Geberit AG or by companies in which Geberit AG holds a majority interest:

	Number of registered shares	High in CHF	Average in CHF	Low in CHF
Balance at December 31, 2012	**1,235,345**			
Cancellation share buyback program 2012	-1,022,578			
Other Purchases	124,789	269.51	237.57	217.76
Sales	-125,174	272.00	228.40	205.80
Balance at December 31, 2013	**212,382**			
Number of treasury shares held by Geberit AG	0			

The Board of Directors of Geberit AG decided to initiate a share buyback program for the years 2011 and 2012 and determined a maximum repurchasing volume of 5% of the share capital, in total 2,048,578 shares. The repurchased shares from 2011 were cancelled in 2012 with the decision from the General Meeting on April 4, 2012. The remaining 1,022,578 shares were repurchased in 2012. The General Meeting dated April 4, 2013 decided to reduce the capital by the volume of the shares repurchased. Therefore as at June 2013, these 1,022,578 shares were cancelled as well.

The legal reserves for treasury shares were recorded at cost.

1.6 Remuneration, loans and shareholdings of members of the board of directors and of the group executive board

	A. Baehny Chairman [4]	R. Spoerry Vice Chairman	H. Reuter	F. Ehrat	J. Song	J. Tang-Jensen	Total
	CHF	CHF	CHF	CHF	CHF	CHF	CHF
2013							
Remuneration of the Board of Directors							
Accrued remuneration [1]	-	320,000	222,500	150,000	170,000	200,000	1,062,500
Expenses	-	15,000	15,000	11,250	15,000	15,000	71,250
Contributions to social insurance	-	15,071	10,714	7,438	6,066	9,701	48,990
Total	**-**	**350,071**	**248,214**	**168,688**	**191,066**	**224,701**	**1,182,740**

	CHF
Remuneration of former members of the Board of Directors	
Accrued remuneration	50,000
Expenses	3,750
Contributions to social insurance	2,469
Total	**56,219**

	A. Baehny Chairman [4]	R. Spoerry Vice Chairman	H. Reuter	S. Ruoff	J. Song	J. Tang-Jensen	Total
	CHF	CHF	CHF	CHF	CHF	CHF	CHF
2012							
Remuneration of the Board of Directors							
Remuneration							
- Fixed remuneration	-	210,000	140,000	130,000	82,500	97,500	660,000
- Variable remuneration	-	140,043	93,384	86,684	54,843	64,846	439,800
Total remuneration [2]	-	350,043	233,384	216,684	137,343	162,346	1,099,800
thereof drawn in shares in 2013 [3]		*333,621*	*222,183*	*206,230*	*103,346*	*122,305*	*987,685*
Expenses	-	10,000	10,000	10,000	7,500	7,500	45,000
Contributions to social insurance	-	16,422	11,201	10,454	6,799	7,893	52,769
Total	**-**	**376,465**	**254,585**	**237,138**	**151,642**	**177,739**	**1,197,569**

[1] Directors fee booked, but not yet paid as at December 31. Payment will be made in the first quarter of 2014 in the form of restricted shares. The blocking period is 4 years.
[2] The total remuneration for 2012 was calculated based on the fixed fee and the share discount of 40% granted under the Employee Share Plan 2013 in March 2013. The size of the Employee Share Plan discount is based on the performance of the previous year. For 2013, the compensation regulations of the board have been changed. From 2013, the compensation for the Board of Directors no longer includes a variable component.
[3] The remuneration is paid out in the form of registered shares in the company with a par value of CHF 0.10 each, 4-year blocking period, valued at fair value at grant date of CHF 231.20. The part not paid in shares is used for the payment of social charges and for Swiss withholding taxes for non Swiss board members.
[4] The remuneration of A. Baehny as Chairman of the Board is compensated with his total CEO remuneration.

	2013		2012	
	A. Baehny CEO[10]	Total	A. Baehny CEO	Total
	CHF	CHF	CHF	CHF
Remuneration of the Group Executive Board				
Salary				
- Fixed salary	946,803	2,861,729	946,803	2,861,729
- Variable salary [1]	831,086	2,507,682	596,580	1,792,510
thereof in shares in 2013 [2]			*596,496*	*1,028,378*
Shares/options				
- Call options MSOP 2012 A [3]	0	0	179,755	327,146
- Call options MSOP 2012 B [4]	0	0	163,093	296,822
- Call options MSOP 2013 [5]	548,526	1,110,585	0	0
- Call options MSPP	62,797 [6]	108,264 [6]	107,271 [7]	219,068 [7]
Non-cash benefits				
- Private share of company vehicle [8]	9,660	38,792	9,660	37,512
Expenditure on pensions				
- Pension plans and social insurance	196,283	752,034	352,076 [11]	956,121 [11]
- Contribution health/accident insurance	2,262	12,390	2,390	13,030
Total [9]	**2,597,417**	**7,391,476**	**2,357,628**	**6,503,938**

[1] The amounts to be paid respectively the amounts effectively paid are shown. The payment of the variable salary occurs in the following year. The member of the Group Executive Board are free to choose between a payment in shares or in cash.
[2] Registered shares of the company with a par value of CHF 0.10 each, 3-year blocking period, valued at fair market value at grant date of CHF 231.20 (PY CHF 192.85).
[3] Call options A on registered shares of the company with a par value of CHF 0.10 each, issued within the scope of the Management Stock Option Program (MSOP); 1 option entitles to purchase 1 registered share at an exercise price of CHF 196.15; definitive acquisition of the option ("vesting") dependent on various conditions, 2-year blocking period, market value of CHF 26.97 determined using the binomial method.
[4] Call options B on registered shares of the company with a par value of CHF 0.10 each, issued within the scope of the Management Stock Option Program (MSOP); 1 option entitles to purchase 1 registered share at an exercise price of CHF 205.50; definitive acquisition of the option ("vesting") dependent on various conditions, 4-year blocking period, market value of CHF 24.47 determined using the binomial method.
[5] Call options on registered shares of the company with a par value of CHF 0.10 each, issued within the scope of the Management Stock Option Programm (MSOP); 1 option entitles to purchase 1 registered share at an exercise price of CHF 231.20; definitive acquisition of the option ("vesting") dependent on various conditions, 2-4-year blocking period (3 tranches at 33.3%), market value of CHF 24.34 determined using the binomial method. Effective January 1 2013, the MSOP program has been amended by implementing a performance-based vesting criteria (→ **Note 18 Participation plans** of the consolidated financial statements),
[6] Call options on registered shares of the company with a par value of CHF 0.10 each, issued within the scope of the Management Share Participation Program (MSPP) related to the payout of the variable salary for the year 2012 and 2011 respectively; 1 option entitles to purchase 1 registered share at an exercise price of CHF 231.20; definitive acquisition of the option ("vesting") dependent on various conditions, 1-4-year blocking period (4 tranches at 25%), market value of CHF 24.34 determined using the binomial method.
[7] Call options on registered shares of the company with a par value of CHF 0.10 each, issued within the scope of the Management Share Participation Program (MSPP); 1 option entitles to purchase 1 registered share at an exercise price of CHF 192.85; definitive acquisition of the option ("vesting") dependent on various conditions, 2-year blocking period, market value of CHF 31.43 determined using the binomial method.
[8] Valuation in accordance with the guidelines of the Swiss Federal Tax Administration FTA (0.8% of the purchase cost per month).
[9] Immaterial payments (below CHF 500) are not included in the total. Overall, these payments do not exceed CHF 2,000 per member of the Group Executive Board.
[10] The remuneration of A. Baehny as Chairman of the Board of Directors is compensated with his total CEO remuneration.
[11] Including one-off compensation in pension provision due to pension scheme modifications (reduction of pension conversion rate).

The parameters taken into consideration in the option valuation model are set out in → **Note 18 Participation plans** of the consolidated financial statements.

	A. Baehny Chairman	R. Spoerry Vice Chairman	H. Reuter	F. Ehrat	J. Song	J. Tang-Jensen	Total
2013							
Shareholdings Board of Directors							
Shares	see Group Executive Board	6,355	5,584	200	448	749	13,336
Percentage voting rights shares		< 0.1%	< 0.1%	< 0.1%	< 0.1%	< 0.1%	< 0.1%

	Maturity	Average exercise price in CHF	A. Baehny CEO	R. Iff CFO	W. Christensen	M. Reinhard	K. Spachmann	Total
2013								
Shareholdings Group Executive Board								
Shares			45,201	20,000	1,489	1,940	3,084	71,714
Percentage voting rights shares			0.12%	< 0.1%	< 0.1%	< 0.1%	< 0.1%	0.19%
Call options [1]								
Vesting period:								
Vested	2014–2016	217.60	1,792	957	0	1,017	1,038	4,804
2014	2015–2017	198.53	11,742	4,220	1,891	3,560	2,619	24,032
2015	2016	228.00	1,792	957	753	1,017	483	5,002
2016	2017	205.50	6,665	1,417	1,176	1,542	1,330	12,130
2014–2017	2020	231.20	25,116	7,356	4,968	7,016	5,620	50,076
Total options			**47,107**	**14,907**	**8,788**	**14,152**	**11,090**	**96,044**
Percentage potential share of voting rights options			0.12%	< 0.1%	< 0.1%	< 0.1%	< 0.1%	0.25%

[1] Purchase ratio 1 share for 1 option

	A. Baehny Chairman	R. Spoerry Vice Chairman	H. Reuter	S. Ruoff	J. Song	J. Tang-Jensen	Total
2012							
Shareholdings Board of Directors							
Shares	see Group Executive Board	4,912	4,623	2,595	1	220	12,351
Percentage voting rights shares		< 0.1%	< 0.1%	< 0.1%	< 0.1%	< 0.1%	< 0.1%

	Maturity	Average exercise price in CHF	A. Baehny CEO	R. Iff CFO	W. Christensen	M. Reinhard	K. Spachmann	Total
2012								
Shareholdings Group Executive Board								
Shares			49,684	21,823	6,086	2,206	3,084	82,883
Percentage voting rights shares			0.13%	< 0.1%	< 0.1%	< 0.1%	< 0.1%	0.21%
Call options [1]								
Vesting period:								
Vested	2013–2015	178.37	4,232	3,983	715	1,784	555	11,269
2013	2014–2016	179.05	8,137	4,691	2,242	3,578	1,708	20,356
2014	2015–2017	198.53	11,742	4,220	1,891	3,560	2,619	24,032
2015	2016	228.00	1,792	957	753	1,017	483	5,002
2016	2017	205.50	6,665	1,417	1,176	1,542	1,330	12,130
Total options			**32,568**	**15,268**	**6,777**	**11,481**	**6,695**	**72,789**
Percentage potential share of voting rights options			< 0.1%	< 0.1%	< 0.1%	< 0.1%	< 0.1%	0.19%

[1] Purchase ratio 1 share for 1 option

As at the balance sheet date there were no outstanding loans or credits between the company and the members of the Board of Directors or the member of the Group Executive Board.

1.7 Significant shareholders

According to the information available to the Board of Directors, the following shareholders have attained or exceeded the threshold of 3% of the share capital of Geberit AG:

	31.12.2013	31.12.2012
Capital Group Companies, Inc., Los Angeles	9.72%	9.72%
Black Rock, New York	3.23%	3.23%
MFS Investment Management, Boston	3.03%	< 3.00%
Nicolai Tangen, c/o AKO Capital, London	3.02%	< 3.00%
Geberit AG, Rapperswil-Jona	< 3.00%	3.18%
Marathon Asset Management, London	< 3.00%	3.00%

1.8 Risk management

Geberit AG is integrated into the group-wide risk management system of the Geberit Group.

A description of the risk management system of the Geberit Group can be seen in → **Note 4 "Risk assessment and management"** of the consolidated financial statements.

1.9 Additional information

Applying the transitional provisions of the new accounting law, these financial statements have been prepared in accordance with the provisions on accounting and financial reporting of the Swiss Code of Obligations effective until 31 December 2012.

2. Other Disclosures required by the law

Proposal for the Appropriation of Available Earnings
Proposal by the Board of Directors to the General Meeting:

Appropriation available earnings

	2013 CHF	2012 CHF
Available earnings		
Net income	400,539,406	299,990,789
Balance brought forward	8,041,491	1,684,725
Withdrawal from legal capital contribution reserves	0	105,835,596
Total available earnings	**408,580,897**	**407,511,110**
Transfer to free reserves	110,000,000	150,000,000
Paid distribution out of capital contribution reserves	0	105,835,596
Proposed/paid dividend	283,488,203	143,634,023
Balance to be carried forward	15,092,694	8,041,491
Total appropriation of available earnings	**408,580,897**	**407,511,110**

Distribution of capital contribution / dividend payments
The Board of Directors proposes a dividend of CHF 7.50 per share. In the previous year, a redemption of capital contribution of CHF 2.80 per share and a dividend of CHF 3.80 was paid out. The dividend payment is subject to withholding tax.

The number of shares with dividend rights will change if the number of shares held by Geberit AG changes. The Board of Directors may adapt the total amount of the proposed dividend to the number of shares with dividend rights at the General Meeting.

Report of the Statutory Auditor

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8050 Zurich
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Report of the Statutory Auditor
to the general meeting of
Geberit AG
Rapperswil-Jona

Report of the statutory auditor on the financial statements

As statutory auditor, we have audited the financial statements of Geberit AG, which comprise the **→ balance sheet**, **→ income statement** and **→ Notes**, for the year ended December 31, 2013.

Board of Directors' Responsibility
The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements for the year ended December 31, 2013 comply with Swiss law and the company's articles of incorporation.

Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers AG

René Rausenberger	Martin Knöpfel
Audit expert	Audit expert
Auditor in charge	

Zurich, March 7, 2014

Sus-
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Geberit Group 2013

PDF Version

GRI reporting

In the 2013 financial year, Geberit's sustainability reporting is fully integrated in the online Annual Report for the third year running. 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. To this end, information is therefore made available at different levels:

- → **CEO Statement** on sustainability
- Current → **Highlights** and → **Highlights 2012** on the theme of sustainability
- Business and financial review, as part of the Annual Report integrated into the chapters → **Employees**, → **Customers**, → **Innovation**, → **Logistics and procurement**, → **Sustainability**, → **Compliance** and → **Social engagement**
- → **Sustainability Strategy** with objectives and measures
- → **Key figures sustainability**
- → **Communication on Progress UN Global Compact**

The **Sustainability Performance Report** brings together all the information and indicators in a systematic overview (GRI Index) in accordance with the guidelines of the Global Reporting Initiative (GRI). For more detailed information on individual aspects, reference is made in the Report to the above-mentioned elements. The Report is available in German and English. The German version is binding.

Geberit's sustainability reporting has been assessed with the GRI application level "A Level: GRI Checked" since the 2007 report. The information disclosed within the scope of this report fulfills this maximum transparency grade set out in the GRI G3 guidelines, as has been verified and confirmed by GRI, see → **GRI Statement**.

As part of sustainability reporting for 2012, Geberit for the first time initiated and consulted a panel of external stakeholders. Its mandate consisted of providing feedback on the company's Sustainability Strategy and reporting, as well as reviewing whether the key topics were included in the sustainability reporting and whether the needs of the stakeholder groups were taken into consideration. The results also served as a basis for the further development of the Sustainability Strategy and reporting for 2013 and are summarized here:

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

The next Stakeholder Panel consultation is due to be carried out in 2014 and is intended to support Geberit in identifying key sustainability topics for its reporting. This forms an essential part of the transition process for implementation of the new GRI G4 guidelines published in summer 2013.

1. Strategy and analysis

1.1 CEO statement

For the statement of Albert M. Baehny, Chairman and CEO, see → **www.geberit.com > Sustainability > CEO Statement**

1.2 Key impacts, risks and opportunities with regard to sustainability

A sustainable corporate culture makes it possible to increase the value of the company over the long term and minimize risks for its future development. Geberit aims to be a role model and to set standards for customers, suppliers and other partners. This applies to water-saving, sustainable products; environmentally friendly and resource-efficient production; procurement and logistics with high environmental and ethical standards; and good, safe working conditions for the more than 6,200 committed and qualified employees worldwide. The corporate social responsibility is realized among other things within the scope of global social projects relating to the core competence of water and is intensified through partnerships such as that with Swiss WaterKiosk aimed at cleaning polluted drinking water in Bangladesh. There is also a long-term → **partnership with the Swiss development organization Helvetas**.

The → **50th anniversary of the Geberit concealed cistern** is a perfect example of how long-term business success is compatible with environmentally friendly action. This highly successful product, which has been sold over 60 million times, was a far-sighted strategic step on the journey from a sanitary unit to the bathroom of today in its modern form. Water saving through reduced flush volumes, reliable quality and comfort for end users as well as the 25-year guaranteed spare parts availability for plumbers are all convincing aspects of a sustainable product.

Sustainability means satisfying the needs of today's generation in a manner that will ensure a solid basis for the livelihoods of future generations. With its Millennium Development Goals from the year 2000, the United Nations aims to halve the number of people without access to clean drinking water and sanitary facilities by 2015. This demonstrates the great importance of the topic of water for world health, world nutrition and peacekeeping. The increase in the world's population, migration, urbanization, climate change and natural disasters can lead to regions that are currently well supplied with water becoming problem regions in the future. These global trends will have a significant impact on future sanitary technology: Water-saving, resource-efficient products are becoming even more important. The study published in 2013 by the European Commission on the criteria for an ecolabel aimed at reducing water consumption in European toilets was therefore broadly received and discussed. The EU is increasingly putting water conservation on its political agenda and is developing ecolabels for efficient toilets, urinals, washbasins and showers. As an industry leader in the area of sustainability, Geberit imposes stricter standards on its products than those prescribed by the European ecolabels. Leading Geberit WC flushing systems therefore already meet the requirements for this ecolabel. According to the product classification system WELL (Water Efficiency Label) for water-saving and resource-saving products introduced by the industry back in 2011, seven out of eight certified Geberit product groups are represented in the highest classification class A. The analysis of the entire value chain in the form of a → **water footprint** shows that nearly 100% of the water consumption is attributable to the product usage phase. The water savings are impressive: According to one model calculation, the entire dual-flush and flush-stop "fleet of cisterns" produced since 1998 has so far saved around 15,800 million cubic meters of water in comparison with traditional flushing systems. In 2013 alone, the water saved amounted to 1,980 million cubic meters. This is more than half of the annual consumption of all German households.

However, the continuous reduction of the ecological footprint of Geberit products goes beyond water saving. Since 2007, Geberit has been implementing the → **eco-design approach**. This means that concepts are tested in their entirety during a product's early development phase in order to examine how water, energy and material consumption in the product and value chain can be optimized. At the same time, production processes can often also be simplified and cost savings made. Thanks to its pioneering work on the topic of eco-design, Geberit is well equipped in terms of possible requirements as envisaged as part of an EU ecodesign directive.

→ **Green building** has long been more than just a trend. European standards in this area are becoming more and more important and new standards are setting out the basic rules for environmental declarations for individual products and systems in buildings. Geberit published the first Environmental Product Declaration for lavatory taps in 2012 and a pilot project for the systematic and simpler development of environmental declarations and ecological product information was launched in 2013. At the same time, more and more buildings are being constructed in accordance with voluntary sustainability standards such as DGNB, Minergie, BREEAM and LEED. Investors, project developers, owners and tenants are looking for system providers with holistic expertise regarding green building that can contribute to the respective desired standards being fulfilled in a targeted manner. This is opening up a future market with major potential in which Geberit is present with water-saving, energy-saving, low-noise and durable products. The Group is well positioned as a leading system provider of sanitary solutions in green building and plays an active role in the relevant associations. The importance of the topic is also reflected in the increasing number of green building reference projects in which Geberit products are installed.

For further information on key sustainability topics and objectives for the long-term development of Geberit, see → **www.geberit.com > Sustainability > Sustainability Strategy**

2. Organizational profile

2.1 Name of the organization

Geberit Group.

2.2 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. A broad range of products is offered within the two product areas of Sanitary Systems and Piping Systems. This ranges from installation systems, cisterns and mechanisms, taps, flushing systems, waste fittings and traps to supply and building drainage systems.

For further information on the product range, see → **www.geberit.com > Products > Product Range**.

For 2013 sales by product areas and product lines, see → **Business report > Business and financial review > Sales**.

2.3 Organizational structure

The operational management structure of Geberit is divided into the Group Divisions:

- CEO
- Sales Europe
- Sales International
- Products
- Finance

The assignment of clearly distinguished responsibilities minimizes the number of interfaces. The structure takes into account the increasing globalization and is designed to enhance further the effectiveness of the Geberit Group in a changed environment. For more details about the organizational structure, see → **Business report > Management structure**.

2.4 Headquarters location

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

2.5 Countries with business operations

Geberit has its own representatives in 41 countries. The products are sold in over 100 countries throughout the world. The company has 17 specialized production companies in eight different countries close to the most important sales markets and a central Logistics Center in Pfullendorf (DE).

For a list of the countries in which Geberit operates, see → **Financial report > Consolidated financial statements Geberit Group > Notes > Note 33**.

2.6 Ownership and legal form

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

2.7 Markets served

In terms of market cultivation, Geberit relies on a three-stage distribution channel. The products are distributed via the wholesale trade. Dealerships then sell them to plumbers and present them at exhibitions and other venues where end customers can gain information. At the same time, Geberit provides plumbers and sanitary engineers with intensive support through training and advice, which in turn leads to increased demand for Geberit products from wholesalers. Since 2012, there has been a → **web shop** for the direct procurement of Geberit AquaClean and Geberit DuoFresh consumables.

For sales by markets and regions as well as by product areas and product lines, see → **Business report > Business and financial review > Sales**.

2.8 Scale of the reporting organization

The Geberit Group's market capitalization reached CHF 10,224 million as of the end of 2013 (previous year CHF 7,819 million). The 2013 sales of CHF 2,292 million (previous year CHF 2,188 million) were achieved with products in the two product areas Sanitary Systems and Piping Systems. At the end of 2013, the Group had 6,226 employees (previous year 6,134 employees). For the consolidated balance sheet with details of current assets, non-current assets, equity and liabilities, see → **Financial report > Consolidated financial statements Geberit Group**.

2.9 Significant changes regarding size, structure or ownership

There were no significant changes to the Group structure in 2013 (see also → 3.8). In the second half of 2013, the → 17th production site in Pune (India) commenced operations.

For further information, see → Financial report > Consolidated financial statements Geberit Group > Notes > Note 2.

2.10 Awards received

In 2013, Geberit was once again awarded numerous prizes. For a list of important prizes, see → www.geberit.com > Sustainability > Awards.

3. Report parameters

3.1 Reporting period

2013 reporting period; comparative figures from the previous year are generally shown.

3.2 Date of most recent previous report

Sustainability reporting for 2013 is fully integrated in the online Annual 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 has been published annually since 2007. The → last report is available online; for reports from previous years, see → www.geberit.com > Infocenter > Publications.

3.3 Reporting cycles

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

3.4 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

3.5 Process for defining report content

The GRI G3 guidelines serve as the basis for this report. An expansion of the materiality analysis for defining report content is planned for 2014 as part of the switch to the GRI G4 guidelines.

The “GRI Guidance for Defining Report Content” and related principles have been implemented as extensively as possible. The basis for sustainability reporting is a materiality analysis for the identification of those aspects that are of significance for Geberit and its stakeholders. The concerns of the stakeholders are addressed in the interactions and dialogs named under → 4.16.

All topics classed as significant and related measures are presented in compact form primarily within the → Sustainability Strategy. The aspects of the 10 principles of the UN Global Compact which Geberit has committed itself to uphold and which are presented in the → Communication on Progress UN Global Compact are also material. In terms of completeness, all of the company’s economic, environmental or social effects that appear to be of relevance have been included in the reporting based on the GRI G3 guidelines, insofar as corresponding information was available.

As part of sustainability reporting on the 2012 financial year, Geberit for the first time initiated and consulted a panel of external stakeholders. The objective of the work performed by the external Stakeholder Panel was to review Geberit’s Sustainability Strategy and reporting and support further development. This involved analyzing whether the most important topics were included in sustainability reporting and whether the concerns of the stakeholders were taken into consideration. In particular, the panel examined the extent to which the principles of “inclusivity” (participation of stakeholders), “materiality” (relevance and significance to stakeholders) and “responsiveness” (response to stakeholder issues) were considered in the reporting. The results of the Stakeholder Panel are presented in the → Panel statement. Some recommendations of the panel were already included in the sustainability reporting for 2012. Please also refer to the → Response from Geberit to the Panel statement. They also served as a basis for the further development of the Sustainability Strategy and reporting for 2013.

3.6 Boundary of the report

The report covers the entire Geberit Group (see → 2.3, → 2.4, → 2.5 and → 2.6). If only part of the company is meant as an example or due to the availability of data, this is clearly indicated.

3.7 Special limitations

There are no special limitations.

3.8 Joint ventures, subsidiaries, outsourced operations, etc.

There were no material changes in the Group structure during the period under review which significantly influence reporting.

3.9 Data measurement techniques and bases for calculations

The guidelines and assessment rules of the GRI G3 Standard were applied wherever the data situation permitted.

Environmental area:

- All relevant environmental and occupational safety data is recorded in a Group-wide software program newly implemented in 2012 and analyzed within the scope of the corporate eco-balance, energy master plan and Geberit Safety System (GSS).
- The Swiss Ecological Scarcity Method (2006 version) is used as the assessment method for analyzing the environmental impact (see → DMA-EN). There are plans in 2014 to switch to the new 2013 version and the most recent data from the Ecoinvent database (version 3.0).
- The calculation of the relative environmental impact and relative CO_2 emissions is based on currency-adjusted sales.
- The calculation of energy (see → EN3 and → EN4) and greenhouse gas data (see → EN16) is based on the internationally recognized Ecoinvent database (version 2.0) and the continental electricity mix for Europe, the US and China. The data covers Scope 1 and 2 as well as Scope 3 to a certain extent as per the GHG Protocol (see The Greenhouse Gas Protocol (GHG) Initiative – A Corporate Accounting and Reporting Standard (revised edition, 2004) of the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD)). A separate life cycle assessment (LCA) was drawn up for the production and use of biogas in Pfullendorf (DE). There are plans in 2014 to switch to the most recent version of the Ecoinvent database (version 3.0) and the national electricity mix.
- The calculation of other air emissions (see → EN19 and → EN20) is based on the Ecoinvent database (version 2.2), the continental electricity mix for Europe, the US and China and also takes into account specific emission factors for diesel vehicles with particle filters. “Direct emissions” comprise emissions from the burning of combustibles and fuels as well as the consumption of solvents. “Indirect emissions” comprise emissions from the production of electricity. There are plans in 2014 to switch to the most recent version of the Ecoinvent database (version 3.0) and the national electricity mix.
- Since 2010, data on the transport services (Intercompany and Distribution) of the most important transport service providers has been recorded by the new Logistics Center in Pfullendorf (DE), and the environmental impact calculated along the same lines as the corporate eco-balance. In addition to direct emissions (emissions at the tail pipe), the assessment also includes the provision of fuel, vehicles and infrastructure. The Ecoinvent database (version 2.1) is used as the basis for the data. The system scope has been retained for the 2013 data (see → EN29).
- 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_2 emissions comprise direct and indirect emissions and are based on the Ecoinvent database (version 2.2).
- The water footprint calculated since 2012 that covers the entire value chain is a simplified balance sheet based on the Ecoinvent database (version 2.1). All water flows contained in Ecoinvent except for turbine water were taken into account. The calculation includes water consumption for the provision of raw materials, production at Geberit, use of the manufactured products (WC cisterns, urinal flush controls and lavatory taps) during their entire service life, and disposal.
- The CO_2 footprint calculated since 2012 is based on the same assumptions as the water footprint. Emissions from logistics were additionally taken into consideration. In the usage phase, both water consumption (energy for water supply and the disposal of non-polluted waste water) and energy for the provision of hot water (lavatory taps) were taken into account.

Employees area:
Quantitative data on employees (see → Employer Responsibility (LA)) is collected using a central management information system, with the indicators calculated in accordance with GRI standards. Data collection on occupational accidents and monitoring of the long-term objectives regarding occupational safety is carried out since 2012 using a Group-wide software program as part of the Geberit Safety System.

Additional qualitative data on the topics of “attractive employer”, “conduct with integrity”, “fair business partner”, “environmental protection” and “product liability” are collected in accordance with GRI standards by means of an annual binding survey at all Geberit Group companies.

3.10 Effects of any restatements of information provided in earlier reports

The annual sustainability reporting for the 2006 to 2013 financial years is based on the GRI G3 guidelines in force since October 2006. In this way, Geberit has developed a consistent reporting system in which individual indicators are further developed each year. If, in individual cases, a new form of presentation, calculation method or optimized data collection has led to other results for the previous years, then this is noted as a restatement under the respective indicator.

3.11 Changes from previous reporting periods in scope, boundary or measurement methods

There were no significant changes during the reporting period with regard to scope, reporting limits or measuring methods. If, in individual cases, a new measuring method is used, then this is noted under the respective indicator or under → 3.9.

3.12 GRI Content index

This extensive Sustainability Performance Report is classified in accordance with the requirements of the GRI G3 guidelines and therefore serves simultaneously as a GRI content index.

3.13 External assurance for the report

Geberit did not initiate and consult a panel of external stakeholders in order to review the Sustainability Strategy and reporting as part of sustainability reporting on the 2013 financial year. Annual consultation is not considered necessary. The next Stakeholder Panel consultation is due to be carried out in 2014 and is intended to support Geberit in identifying key sustainability topics for its reporting. This forms an essential part of the transition process for implementation of the new GRI G4 guidelines. The results of the 2012 Stakeholder Panel consultation 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.

4. Governance, commitments and engagement

4.1 Governance structure, committees under the Board of Directors

For details about the internal organization of the Board of Directors and its committees, see → **Business report > Corporate governance > Board of directors > Internal organizational structure**.

4.2 Separation of chair of Board of Directors and Executive Management

The Chief Executive Officer (CEO), Albert M. Baehny, has also been Chairman of the Board of Directors since 2011. For further information, see → **Business report > Corporate governance > Board of directors**.

4.3 Independent members of the Board of Directors

The Board of Directors consisted of six members in 2013, of whom only the Chairman, Albert M. Baehny, is simultaneously involved in operative management in his capacity as CEO. All of the committees formed by the Board of Directors are comprised exclusively of independent members. For further information, see → **Business report > Corporate governance > Board of directors**.

4.4 Mechanisms for shareholders and employees to address recommendations to the Board of Directors

For the participatory rights of the shareholders, see → **Business report > Corporate governance > Participatory rights of shareholders**. There is no employee representative on the Board of Directors. The employee representatives of the European sites meet regularly within the context of the Geberit Europe Forum 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.

4.5 Linkage between compensation for the highest bodies and the organization's performance

For information about the remuneration of the management bodies, see → **Business report > Corporate governance > Compensations, shareholdings and loans**.

4.6 Processes in place for the Board of Directors to avoid conflicts of interest

The Articles of Incorporation and Organizational Regulations of the Board of Directors stipulate how conflicts of interest of members of the Board of Directors are avoided; see → **Business report > Corporate governance > Board of directors > Definition of areas of responsibility**.

4.7 Determining the qualifications of the Board of Directors with regard to sustainability issues

There are no formal procedures for determining the qualifications of members of the Board of Directors in environmental and social matters. For further information, see → **Business report > Corporate governance > Board of directors > Elections and terms of office**.

4.8 General principles and codes of conduct

Among the most important mission statements and principles are the following:

- Geberit Compass with the central ideals, see → **www.geberit.com > Company > Vision and Strategy**.
- Geberit Code of Conduct for Employees, see → **www.geberit.com > Company > Vision and Strategy**.
- → **Geberit safety policy and principles**.
- Geberit Code of Conduct for Suppliers, see → **www.geberit.com > Company > Sustainability > Purchasing and Logistics**.
- SQS and IQNet Certificate ISO 9001/14001 (including Appendix), see → **www.geberit.com > Company > Sustainability > Production**.
- UN Global Compact, see → **www.geberit.com > Company > Sustainability > UN Global Compact and Memberships**.

4.9 Procedures of the Board of Directors for overseeing sustainability performance

Geberit's longstanding 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 also including environmental protection and sustainability. 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 and Board of Directors 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.

The way in which the topic of sustainability is approached has been regularly reviewed within the company. For around 20 years, Geberit has had an Environment/Sustainability department, which has been reporting directly to the CEO for the past nine years. 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.

4.10 Processes for evaluation of the sustainability performance of the Board of Directors

There is no formal procedure for assessing the performance of the Board of Directors from an integrated sustainability perspective.

For information about the remuneration of the management bodies, see → **Business report > Corporate governance > Compensations, shareholdings and loans**.

4.11 Precautionary approach

The precautionary principle plays an important role for Geberit as a production company. This is defined in the → **Geberit Code of Conduct** and reflected in the integrated Geberit management system (quality, environment, safety). In operations it is implemented by means of preventive approaches for environmental protection, occupational safety and quality assurance, see → **combined Group certificate for quality and environment in accordance with ISO 9001 and ISO 14001**. In line with the "best-in-class" approach, ambitious long-term goals were drawn up at the end of 2012. For example, by the year 2020 the aim is to reduce absolute CO_2 emissions by 20% compared with the base year 2000 (based on organic growth) and to halve accident rates compared with 2010.

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**.

4.12 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 organization since June 2000 and supports its objectives for combating corruption. Through the voluntary application, introduced in 2007, of the G3 Guidelines of the Global Reporting Initiative (GRI) in the Sustainability Report and GRI Report, Geberit makes an active contribution towards ensuring transparency and comparability in sustainability reporting. Furthermore, the company became a member of the non-profit organization "Swiss Water Partnership" in 2012. The goal of this platform is to bring together all those involved in the topic of water supply (from the academic, business, public and private spheres) in order to address future challenges in this area jointly. This partnership also aims to promote international dialog on water.

4.13 Membership in associations and organizations

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

4.14 Relevant stakeholder groups

Significant stakeholder groups for Geberit are customers, shareholders and analysts, banks, the media, employees, trade unions, neighbors and municipalities, suppliers, transport companies, competitors, associations, non-government organizations and the general public, governments and regulators, and research institutes. Details on stakeholder engagement can be found under → **4.16**.

4.15 Basis for selection of stakeholders

Systematic dialog 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 the Group companies maintain relations with organizations and institutions in the respective countries that direct requests and suggestions to the company. The stakeholders listed under → **4.14** have been identified as important for systematic stakeholder dialog as they fulfill 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.

4.16 Approaches to stakeholder engagement

As part of sustainability reporting on the 2012 financial year, Geberit for the first time initiated and consulted a panel of external stakeholders. The objective of the work performed by the external Stakeholder Panel was to review Geberit's Sustainability Strategy and sustainability reporting. This involved analyzing whether the most important topics were included in sustainability reporting and whether the concerns of the stakeholders were taken into consideration. The results of the Stakeholder Panel are presented in the → **Panel statement**. In the → **Response from Geberit to the Panel statement**, Geberit deals in detail with the external statement and the recommendations contained therein. The next Stakeholder Panel consultation is due to be carried out in 2014 and is intended to support Geberit in identifying key sustainability topics for its reporting in accordance with GRI G4.

A stakeholder analysis is performed at all production plants as part of environmental management in accordance with ISO 14001. Requirements are recorded situationally in stakeholder dialogs. 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 and type:

Customers:

- Customer contacts: Around 500 technical advisors working in the field are in daily contact with plumbers, planners and architects in particular.
- Training: During the reporting year, around 30,000 customers were provided with basic and further training in Geberit systems and software tools at the 25 information centers in Europe and overseas.
- → "Geberit On Tour": Mobile exhibition that presented the advantages of Geberit products at more than 1,150 events throughout Europe in 2013. Around 34,000 visitors were registered at the events in total.
- → "Geberit Challenge": The competition took place in Switzerland, Finland and twice in the United Kingdom in the reporting year. Garnering much media attention, the best team of plumbers in each of these countries was chosen by Geberit.
- Trade fairs and customer surveys: see → Business report > Business and financial review > Customers.
- A trend study entitled "Changes in Body Awareness and Hygiene" was carried out by Zukunftsinstitut GmbH in Frankfurt (DE).

Shareholders, analysts:

- Participatory rights of 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 & Investor Relations

Media:

- Regular conference calls, bilateral meetings/interviews with the relevant media for Geberit
- Sustainability issues and in particular the proof of performance and role model status of Geberit in this area are playing an increasingly important role in Geberit's media relations

Employees:

- Geberit Europe Forum: Regular meetings of the employee representatives of the European sites with a member of the Group Executive Board and the Head Corporate Human Resources
- Training and feedback opportunities on topics regarding the Code of Conduct, see → SO3
- Introduction of Group-wide → "Geberit Integrity Line" from January 2013 enabling all employees worldwide to report internal irregularities anonymously
- Employee survey every four years

Neighbors, municipalities:

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

Research and universities:

- Financial support of the ETH Zurich Foundation with its key strategic area entitled "Sustainable Construction"
- Cooperation with Tongji University (CN) on technological trends and developments directly related to sanitary technology
- Cooperation with the University of Applied Sciences Rapperswil (CH) on the efficiency of production machines

Suppliers:

- Initial contact within the scope of the assessment procedure and implementation of the Code of Conduct for Suppliers
- Regular discussions between buyers and suppliers on site
- On-site audits (quality, environment, safety) carried out by Geberit and since 2012 by certified third-party specialists
- Cooperation with manufacturers of infrastructure facilities, e.g. pilot project for the use of waste heat for the preheating of granulate in Pfullendorf (DE), see → EN5

For further information, see → HR2

Transport companies:

- Discussions with transport service providers concerning the implementation of environmental monitoring, see → EN29
- Joint planning and implementation of a → pilot project for a natural gas truck with a vehicle manufacturer and transport service provider

Associations:

- Involvement in the associations listed under → 4.13 with participation in corresponding management bodies and programs at least once a year, generally more frequently

Non-government organizations, general public:

- Partnership with the Swiss WaterKiosk Foundation
- Partnership with the → Swiss development organization Helvetas

Feedback from stakeholder dialogs is incorporated into the → Sustainability Strategy and associated measures.

4.17 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:

- Expansion of the portfolio of water-saving products: see → **EN26**.
- → **Water footprint**, which covers Geberit's entire value chain.
- Transparency with "WELL" in the selection of water-saving products: see → **Business report > Business and financial review > Sustainability**.
- Customer training: see → **Business report > Business and financial review > Customers**.
- Content-related adjustments to the remuneration system: see → **Business report > Corporate governance > Compensations, shareholdings and loans**.
- Long-term CO_2 strategy: see → **Sustainability Strategy**.
- Transparency in the eco-balance results of logistics services: see → **Business report > Business and financial review > Logistics and procurement**.
- "Best-in-class" approach to occupational safety: see → **Business report > Business and financial review > Employees**.
- Implementation of social projects: see → **Business report > Business and financial review > Social engagement**.

5. Economy (EC)

DMA-EC Management approach economy

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).

A clear business strategy and its consistent implementation are crucial for sustainable success. The focused, tried-and-tested strategy rests on four strategic pillars:

1. Focus on sanitary technology
2. Commitment to innovation
3. Selective geographic expansion
4. Continuous optimization of business processes

For detailed explanations of the four strategic pillars, see → **www.geberit.com > Company > Vision and Strategy**.

For a discussion of the economic position of the Geberit Group, see → **Business report > Business and financial review**.

EC1 Economic performance

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

Direct Economic Value Added
Sales and operating profit, see → **Financial report > Consolidated financial statements Geberit Group > Income statements**.

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 commitment, see → **EC8**.

Retained Economic Values
- Investments in and divestments of property, plant and equipment, see → **Financial report > Consolidated financial statements Geberit Group > Statements of cashflows**.
- Share buyback, see → **Financial report > Consolidated financial statements Geberit Group > Notes > Note 22**.

EC2 Financial implications of climate change

Climate change is influencing the availability of water resources throughout the world. In 2010, the World Bank forecast that the adjustment to an increase in temperature of the global climate of two degrees Celsius between 2020 and 2050 would cost between USD 70 and 100 billion per year. 20 percent of this is attributable to water supply and flood protection measures. The fourth UN World Water Development Report published in 2012 underlines the necessity to integrate the topic of water more prominently into global governance in view of the global trends. Sustainable water use is essential for ensuring viable social and economic development around the world. Water is of central importance for nutrition, health, the environment, the economy and energy production. Sensible water management therefore calls for cross-sector solutions.

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 → **Business report > Business and financial review > Sustainability**

Compared to this relatively big opportunity, 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 is particularly at risk in this respect. As Geberit does not operate in the classically energy-intensive industries, there are currently no special CO_2 regulations such as statutory emission limitations, etc. On the other hand, 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 and the measures related to its CO_2 strategy (see → **EN18**), Geberit is reacting proactively and is working continuously on saving energy, improving its energy efficiency and reducing its CO_2 emissions. In this way, the company is saving on energy costs and reducing the risks associated with CO_2 emissions.

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_2 emissions, see → **Financial report > Consolidated financial statements Geberit Group > Notes > Note 4**.

There is no systematic, data-supported analysis of the financial consequences of climate change for Geberit.

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 US.

For more information, see
→ Financial report > Consolidated financial statements Geberit Group > Notes > Note 3 > Retirement benefit plans.
→ Financial report > Consolidated financial statements Geberit Group > Notes > Note 17.

EC4 Significant financial assistance received from government

Significant assistance received from the public sector includes:

- For information on income taxes, see → Financial report > Consolidated financial statements Geberit Group > Notes > Note 26.
- Because of new investments to promote the respective business location and secure jobs, Geberit received government investment subsidies totaling approximately CHF 2.15 million in the reporting year (Switzerland: CHF 0.65 million, Germany: CHF 1.5 million).
- Contributions received to support training and part-time employment prior to retirement amounted to CHF 0.34 million (Germany: CHF 0.07 million, Austria: CHF 0.2 million, US: CHF 0.07 million).

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

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. Applicable local minimum wages are well met.

This information partially covers the requirements of the GRI indicator.

EC6 Selection of locally based suppliers

Geberit pursues a procurement policy that focuses on low costs, safety and independence. Before a collaboration agreement can be concluded, a multiple-stage risk analysis and assessment including environmental and social risks is carried out for every new supplier (see also → HR2). Taking account of all aspects relevant to purchasing (guidelines in the Geberit Group's purchasing manual), there are no directives concerning preferential treatment of local suppliers, especially from certain countries. However, Geberit supports regional organizations for disabled persons and the long-term unemployed (see → EC8).

EC7 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 organizations.

EC8 Investments in infrastructure and services primarily for public benefit

Donations and financial contributions, including product donations, totaling CHF 3.1 million (previous year CHF 2.7 million) were made during the reporting year. In addition, Geberit employees contributed 1,340 hours of charitable work as part of social projects (previous year 2,335 hours). Geberit also supports facilities for disabled persons and long-term unemployed, where simple assembly and packaging work in the amount of around CHF 4.4 million was carried out in 2013 (previous year CHF 4.8 million). See also → Key figures sustainability > Employees and society.

Geberit aims to achieve sustained improvement in the quality of people's lives through innovative solutions in sanitary technology. To this end, various social projects are supported on site with products, know-how and financial contributions. Care is taken to ensure that the topic of water plays a central role and that the projects exhibit a substantial relationship to Geberit's core competencies and corporate culture. The focus was on the following projects and partnerships in 2013:

- Execution of a → social project in Bucharest in Romania: Installation of sanitary facilities in a hospice for seriously ill adults and children, plus the voluntary care of patients (social work).
- Continuation of → the partnership with Helvetas (renewal of contract for three years) on the topic of clean drinking water and sanitary facilities.
- Continuation of the partnership with the Swiss WaterKiosk Foundation to clean polluted drinking water using a solar pasteurization process.
- Support with products and know-how in rebuilding a sports facility for the rugby team in Villa Sant'Angelo (IT) destroyed by the earthquake in 2009.

For more information, see → Business report > Business and financial review > Social engagement.

EC9 Indirect economic impacts

There is no systematic, data-supported analysis concerning indirect economic impacts. Geberit nevertheless pursues a long-term approach in dealings with its customers and stakeholders, thereby making a significant contribution to their economic development.

Geberit sets important trends for the sanitary industry: With innovation and new products that are sold and implemented worldwide by wholesalers, plumbers and planners and make a contribution to economic development. This is supplemented by providing training, advice and intensive support to plumbers and planners, see → **Business report > Business and financial review > Customers**. For example, this includes the training of over 3,000 planners and plumbers in 2013 on the implementation of new drinking water directives in Switzerland. Furthermore, the education of students and research on sanitary technology and sustainable construction are supported by cooperation with institutions such as the Swiss Federal Institute of Technology (ETH) in Zurich (CH), the University of Applied Sciences Rapperswil (CH) and Tongji University (CN).

Geberit uses its know-how to set industry-wide standards for water conservation and the relief of water and waste water systems. 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 the launch of WELL (Water Efficiency Label), a product classification system for water-saving and resource-efficient sanitary products that was introduced in 2011.

Also to be emphasized are the economic impacts on suppliers, transport companies and the local economic regions of the production sites. The Group's cost of materials in 2013 was CHF 597.2 million (previous year CHF 590.7 million). Geberit has relations with a total of more than 1,200 suppliers. The company does not have its own transport fleet and contracts external transport companies for logistics services. Geberit places its faith in its 17 production plants in Europe, China, India and the US as well as in its Logistics Center in Pfullendorf (DE), in which it continuously invests.

This information partially covers the requirements of the GRI indicator.

6. Ecology (EN)

DMA-EN Management approach ecology

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. Environmental criteria are considered in all decision-making processes. In addition, processes are continuously being optimized 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 center stage. This is the remit of the central Environment and Sustainability department that reports directly to the CEO. Guidelines and measures pertaining to all aspects of the GRI environmental guidelines are coordinated here. Since 1992, a network of environmental managers has been practicing active environmental protection at the production plants, thus ensuring that the measures are implemented worldwide. For objectives and measures for production, see → **www.geberit.com > Sustainability > Sustainability Strategy**.

Since the beginning of 2007, Geberit has had a → **combined Group certificate for quality and environment in accordance with ISO 9001 and ISO 14001**, which by now covers all production locations (with the exception of the site in India) and logistics services. This certificate is valid until 2015. The persons in charge at all locations meet at least once every year to exchange experiences and share best practice. The most recent meeting took place in September 2013.

The preparation of an annual corporate eco-balance has been an integral part of Geberit's environmental strategy since 1991. The corporate eco-balance covers 16 production plants worldwide, the Logistics Center in Pfullendorf (DE) and the eight largest sales companies. The → **production plant in Pune (India)**, which commenced operations in the second half of 2013 and represents Geberit's 17th production site across the globe, will be included in the assessment as of 2014. The corporate eco-balance enables an overall assessment of the environmental impact and its largest contributing factors. This makes it possible to calculate the total environmental impact of the Geberit Group in terms of eco-points and monitor the implementation of the environmental targets. Key figures for environmental impact, energy consumption and the CO_2 emissions triggered by the transport of Geberit products are reported separately. The CO_2 emissions generated by air travel have also been recorded since 2012. In 2013, the roll-out of the integrated management system for quality, environment, energy and safety was continued at all plants. This includes the further implementation of the software program launched in 2012 for the Group-wide monitoring of the corporate eco-balance, the energy master plan and occupational safety. Among other things, this enables energy consumption to be monitored on a monthly basis.

The absolute environmental impact for the Group declined by 2.1% in the reporting year (previous year decrease of 5.1%). This is explained by improved electricity efficiency, an increase in the share of green electricity and the use of biogas to replace natural gas. Sales after currency adjustment grew by 3.6% in the same period. The relative environmental impact with respect to sales (currency-adjusted) improved by 5.5% and exceeded the target figure of 5%.

Detailed key figures on the environmental impact are provided at → **Key figures sustainability > Environment**. Longer time series are now also provided for individual key figures.

EN1 Materials used

The most important materials for production are plastics, metals, semi-finished and finished products. A total of 184,216 metric tons of materials were used in 2013 (previous year 177,762 metric tons). Detailed key figures on the use of materials can be found at → **Key figures sustainability > Environment**.

For packaging materials used, see → **EN27**.

EN2 Percentage of recycled material

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

External sources:
The share of recycled material in purchased metals is relatively high. The data is based on Geberit's product life cycle assessments for supply pipes for buildings (2009). Extrapolated, the raw material metal purchased contains around 54% or 26,000 metric tons 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 metric ton of new petrochemical-based plastic. Furthermore, between one to three metric tons less CO_2 are released into the atmosphere, depending on the material. In 2013, over 350 metric tons of ABS regranulate were used for the mounting frames for concealed cisterns. The use of plastic regranulate is to be increased further and applied to other product areas.

Internal sources:
In terms of the raw material plastic, recycled material is primarily generated internally and is ground on site or via a decentralized mill and fed back into the process. The proportion fluctuates depending on the manufacturing process. For blow molding it is around 35%, for injection molding around 15%, depending on product class, and for pipe extrusion around 3%. This corresponds to a total of around 7,700 metric tons.

EN3 Direct energy consumption

Geberit generally uses energy purchased externally. The direct energy carriers (Scope 1) include heating oil extra light, natural gas and the fuels diesel and gasoline. Consumption of natural gas was increased by 4.8% (previous year reduction of 11.1%) and heating oil consumption was reduced by 31.0% (previous year reduction of 39.9%). Fuel consumption increased slightly by 1.6% (previous year increase of 3.8%).

Since 2012, a → **block heating station** has been in use in Pfullendorf (DE). This plant was fed by 10.6 GWh of regionally produced biogas in 2013. The electricity generated by the plant (3.9 GWh) is fed into the transmission grid and the resulting heat (4.9 GWh) can be used in production, thereby substantially reducing the use of natural gas. The efficiency of the plant is 82%.

For detailed key figures on energy consumption, see → **Key figures sustainability > Environment**.

EN4 Indirect energy consumption

At Geberit, only electricity consumption is significant for indirect energy consumption (Scope 2), and it simultaneously represents the greatest environmental impact. In terms of end energy, electricity consumption declined by 1.5% in spite of higher production (previous year decrease of 0.7%). The share of purchased green electricity was increased by 1 GWh to 21 GWh in 2013 and now accounts for 19% of total electricity consumption.

Since 2012, the Group has also been generating electricity in a → **block heating station powered by regional biogas in Pfullendorf (DE)**. This electricity is fed into the transmission grid, with this figure amounting to 3.9 GWh in 2013. Furthermore, the roof area at the plant in Givisiez (CH) was made available to an energy services provider in 2013 for the construction of a 3,050 m^2 photovoltaic system with projected annual electricity production of 0.5 GWh. However, this contribution is not included in the energy balance as the energy produced is managed by the regional energy supplier.

For detailed key figures on electricity consumption and the electricity mix, see → **Key figures sustainability > Environment**.

EN5 Energy saved

Important energy-saving measures in production include:

- the insulation of buildings
- the continuous modernization of the machine fleet
- increasing the efficiency of production installations
- the optimization of cooling systems through the use of natural ambient cold (free cooling)
- the improved use of waste heat (heat recovery)
- the careful use of compressed air

Concrete examples show the clear efficiency gains that the reduction in relative energy consumption has been contributing to for years:

- The number of injection molding machines retrofitted or purchased new with energy-efficient drive technology was increased from 74 to 96 in 2013, with the two Chinese plants in Shanghai and Daishan benefiting particularly from this development. The analysis on site showed that a modified machine consumed an average of over 40% less energy. This measure enables the Chinese plants to save approximately 2 GWh of electricity per year.
- Replacing an old blow molding machine in Pfullendorf (DE) with the latest machine technology contributes to a reduction in energy consumption of around 0.6 GWh per year.
- A pilot project for the preheating and drying of plastic granulate was started at the same site. Using the waste heat from the block heating station as opposed to additional heating energy enables the plant to save around a further 0.6 GWh per year.
- By carefully planning new buildings, the company is also investing in the energy-efficient infrastructure of the future. The completely → **new, state-of-the-art factory premises currently being built in Ruše (SI)** are already serving as a role model in all of Slovenia in the area of green building and production. The site's sophisticated holistic energy concept includes the use of all waste heat from industrial processes as well as the complete absence of fossil fuels. The available ground water is used for cooling, while rainwater is collected and used both as fire fighting water and for watering the surrounding area.

Although no quantitative summarized breakdown of energy savings according to the measure implemented is available, systematic energy management has been expanded further. In 2013, work commenced on the development of a systematic energy management system at the three sites in Pfullendorf, Lichtenstein and Langenfeld (DE) and pre-audits have already been conducted by SQS. The certification of these production plants according to ISO 50001 (energy management) is planned for 2014 within the scope of the existing integrated management system according to ISO 9001, ISO 14001 and OHSAS 18001.

This information partially covers the requirements of the GRI indicator.

EN6 Energy-efficient products

The biggest environmental contribution by the Geberit products lies in the conservation of water, which indirectly also saves on energy:

- The creation of the infrastructure for drinking water supply and waste water disposal, the conveyance, processing and distribution of water and the subsequent purification of the waste water in a wastewater treatment plant also consume resources and energy. According to the Ecoinvent database (version 2.1), 9.3 MJ of energy are required per cubic meter of water and 0.61 kg of CO_2 emissions are released (reference values for Europe).
- The → water footprint, which has been prepared since 2012, covers the entire value chain and shows that almost 100% of water consumption occurs during the usage of the products. The picture is similar for the CO_2 emissions: Around 67% of the total CO_2 footprint occurs during usage.
- The total water savings achieved by Geberit products in use throughout the world are impressive: According to one model calculation, the entire dual-flush and flush-stop “fleet of cisterns” produced since 1998 has saved around 15,800 million cubic meters of water to date in comparison with traditional flushing systems. In 2013 alone, the water saved amounted to 1,980 million cubic meters.

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

- With its simple, modern lines and wealth of innovative technology, the new → Geberit AquaClean Sela shower toilet launched in April 2013 is a compelling product offering a high level of convenience. In adding this model, Geberit is supplementing its line of shower toilets with a complete solution that has been fundamentally redesigned and fits into nearly any style of bathroom. The spray functionality, which uses aerated water for cleaning, is the main feature of the new shower toilet. Enrichment with air not only gives a pleasant feeling of cleanliness, but also reduces water and energy consumption. With the spray intensity at the maximum setting, just 0.5 liters of hot water are required for the entire shower procedure. This results in around 65% less water consumption and 33% less electricity consumption compared to the top Geberit AquaClean 8000plus model. For further information, see → Business report > Business and financial review > Innovation.
- With the → electronic lavatory taps type 185 and 186, the company has for several years been offering environmentally friendly products for public facilities that reduce water consumption. The taps, which were awarded the top A category by the WELL water efficiency label, ensure economical water-saving consumption thanks to their control electronics. Since spring 2012, a new generator unit has been using the energy of the flowing tap water to generate the required electricity, thus making the electronic taps independent of mains current or batteries.
- The → Geberit actuator plate Sigma70, which will be launched on the market in 2014, distinguishes itself through its refined elegance and a patented servo technology that does not require an external energy source due to its use of pipe pressure. Thanks to this technology, a gentle press suffices to trigger the dual flush.

EN7 Reduction of indirect energy consumption

- Raw materials: The eco-design workshop in product development generally pursues the approach of using as few materials as possible (see → EN6 and → EN26). No quantitative analyses on the resulting energy savings are available.
- Logistics: For information on the reduction of energy consumption, see → EN29.
- Business trips: Travel using company vehicles is covered in → EN3. As part of the CO_2 strategy, an ambitious fuel reduction plan for new vehicles has been defined. The emissions caused by business trips by air travel have also been captured and calculated since 2012 (for both these figures, see → EN18).

This information partially covers the requirements of the GRI indicator.

EN8 Water consumption

The → water footprint, which covers Geberit’s entire value chain, 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 0.01% of water consumption. Geberit nevertheless also serves as a role model with respect to its internal water consumption in production and goes to great lengths to further optimize its processes with regard to water consumption every year.

Geberit mainly uses fresh water from the public water system, together with well water and rainwater. Thanks to targeted savings measures, the consumption of fresh and well water has been reduced by nearly 40% since 2006 and is now leveling out at a low level. Consumption decreased by 3.5% in 2013. Water consumption per sales (currency-adjusted) has declined by over 50% since 2006, confirming that Geberit is on track to meet its long-term target of reducing consumption by 5% per year.

Geberit also advocates the economical use of water beyond processes and products. This can be seen by its collaboration in the development of the product classification system → WELL (Water Efficiency Label) introduced in 2011, its collaboration within the standard group for the development of the new ISO 14046 water footprint standard and its active role in the dialog with stakeholders on the European ecolabel for WCs, urinals and lavatory taps.

Key figures concerning water consumption by source can be found at → Key figures sustainability > Environment.

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.

EN10 Water recycling

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

1. During the production of multilayer pipes in Givisiez (CH), the pipes are cross-linked in autoclaves. A total of 30,670 m³ of water was used for this purpose in 2013. Around 31% or 9,380 m³ of this is fresh water; the remaining 69% was recycled internally.
2. Newly developed products are tested at the Geberit sanitary laboratory in Jona (CH). The tests require some 130,700 m³ of water annually. Only about 2% or 2,280 m³ of this is fresh water. The remaining 98% is used in a closed-circuit system. Based on these two processes, the estimated proportion of recycled water in the Geberit Group is almost 55%.

EN11 Parcels in biodiversity reserves

This indicator is not relevant to Geberit. The typical activities at Geberit's production sites and the company's products and services do not endanger any sanctuaries or areas of significant biodiversity.

EN12 Impact on biodiversity in protected areas

This indicator is not relevant to Geberit. The typical activities at Geberit's production sites and the company's products and services do not endanger any sanctuaries or areas of significant biodiversity.

EN13 Protected or restored natural habitats

This indicator is not relevant to Geberit. The typical activities at Geberit's production sites and the company's products and services do not endanger any natural habitats or areas of significant biodiversity.

EN14 Management of impact on biodiversity

This indicator is not relevant to Geberit. The typical activities at Geberit's production sites and the company's products and services do not endanger any sanctuaries or areas of significant biodiversity.

EN15 Influence on IUCN Red List species

This indicator is not relevant to Geberit. The typical activities at Geberit's production sites and the company's products and services do not endanger any sanctuaries, areas of significant biodiversity or species on the IUCN Red List.

EN16 Direct and indirect greenhouse gas emissions

A comprehensive CO_2 footprint has been calculated since 2012. The CO_2 footprint covers the entire value chain – from the provision of raw materials, the manufacturing of products at Geberit, logistics and use, right through to disposal. An analysis of the CO_2 footprint revealed that product use (67%) and the provision of raw materials (21%) are by far the largest sources of CO_2 emissions. During product use, the provision of water, treatment of waste water and generation of hot water play a central role. Production by Geberit accounts for only 3% of total CO_2 emissions. In a relative comparison, the transport (1%) and disposal (8%) of the products also cause fewer emissions.

CO_2 emissions are calculated as part of the annual preparation of the corporate eco-balance. The six leading substances as per the Kyoto Protocol (CO_2 fossil, CH_4, N_2O, HFC, PFC and SF_6) were used for the greenhouse gas emissions and shown as a sum parameter (CO_2 equivalents or simply CO_2). The calculation includes both direct emissions (Scope 1) from the burning of combustibles and fuels (see → EN3) and indirect emissions (Scope 2) resulting from electricity consumption (see → EN4). The emissions from the preparation of combustibles and fuels in the upstream chain (Scope 3) are included in the cumulative value (see → EN17).

Key figures on the CO_2 emissions are available at → Key figures sustainability > Environment.

In absolute terms, CO_2 emissions (Scopes 1 and 2) decreased by 2.7% to 69,909 metric tons in 2013 (previous year 71,853 metric tons). If one relates these emissions to sales (currency-adjusted), there is an improvement of 6.1%. At 75%, electricity consumption is by far the largest source of CO_2, followed by combustibles and fuels. Just the purchase of 21 GWh of green electricity in Pfullendorf (DE), Daishan (CN), Givisiez (CH) and Weilheim (DE) reduces the CO_2 emissions by more than 12,200 metric tons.

EN17 Other relevant greenhouse gas emissions

Other relevant greenhouse gas emissions (Scope 3) result from:

- The provision of combustibles and fuels (in → EN16) which accounted for some 2,000 metric tons of combustibles and around 2,250 metric tons of fuels in 2013.
- The raw materials used and the "gray energy" purchased along with them. This is estimated for the corporate eco-balance, and amounted to around 10,720 TJ in 2013 (previous year 10,500 TJ) and caused around 491,000 metric tons of CO_2 emissions (previous year 478,000 metric tons).
- Logistics (see → EN29), which caused a total of 27,483 metric tons of CO_2 emissions in 2013 (previous year 26,883 metric tons).
- Business travel by air, which caused 829 metric tons of CO_2 emissions (previous year 769 metric tons).

EN18 Initiatives to reduce greenhouse gas emissions

Under the established → CO_2 strategy the CO_2 emissions per sales (currency-adjusted) should be reduced by 5% per year on average between 2006 and 2015. With an improvement in this key figure of 6.1%, Geberit outstripped this annual target in 2013 and is well on track with its strategy (see → EN16). In line with the “best-in-class” approach, ambitious long-term goals were drawn up at the end of 2012. Based on organic growth, CO_2 emissions should be reduced by 20% by 2020 compared with the base year 2000, in line with the EU target values. In addition, the share of combustibles from renewable sources should be increased to 25% and the share of electricity from renewable sources to 60% by 2020.

The measures for implementing the CO_2 strategy are based on the three pillars “energy saving”, “increased energy efficiency” (see → EN5) and the “targeted expansion of the share of renewable energy sources”. An energy master plan is being implemented in the largest plants to manage and plan energy consumption. This provides a forward-thinking illustration of the development of energy consumption and CO_2 emissions. In Switzerland, Geberit works with the Business Energy Agency and has also obtained corresponding CO_2 certificates.

In 2013, another 2 GWh of certified green electricity was purchased by the largest production plant in Pfullendorf (DE), bringing the total for green electricity to 14 GWh. The plan is to increase this by another 3 GWh in 2014. The Daishan (CN) plant purchased around 2 GWh of wind energy in the reporting year, which accounted for around 60% of the plant’s total energy consumption. In addition, the plant in Givisiez (CH) converted to 100% green electricity and purchased approximately 4.6 GWh of green electricity in 2013. In 2013, the consumption of green electricity amounted to 21 GWh (previous year 20 GWh). Renewable energy sources accounted for 31% of total electricity consumption (previous year 30%). Furthermore, the roof area at the plant in Givisiez (CH) was made available to an energy services provider in 2013 for a 3,050 m^2 → photovoltaic instalation with projected annual electricity production of nearly 0.5 GWh.

The share of renewable energies when it comes to combustibles is also being increased gradually. An important milestone was reached in 2012 with the commissioning of the → block heating station in Pfullendorf (DE), which was fed by 10.6 GWh of regionally generated biogas in 2013. This already brought the share of renewable energies for combustibles to 21% in 2013 (target figure 25%).

The efficiency of the in-house fleet of vehicles is enhanced with a consistent purchasing policy. Since early 2008, binding guidelines have applied for the purchase of new vehicles with the goal of reducing consumption by 10% every three years until 2012. Since 2013, this fuel reduction plan for new vehicles has been increased to 5% per year to reach an emission value of 100 grams of CO_2/km by 2020 as targeted by the EU. At the same time, emission-reducing measures are being implemented. Currently 99% of all Geberit diesel vehicles have particle filters.

Geberit promotes awareness among all employees for the promotion of environmentally friendly behavior. New employees receive training on the subject of sustainability at Geberit as part of their job orientation program. In the largest plants, this is also tailored to the target group of production employees.

All targets and measures for improving the CO_2 balance are disclosed in detail as part of the company’s participation in the Carbon Disclosure Project (CDP).

EN19 Ozone-depleting substances

Emissions of ozone-depleting substances, measured in CFC11 equivalents, can be calculated based on the Geberit Group’s corporate eco-balance. The calculation includes both direct emissions from the burning of combustibles and fuels and process emissions (solvents), as well as indirect emissions resulting from electricity consumption.

Key figures on ozone-depleting substances can be found at → Key figures sustainability > Environment. The increase at a very low level is due to the increase in coolant losses.

EN20 NO_x, SO_x and other air emissions

Emissions of NO_x, SO_2, NMVOC (non-methane VOC) and dust (PM10) can be calculated on the basis of the Geberit Group’s corporate eco-balance. The calculation includes both direct emissions from the burning of combustibles and fuels and process emissions (solvents), as well as indirect emissions resulting from electricity consumption.

Key figures on these emissions are available at → Key figures sustainability > Environment.

EN21 Total water discharge

Geberit does not engage in the unplanned discharge of water. All resulting domestic waste water and all process waste water is treated. In 2013, 116,719 m^3 of waste water was generated (previous year 114,932 m^3 of waste water). Of this, 75% is domestic waste water that passes into the communal wastewater treatment plant (previous year 65%), and 2% (previous year 12%) is domestic waste water that is pretreated and fed into receiving waters. The remaining 23% (previous year 23%) is waste water that is pretreated and fed to a communal wastewater treatment plant. Waste water is not directly reused by third-party companies.

Key figures on waste water can also be found at → Key figures sustainability > Environment.

EN22 Waste

In 2013, the total waste was 12,118 metric tons (previous year 11,460 metric tons). Of this, 84% was channeled to external recycling processes (previous year 84%). The measures focused above all on the further separation of waste and the reduction of mixed waste and hazardous waste. The following examples show that considerable progress was made in the past few years: In Weilheim (DE), the manufacturing waste was reduced by 80% in five years, mainly through the use of a new foaming facility. This pioneer project was tested and implemented in several stages. Central aspects include the use of rainwater for cleaning, which is then added to the foaming process as process water, and optimized cleaning cycles to prevent residues in the plant.

Key figures concerning waste by category are provided at → **Key figures sustainability > Environment**.

EN23 Significant spills of chemicals

There were no spills of chemicals in the reporting period.

EN24 Transport of hazardous waste

In 2013, approximately 269 metric tons of hazardous waste (previous year 179 metric tons) were disposed of by incineration and 956 metric tons (previous year 1,199 metric tons) were recycled. At Geberit, all waste is disposed of and recycled by licensed disposal companies.

This information partially covers the requirements of the GRI indicator.

EN25 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.

EN26 Mitigation of environmental impact of products

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 minimized and a high level of resource efficiency is targeted for the production process as well as the product itself. → **Eco-design workshops**, in which different disciplines cooperate and ensure that every new product exceeds its predecessor in environmental aspects, are an integral part of the early development phase.

Specially created product life cycle assessments are important decision-making tools for development and provide arguments for the use of resource-efficient products. Detailed life cycle assessments have already been prepared for the following products: drainage/supply pipes, AquaClean 8000plus, electronic lavatory taps type 185/186, concealed cisterns and urinal flush control. An Environmental Product Declaration (EPD) was issued in accordance with the new European standard EN 15804 for the first time in 2012. The → **EPD for lavatory taps** provides relevant, comparable and verified information about the product's environmental performance. New ways of more efficiently creating product life cycle assessments and EPDs for other products are currently being sought. A pilot project for the systematic recording of environmental data at the product level was therefore started, which should greatly simplify a further processing to EPDs and ecological product information. This further supports the visible positioning of the company as a provider of system solutions in the area of green building. Examples from the product range that help to reduce the environmental impact:

- Since 2011, a new technological solution has been deployed to simplify the conversion of the large flush volume on nearly all concealed cisterns from 6 or 9 liters to 4.5 liters. The gradual conversion of the product range is creating great potential for even more water conservation.
- The new WELL water efficiency label, which was introduced by the European umbrella organization for valve manufacturers (EUnited) in 2011 and which determines the water efficiency of products in line with the European energy label, provides more transparency in the area of water conservation (see also → **PR3**). Of the eight Geberit product groups already certified, seven are represented in the A, one in the B class. These product groups account for around 20% of Group sales.
- Swift implementation of the European Drinking Water Directive 98/93/EC, which is valid as of December 1, 2013 and defines a maximum allowable lead concentration in drinking water: In 2013, Geberit adapted all components made of copper materials that come into contact with drinking water – some 1,800 products – to the new requirements and did so ahead of time, thus ensuring that customers with Geberit products are on the safe side.
- The Geberit Sovent fitting, which facilitates an optimal layout of waste water discharge stacks in high-rises, was streamlined and optimized thanks to the leading know-how of Geberit's flow specialists. The new flow-optimized fitting causes the water to rotate in the discharge stack, which creates a continuous column of air in the center. This ensures optimum pressure compensation and increases the discharge rate by 40%, while at the same time taking up less space and using 45% less material. The Sovent fitting also permits the use of relatively small-sized discharge stacks even in very high buildings.
- Since 2010, eco-design has also been included in product modifications and technology projects, thus ensuring that opportunities to reduce the ecological footprint are always utilized to their full potential: From the end of 2013, the elements for WCs, urinals and washbasins will receive new halogen-free protecting hoses for the threaded rods. By replacing around 6.7 million hoses, 110 metric tons of polyvinyl chloride (PVC) can be replaced by 35 metric tons of environmentally friendly polyethylene (PE).

Advances in the reduction of the environmental impact were not only made at product level, but also with regard to product information. From 2013, the user manuals for the shower toilet will only be provided to the main markets in five instead of 22 languages. This change, which was initiated by environmentally conscious customers, is very effective, as it reduces paper consumption by some 19 metric tons per year.

EN27 Reclaimed packaging material

The following quantities are based on an internal survey at the sites: On the product side, approximately 13.3 metric tons of used products (mainly electrical equipment) were taken back and disposed of appropriately in 2013 (previous year 7 metric tons). 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 just under around 10 metric tons Group-wide (previous year 7 metric tons). In 2013, approximately 13,360 metric tons (previous year 12,320 metric tons) of packaging material were used, over 49% (previous year 45%) of which was collected and recycled by Geberit itself or by financed contract partners. The rest is disposed of and recycled on a country-specific basis.

EN28 Sanctions due to non-compliance with environmental laws and regulations

No significant fines or non-monetary penalties were imposed in the reporting year.

EN29 Environmental impact of transport

In the area of logistics, in addition to cost effectiveness and punctuality, it is increasingly important to customers that transport services be as environmentally friendly as possible. Geberit does not maintain its own fleet of vehicles. Because external logistics equates to around 35% of the Geberit Group's total environmental impact (production plants and sales companies), collaboration with the transport service providers that work with Geberit is central. Partners agree to actively support Geberit in its efforts to use energy and packaging material efficiently and to reduce emissions, and undertake to provide the data needed for Geberit's environmental reporting.

The logistics calculator developed in 2010 facilitates the 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 annual eco-balance. In the reporting year, the twelve largest transport service providers handled 176.6 million ton-kilometers (previous year 169.7 million ton-kilometers). This generated 27,483 metric tons of CO_2 emissions (previous year 26,883 metric tons). The increase in transport services and CO_2 emissions was mainly caused by the increase in sales and the related increase in transport volumes. The share of Euro 5 vehicles remains high at 87%. Euro 6 vehicles (compulsory for new vehicles from January 1, 2014) were also used for the first time. As a result, Euro 5 and Euro 6 vehicles account for a total of nearly 90% of the entire truck fleet.

Another important step in reducing the environmental impact is switching from road to rail. For instance, 80% of the goods transported from Italy and 50% of those transported to Italy are moved by train. The use of → **mega-trailers**, which can carry an approximately 15% greater load volume, also increases energy efficiency: In 2013, about 1,350 such transport runs (previous year 1,280) between Rapperswil-Jona (CH) and Pfullendorf (DE) and around 800 transport runs (previous year 800) between Pottenbrunn (AT) and Pfullendorf (DE) were completed in this way. This translates into a reduction of 134,000 kilometers compared with conventional transport runs. As a result, diesel consumption was reduced by 39,900 liters and CO_2 emissions were lowered by 164 metric tons. Geberit is also working on innovative solutions aimed at enabling a higher goods per truck ratio – i.e. increasing capacity utilization of the transport volume.

Furthermore, the pilot project with an → **environmentally friendly, natural gas truck** running between Pfullendorf (DE) and Rapperswil-Jona (CH) commenced at the end of 2013. This pioneering project is being conducted in collaboration with a transport service provider and a truck manufacturer.

This information partially covers the requirements of the GRI indicator.

EN30 Costs of environmental protection

Approximately CHF 1.3 million was spent on environmental protection and preventive environmental management in 2013 (previous year CHF 1.2 million). This involved external advisory services and training, external certification and personnel expenditures on environmental management activities. The costs of disposal of hazardous and other waste, in turn, amounted to approximately CHF 0.6 million in 2013 (previous year CHF 0.6 million).

7. Employer responsibility (LA)

DMA-LA Management approach to employer responsibility

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

Geberit's most important ambassadors are its employees. They shape the company's image and represent Geberit in their day-to-day contact with customers and many other stakeholders. This task can only be performed by employees who are 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**. Geberit aims to act as a role model for ethically unimpeachable, environmentally friendly and socially responsible operations. The → **Code of Conduct** fills this objective with tangible content and to this end serves as an authoritative source of guidance. The Code applies worldwide and is available on the intranet in 14 languages. Revision of the Code was started in 2013 and will be completed in 2014.

A fundamental goal is to reinforce the performance culture, increase transparency and promote talent. The standardized global performance assessment, development and compensation process (PDC) started in 2012 was therefore continued. Remuneration policies are based on standardized job assessments and salary levels for the relevant country. A central element of the process is that several supervisors assess the performance, development and salary of an employee together. The process is concluded with a feedback interview between the employee and their direct supervisor. A total of around 1,000 employees or 15% of the entire workforce are involved in this PDC process.

The priority in terms of internal employee communications is for interactive, real-time communication that is accessible to all. The intranet introduced in 2009 plays a central role here. Special solutions have been developed for production employees in the form of newsletters and/or large screens for joint use. The CEO, Albert M. Baehny, regularly informs the employees of the current state of the business, the economic parameters, the future prospects and general topics of interest in videos that are accessible on the intranet as well as via electronic newsletters. The → **"Geberit Integrity Line"** that was designed in 2012 and launched on January 1, 2013 enables all employees to anonymously report internal irregularities in their mother tongue (35 languages), thereby making an important contribution towards the upholding of high compliance standards within the Group. There were no significant incidents in 2013. The few registered complaints were all dealt with and issues were cleared up swiftly.

Geberit has formulated the vision of an "accident-free company". To meet the Group's ambitious standards, the objective is to reduce the accident frequency rate (AFR) and accident severity rate (ASR) by 5% per year and thus by 50% between 2010 and 2020. For this purpose, a comprehensive master plan for occupational safety including a package of measures for the period 2013 to 2015 has been developed and adopted. This will be implemented and checked as part of the Geberit Safety System (GSS). The basis for the monitoring is the monthly recording of all accidents from January 1, 2013 onward. Important elements of the Geberit Safety System include: a vision, safety policy and site-specific safety principles as well as the definition of rules in the event of breaches, the development of a suitable organization structure, awareness-raising and training as well as the planning of regular internal and external audits. The Geberit Safety System is to be integrated into the Geberit management system by mid-2014 and all production plants including logistics are to be certified according to OHSAS 18001 in combination with ISO 9001/14001 by mid-2016. The two Chinese production plants have been certified according to OHSAS 18001 since 2009, the sales company in the UK since 2010, the production plant in Givisiez (CH) since 2011 and the plant in Pottenbrunn (AT) since 2013.

The ability to win and retain the right employees for the company is becoming more and more important for the future. Employer branding is a component of superordinate corporate branding and creates a unique employer identity. Geberit continued the roll-out of its employer branding concept in 2013 and intensified its presence at job fairs in particular. In doing so, Geberit sharpened its profile as a company that offers attractive international development opportunities at the interface between the craft, engineering and sales sectors.

For objectives and measures concerning employees and occupational safety, see also → **www.geberit.com > Sustainability > Sustainability Strategy**.

LA1 Total workforce by employment type, employment contract, and region

The number of employees rose once again in the reporting year. At the end of 2013, the Geberit Group employed 6,226 people worldwide – 92 persons or 1.5% more than in the previous year. This increase is primarily due to the – to some extent temporary – adjustment of capacities in the production plants, the start of operation at the new plant in India and the development of various emerging markets. A reduction in capacity in the Chinese plants offsets this growth slightly.

For key figures on the workforce by employment type, employment contract and region, see → **Key figures sustainability > Employees and society**.

LA2 Employee fluctuation

The average fluctuation rate (in terms of employees with permanent contracts, without natural departures and long-term leaves of absence) was 4.1% (previous year 5.0%). Including natural departures, it was 5.5% (previous year 6.5%). For key figures on fluctuation by age group, gender and region, see → **Key figures sustainability > Employees and society**.

LA3 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.

LA4 Employees covered by collective bargaining agreements

Approximately 4,050 employees, and thus around two-thirds of the workforce, are currently covered by collective agreements (e.g. collective labor agreements, wage agreements). Above all in Germany, Austria and Switzerland, over 90% of employees are governed by a collective labor or wage agreement. There are no collective agreements with employees in the US and China (14% of all employees).

LA5 Notice periods regarding operational changes

Apart from country-specific obligations (arising from statutory requirements or collective agreements), there are no formal rules as to when and how often employees are to be informed. In cases of major structural changes, Geberit makes every effort to involve the employees at an early stage. The completely revamped intranet introduced in the autumn of 2009 has become a central channel for all electronic employee communications within the Group.

LA6 Percentage of total workforce represented in health and safety committees

Each of the 17 production companies and logistics has a safety manager. Wherever possible and sensible, this function is combined with that of the environmental manager or closely linked from an organizational point of view. 96% of the employees at all production sites and 85% of all employees worldwide are represented through an occupational health and safety panel or safety committee at their production site, in which employer and employee representatives can discuss occupational health and safety issues. As a rule, national standards for the country concerned are implemented.

This information partially covers the requirements of the GRI indicator.

LA7 Accidents, occupational illness and lost time

The Group-wide absenteeism rate for the reporting year was 4.10% (previous year 3.53%); illness-related absences accounted for 4.00% of this rate (previous year 3.37%) and 0.10% was related to occupational accidents (previous year 0.16%). These figures are based on the hours effectively worked. In 2013, these amounted to 10,661,572 hours (previous year 10,680,389 hours). The statistics show only those occupational accidents that occur during working hours or business travel and lead to lost working time of more than one day. A total of 109 accidents were recorded (previous year 125 accidents), equivalent to 1,325 lost working days due to occupational accidents (previous year 2,164 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.

Furthermore, the accident frequency rate (AFR) and the accident severity rate (ASR) are recorded in a standardized manner. These rates are calculated as the number of accidents or the number of lost working days per one million hours worked. The AFR was 10.2 (previous year 11.7); the ASR dropped significantly to 124.3 (previous year 203). Geberit is therefore back on track with regard to its long-term objective of reducing the frequency and severity of accidents by 5% per year or by 50% between 2010 and 2020.

All key figures concerning the absenteeism rate by region can be found under → **Key figures sustainability > Employees and society**.

For the goals and measures for the enhancement of occupational safety, see → **www.geberit.com > Sustainability > Sustainability Strategy**.

LA8 Assistance regarding serious illnesses

At Geberit, there are no operational activities involving a particularly high risk of contracting a serious illness or with a high incidence of illness.

As part of its Group-wide efforts to support employees' health and well-being, Geberit offers its employees precautionary healthcare opportunities through various offers and activities. These include, for example, sports facilities, anti-smoking training, massage services, dietary and health tips, and presentations on health-related issues. They also include reintegration counseling, 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 counseling 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 US to discuss problems at work in complete confidentiality.

For further information, see → **Business report > Business and financial review > Employees**.

LA9 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 all production companies and individual sales companies with parties such as trade unions and employee representatives that normally cover topics such as personal protective equipment, complaints procedures, regular inspections, education and further training and the right to refuse unsafe work.

This information partially covers the requirements of the GRI indicator.

LA10 Employee education and further training

Education and further training are a central theme at the company. In the reporting year, employees across the Group attended on average around 17 hours of internal and external education and further training events (previous year 17 hours). For training hours as part of the Potentials Management process, see → LA11.

In 2013, 234 apprentices (previous year 229) were employed. The transfer rate to a permanent employment relationship was 59%. See → Business report > Business and financial review > Employees.

This information partially covers the requirements of the GRI indicator.

LA11 Programs for skills management and lifelong learning

For the management team, the watchword is continuous training. The goal of the Potentials Management process is to identify talent within the company and support selected candidates on their way to middle or upper management, or to their first management, project management or specialist functions. These measures are intended to ensure that at least half of the open management positions can be filled by internal candidates. In 2013, it was even possible for 70% of all positions in Group management to be filled internally (previous year 54%).

The management training program at the International Institute for Management Development (IMD) in Lausanne was continued in 2013 for the some 160 members of Group management and the Geberit Group companies worldwide. The course's key topics include strategic management, leadership and finance. As of the end of 2013, 130 members of Group management had completed this program. See also → Business report > Business and financial review > Employees.

LA12 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. Around 93% of all employees received appraisal interviews in 2013, and around 59% had objective-agreement meetings at which development opportunities were also identified and discussed.

LA13 Workforce diversity

The proportion of female employees at the end of 2013 was 31% (previous year 31%), and for senior management this figure was 6.5% (previous year 6.5%). The Board of Directors consists of six men.

For key figures on diversity in terms of gender and age structure, see → Key figures sustainability > Employees and society.

No further data on minority group membership is currently being collected as Geberit and its stakeholders do not consider this to be relevant.

This information partially covers the requirements of the GRI indicator.

LA14 Gender-based differences in salaries

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. According to the annual binding survey of all Geberit Group companies, no differences between the basic salaries of women and men exist anywhere within the Group. Fair and equal pay for women and men is guaranteed as follows:

- Determination of salaries primarily according to function, evaluated in accordance with the proven Hay method. A score is calculated based on the assessment criteria know-how, problem-solving and accountability. The resulting number of points is the basis for determining the salary. This guarantees fair salary structures irrespective of gender.
- Binding wage agreements with set pay grades at many Geberit sites.
- An in-depth investigation carried out at four production companies in 2011 revealed no differences between the salaries of men and women. The investigation covered the pay levels of production employees within an established site in employee-friendly Germany, at a production site of many years' standing in Slovenia and at the two Chinese sites where employee protection and fair wages are largely the responsibility of the company itself.

8. Human rights (HR)

DMA-HR Management approach to human rights

In terms of information, the promotion of awareness and controlling, human rights issues related to the business activities of the Geberit Group are the responsibility of Corporate Human Resources for internal topics (equal treatment, freedom of association and the right to collective bargaining) and of Corporate Purchasing with regard to procurement practices.

The → Geberit Code of Conduct is authoritative in the area of human rights, among other things stipulating the exclusion of child and forced labor. Compliance with the Code of Conduct is monitored as part of a binding annual survey of all Geberit Group companies.

Long-term cooperation, reciprocal commitment, sustainability and social responsibility are important guidelines for Geberit. These acquire particular importance in the procurement of raw materials, semi-finished products, finished products and services. The high standards with respect to fair business practices, environmental protection and safe working conditions are therefore also expected from suppliers. The → Code of Conduct for Suppliers applies to all Geberit suppliers worldwide. Verification is the responsibility of Corporate Purchasing.

With respect to measures and objectives regarding the Code of Conduct and procurement, see also → www.geberit.com > Sustainability > Sustainability Strategy.

HR1 Human rights aspects in investment agreements

There are no significant investment agreements which include human rights clauses or which have been audited in terms of human rights aspects. Agreements with suppliers include human rights clauses which must be audited and upheld by Geberit suppliers, see → HR2.

HR2 Screening of suppliers with regard to human rights aspects

With respect to human rights violations, the greatest risk lies with suppliers, who can only be influenced indirectly. Geberit does all it can to minimize this risk and requires its business partners and suppliers to comply with comprehensive standards, above all with respect to consistent environmental protection, socially acceptable working conditions and fair business practices.

At the end of 2007, a → Code of Conduct for Suppliers was introduced for the first time which is geared, among other things, to the principles of the United Nations Global Compact. 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. As of the end of 2013, 701 suppliers had signed the Code of Conduct (previous year 671). This is equivalent to 95% of the total procurement value (previous year 95%), thereby meeting the target value of 95% for 2013. Among the top 200 suppliers, the share of companies that have signed is 99% (previous year 99%). The Code of Conduct is binding for each new supplier.

In the interests of the systematic planning and performance of audits, which are generally conducted every three years, the existing risk management approach was further developed in 2012 based on the division of suppliers into risk classes – depending on production location (country) and production processes. In the reporting year, 40 companies were identified in the highest risk category. This is equivalent to less than 5% of the entire procurement value. To ensure neutrality and the expertise required for the audits, Geberit also works with an external partner. In China, the carrying out of audits by independent experts has proven effective. Performing such audits makes an important contribution to 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. For example, shortcomings were revealed at three Chinese suppliers in 2013, primarily in the areas of occupational safety, working hours and remuneration. Action plans were agreed upon with these three companies, the implementation of which will be checked and demanded during a re-audit in 2014.

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 their 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 analyzed.

For further information, see → Business report > Business and financial review > Logistics and procurement.

HR3 Human rights training for employees

In 2008, more than 98% of all employees received training on the topics contained in the → Geberit Code of Conduct. The Code applies worldwide and is available on the intranet in 14 languages. Since 2009, all new employees have been receiving training in the Code as part of their induction, with media such as training films developed especially for this. All employees worldwide have access to the Code of Conduct via the intranet. In addition, since 2012 contributions toward increasing awareness of the Geberit Code of Conduct have been published on the intranet. For further details, see → SO3.

This information partially covers the requirements of the GRI indicator.

HR4 Cases of discrimination

The Code of Conduct forbids discrimination as defined in the ILO core labor standards. Compliance with the Code is verified annually as part of a binding Group-wide survey. In addition, the “Geberit Integrity Line” allows all employees to anonymously report irregularities such as discrimination in their mother tongue (35 languages). There was one case of workplace bullying in 2013, which led to the dismissal of the person responsible.

HR5 Guarantee of freedom of association and collective bargaining

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

HR6 Risk of and precautionary measures against child labor

Geberit’s exposure with respect to child labor is considered low because of its industry 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 labor is categorically rejected. According to the annual, binding Group-wide survey there were no cases of child labor revealed in 2013. There were likewise no such cases arising during the audits carried out at suppliers. The basic principles set out in the Code of Conduct for Suppliers explicitly include compliance with the ILO core labor standards for the exclusion of child labor.

HR7 Risk of and precautionary measures against forced labor

Geberit’s exposure with respect to forced labor is considered low because of its industry 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 labor is categorically rejected. According to the annual, binding Group-wide survey there were no cases of forced labor revealed in 2013. There were likewise no such cases arising during the audits carried out at suppliers. The basic principles set out in the Code of Conduct for Suppliers explicitly include compliance with the ILO core labor standards for the exclusion of forced labor.

HR8 Human rights training for security personnel

At its production sites in Europe, the US and China, Geberit is not confronted with the need for special security measures that increase the risk of human rights violations. To date, this problem has therefore not been relevant to Geberit within the scope of its global activities.

HR9 Violation of rights of indigenous peoples

To date, this problem has not been relevant to Geberit within the scope of its global activities.

9. Community (SO)

DMA-SO Management approach society

The corporate departments Environment and Sustainability (community aspect) and Legal Services (corruption, anti-competitive behavior, compliance with other basic laws) are responsible for questions of social responsibility related to the business activities of the Geberit Group.

Both internally and externally, Geberit places great value on dialog. The suggestions and needs of the local stakeholders are recorded at all production sites in order to counter potential problems such as noise emissions and exploit opportunities for cooperation. Thus, for example, a → round table with regional farmers served to reach agreement on guidelines for the generation of biogas for the Pfullendorf (DE) production site. The introduction of a → Stakeholder Panel is another important measure aimed at integrating the perspectives of stakeholders. Following on from the first panel in 2012, the next Stakeholder Panel consultation is due to be carried out in 2014.

Geberit aims to be a model of ethical, environmental and socially responsible operations. The → Geberit Code of Conduct is the definitive guide for conduct with integrity in the corporate environment. For instance, fair competition throughout the world is an important principle here. Cartels of any kind and other competition-distorting activities are rejected. As a member of Transparency International Switzerland, Geberit is committed to high standards in combating corruption. There are clear guidelines for the purposes of prevention and employees receive continuous training in this area. Compliance with the guidelines is monitored as part of an annual binding survey at all Geberit Group companies (see the individual indicators for the results). Internal auditing is supplemented by on-site audits. In the event of misconduct, corrective measures are taken.

Key areas are focused on during training on compliance. In 2013, comprehensive training on antitrust legislation via an e-learning program was carried out as planned at the sites in China, India, South Africa, Southeast Asia, Australia and the USA. During this training, the respective members of management and the field service employees were brought up to the same level of knowledge and prepared for the market challenges. As in 2011, all sites in Europe will take part in the updated e-learning program in 2014.

With respect to measures and objectives in the Code of Conduct, see also → www.geberit.com > Sustainability > Sustainability Strategy.

SO1 Impact on the community and public interests

The potential for conflict with public interests in the vicinity of Geberit sites is generally regarded as low. As part of environmental management in accordance with ISO 14001, a stakeholder analysis is performed at all production sites. Based on this analysis, the effects of the business activities and production on local communities and regions are assessed.

Geberit maintains good relations with its neighbors and carries out appropriate measures at its sites: for example, open days, involvement in associations, etc.

For further information, see → 4.16 and → 4.17.

SO2 Analysis of business units for risks of corruption

According to the annual binding survey carried out at all Geberit Group companies, there were no cases of corruption in 2013.

The topic of corruption is also a component of the audit program for the periodic inspections of the production plants and sales companies by the Internal Audit department. Various audit activities and interviews are carried out as part of these inspections. The annual audit planning of the Internal Audit Department is oriented to risks. Each company is audited at least every four years, or more frequently if it has a heightened risk profile. In 2013, the Internal Audit Department audited a total of 16 companies. This represent approximately one-third of all Geberit companies. In addition, approximately three to four in-depth audits are carried out each year, whereby the audit focus is on the processes of Group-wide functions (e.g. Purchasing, IT, etc.). No cases of corruption were discovered in 2013.

SO3 Training on anti-corruption policies

In 2008, more than 98% of employees were informed of and trained in the Code of Conduct. With the aid of short films ("animatics"), the training focuses on gray areas in four topics of relevance: bribery (corruption), sexual harassment, workplace bullying and IT misuse. In 2013, as before, new employees were also trained accordingly as part of the Welcome events. In addition, since 2012 contributions toward increasing awareness of the Geberit Code of Conduct have been published on the intranet.

To raise awareness on the topic of compliance, a "Corporate Compliance Info Letter" was sent to all managers on management levels 1 to 3 in 2013 for the first time. This letter contained information on the latest developments in case law, legislation and practice in the areas of antitrust legislation, product liability and corruption.

SO4 Actions taken in response to incidents of corruption

No measures were necessary, as no cases of corruption were revealed in 2013.

SO5 Political positions and exercise of influence

As a rule, Geberit does not issue political statements and does not involve itself in political lobbying.

SO6 Political contributions

As a rule, Geberit does not make donations to parties or politicians. All donations and related commitments (see → EC8) are neutral from a party political point of view.

SO7 Anti-competitive behavior

Cartels of any kind and other competition-distorting activities are categorically rejected. There are no pending complaints alleging anti-competitive behavior. Skills in dealing with this topic are promoted as part of comprehensive training (see → DMA-SO)

SO8 Sanctions due to non-compliance with regulations

Geberit incurred no fines in 2013 resulting from violations of statutory requirements.

10. Product responsibility (PR)

DMA-PR Management approach to product responsibility

At Geberit, product responsibility lies with several corporate departments: customer health and safety with Product Development and Quality Management, product labeling and services, advertising and customer data with Marketing, and compliance with statutory requirements with Legal Services.

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 optimization 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 organizational distinction is drawn between development and quality management. In addition, many products are also examined by external authorization 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: These include a Group-wide e-learning platform rolled out in the fall of 2012 as well as global product training by specially trained instructors.

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 optimize the use of suitable and ecological materials. If the 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 → PR3).

PR2 Non-compliance with health and safety regulations

Throughout the Group, there have been no court judgments or warnings against Geberit involving contraventions of regulations on the health and safety of products and services or product and service information.

PR3 Product labeling

Most of the installation instructions are non-verbal, consisting of detailed illustrations in order to provide the most important customer-relevant information. For all products that involve the use of electricity, gas or dangerous substances, comprehensive instructions regarding target group, qualifications, use, maintenance, safety, disposal and constituent materials are provided and translated into all languages required in the respective markets. Where possible, all plastic components feature material labeling in order to facilitate recycling.

The WELL label (Water Efficiency Label) introduced in 2011 by the European umbrella organization for valve manufacturers (EUnited) is intended to address the growing environmental awareness of consumers. It takes its direction from the well-known and well-established energy labels for electrical household appliances and fulfills a similar function. WELL provides consumers with information about a product's water efficiency at a glance. The new classification system will also encourage responsible use of water as a resource. In 2013, eight Geberit product groups (comprising over 370 sales products) bore the WELL label, seven of which are represented in the top A class and one in the B class.

Geberit was involved in the revision of SIA recommendation 493 ("Declaration of environmental attributes of building products") from the Swiss Society of Engineers and Architects (SIA). This recommendation defines which attributes have to be declared for various building product groups and is thus – similar to Environmental Product Declarations (EPD) – an important instrument for green building in Switzerland.

PR4 Non-compliance with labeling requirements

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

PR5 Customer satisfaction

A high degree of customer satisfaction in the regional markets is central to Geberit's success. Of particular importance in 2013 was the new cross-media Geberit AquaClean advertising campaign in a total of eleven markets – including Italy and Poland for the first time. The Geberit AquaClean Sela shower toilet was also introduced at the start of the new Geberit AquaClean campaign. Water is the key element of this campaign. Brand tracking studies for end users were carried out in all eleven markets where the campaign took place in 2013. In addition to sociodemographic data, the studies also provided information on the respective awareness of the shower toilet product category, attitude and behavioral parameters, and also the perception of the Geberit AquaClean brand and the most important competitors. In all affected markets, the awareness of the product category and the perception of the Geberit AquaClean brand in particular have significantly increased since the start of the campaign – and the upward trend shows no signs of abating. The study reflects the success of market cultivation and the campaign in the individual markets. The intensive branding is thus proving a significant success factor for company growth.

The → "Geberit Challenge" took place in Switzerland, Finland and twice in the United Kingdom in 2013. Garnering much media attention, the best team of plumbers in each of these countries was chosen by Geberit. The Challenge was most popular in Finland, where 850 participants were registered. The Geberit Challenge was awarded the → "Xaver" in 2013, the Swiss event industry's most important award. The format won over the independent jury and stole the show from other high-profile competitors.

In recent years, Geberit has built up a standardized Customer Relationship Management (CRM) process for all markets with the aim of further boosting customer satisfaction. Thanks to this system, which is specially tailored to Geberit, customers benefit from more targeted communication with the relevant contact persons. From 2014, the CRM system will be gradually migrated to a new technological platform to enable a deeper integration into daily business processes.

For more information, see → Business report > Business and financial review > Customers.

PR6 Compliance with laws and standards with regard to marketing communications

Geberit adheres to the Group-wide Code of Conduct and the statutory requirements with respect to advertising. All advertising materials worldwide are inspected from this point of view prior to each publication. Geberit does not sell any products whose sale is forbidden on certain markets or which are the subject of public controversy.

PR7 Non-compliance with communications requirements

There were no incidents in the 2013 reporting period.

PR8 Complaints regarding customer privacy

There are no known cases of complaints based on violations of data protection.

PR9 Sanctions due to non-compliance with product liability regulations

No fines have been imposed in connection with Geberit products and services or their use.

Key figures environment

Environmental impact

Environmental impact	2012 UBP	2013 UBP	Deviation %
Electricity	54,407	52,256	-4.0
Combustibles	5,020	5,264	4.9
Fuels	6,148	6,218	1.1
Disposal	4,047	4,303	6.3
Solvents	760	828	8.9
Water and waste water	518	523	1.2
Total environmental impact	**70,900**	**69,392**	**-2.1**

UBP = Ecopoints in accordance with the Swiss Ecological Scarcity Method (2006 version)

Material usage

Material usage	2012 Metric tons	2013 Metric tons	Deviation %
Raw material plastics	57,320	57,362	0.1
Raw material metal	46,141	48,735	5.6
Other raw materials	770	625	-18.9
Semi-finished products	28,742	31,348	9.1
Finished products	44,789	46,146	3.0
Total material usage	**177,762**	**184,216**	**3.6**

Energy consumption

Energy consumption	Unit	2012	2013	Deviation %
Electricity	GWh	113.4	111.7	-1.5
Heating oil extra light	Metric tons	20.2	13.9	-31.0
Natural Gas	m^3	3,771,199	3,950,408	4.8
Biogas	m^3	878,297	994,997	13.3
Gasoline	Liter	214,990	187,303	-12.9
Diesel	Liter	1,577,960	1,631,305	3.4

Energy consumption	2012 TJ	2013 TJ	Deviation %
Electricity	408.2	402.1	-1.5
Heating oil extra light	0.9	0.6	-31.0
Natural Gas	137.3	143.8	4.8
Biogas	33.8	38.3	13.3
Fuels (Gasoline, Diesel)	64.5	65.6	1.6
Total energy consumption	**644.7**	**650.4**	**0.9**

Electricity mix

Electricity mix 2013	GWh	Renewable %	Fossil %	Nuclear %	Others %
Europe	79.3	16.0	45.2	35.6	3.2
USA	6.6	8.8	70.0	19.6	1.6
China	4.8	16.1	81.8	2.1	-
Green electricity	21.0	100.0	-	-	-
Total electricity mix	**111.7**	**31.4**	**39.7**	**26.5**	**2.4**

Electricity mix 2012	GWh	Renewable %	Fossil %	Nuclear %	Others %
Europe	79.7	16.0	45.2	35.6	3.2
USA	7.7	8.8	70.0	19.6	1.6
China	6.0	16.1	81.8	2.1	-
Green electricity	20.0	100.0	-	-	-
Total electricity mix	**113.4**	**30.3**	**40.9**	**26.5**	**2.3**

Water and waste water

Water and waste water	2012 m^3	2013 m^3	Deviation %
Fresh water	136,669	131,938	-3.5
Rain water	5,949	6,796	14.2
Waste water	114,932	116,719	1.6

Emissions

Absolute CO_2 emissions	2012 Metric tons	2013 Metric tons	Deviation %
from combustibles	9,717	10,158	4.5
from fuels	6,994	7,096	1.5
from electricity	55,142	52,655	-4.5
Total absolute CO_2 emissions	**71,853**	**69,909**	**-2.7**

Relative CO_2 emissions	2012 g CO_2 / CHF	2013 g CO_2 / CHF	Deviation %
from combustibles	4.4	4.5	0.9
from fuels	3.2	3.1	-2.1
from electricity	25.2	23.2	-7.8
Total relative CO_2 emissions	**32.8**	**30.8**	**-6.1**

CO_2 emissions in relation to sales in CHF, currency adjusted

Air emissions		2012 Kilogram	2013 Kilogram	Deviation %
NO_x	direct	19,317	19,745	2.2
	indirect	102,006	95,635	-6.2
	Total NO_x	**121,323**	**115,380**	**-4.9**
SO_2	direct	1,379	1,419	2.9
	indirect	215,768	200,403	-7.1
	Total SO_2	**217,147**	**201,822**	**-7.1**
NMVOC	direct	44,678	46,222	3.5
	indirect	9,597	9,321	-2.9
	Total NMVOC	**54,275**	**55,543**	**2.3**
Dust (PM10)	direct	394	394	0.0
	indirect	18,422	17,364	-5.7
	Total dust	**18,816**	**17,758**	**-5.6**
CFC11 equivalents	direct	0.9	1.2	33.3
	indirect	2.1	2.0	-4.8
	Total CFC11 equivalents	**3.0**	**3.2**	**6.7**

Waste

Waste	2012 Metric tons	2013 Metric tons	Deviation %
to incineration	697	671	-3.7
to inert waste landfill	360	394	9.4
to mixed waste landfill	606	628	3.6
to external recycling	8,419	9,200	9.3
to hazardous waste incineration	179	269	50.3
to hazardous waste recycling	1,199	956	-20.3
Total waste	**11,460**	**12,118**	**5.7**

Key figures employees and society

Workforce

Workforce as of December 31	2012	Share %	2013	Share %
Germany	2,351	38	2,422	38
Switzerland	1,259	21	1,255	20
China	758	12	718	12
Austria	491	8	503	8
USA	237	4	227	4
Slovenia	224	4	248	4
Italy	113	2	113	2
Others	701	11	740	12
Total	**6,134**	**100**	**6,226**	**100**
Production	3,361	55	3,364	53
Marketing and sales	1,784	29	1,843	30
Administration	545	8	563	9
Research and development	215	4	222	4
Apprentices	229	4	234	4
Total	**6,134**	**100**	**6,226**	**100**
Permanent	4,918	80	4,865	78
Temporary	1,216	20	1,361	22
Total	**6,134**	**100**	**6,226**	**100**
Full-time	5,856	95	5,924	95
Part-time	278	5	302	5
Total	**6,134**	**100**	**6,226**	**100**
Management	153	3	155	2.5
Employees	5,981	97	6,071	97.5
Total	**6,134**	**100**	**6,226**	**100**

Information in full-time equivalents

Diversity

Diversity as of December 31, 2013		Management %	Employees %	Total %
Proportion of female employees		6.5	31	30
Age structure	> 45 years	39	40	40
	30 - 45 years	61	40	40
	< 30 years	0	20	20

Diversity as of December 31, 2012		Management %	Employees %	Total %
Proportion of female employees		6.5	31	30
Age structure	> 45 years	39	54	54
	30 - 45 years	61	25	25
	< 30 years	0	21	21

Fluctuation

Fluctuation	2012	Rate %	2013	Rate %
Fluctuation	243	5.0	198	4.1

Fluctuation incl. attrition		2012	Rate %	2013	Rate %
Age group	> 45 years	116	5.5	117	5.3
	30 - 45 years	115	5.5	94	4.5
	< 30 years	87	12.6	55	7.8
Gender	Male	204	5.9	177	5.0
	Female	114	8.0	89	6.1
Region	Germany	76	3.9	45	2.3
	Switzerland	75	6.3	104	8.6
	China	12	10.8	20	13.5
	Austria	41	8.4	16	3.2
	USA	23	10.3	15	6.7
	Slovenia	8	3.8	1	0.5
	Italy	0	0.0	1	1.0
	Others	83	13.5	64	10.1
Total fluctuation incl. attrition		**318**	**6.5**	**266**	**5.5**

Information in headcounts
attrition includes e.g. temporary absences, retirements

Training and education

Training and education	Unit	2012	2013	Deviation %
Apprentices	Number	229	234	2.2
Training and education	Hours per employee	17	17	0.0

Personnel expenses

Personnel expenses	2012 MCHF	2013 MCHF	Deviation %
Wages and salaries	344.5	357.9	3.9
Pension contributions	28.3	25.4	-25.5
Other social benefits	60.1	62.2	3.5
Other personnel expenses	30.6	29.9	-2.3
Total personnel expenses	**463.5**	**475.4**	**1.3**

Social engagement

Social engagement	Unit	2012	2013	Deviation %
Donations and contributions	MCHF	2.7	3.1	14.8
Orders to social institutions	MCHF	4.8	4.4	-8.3
Charitable work	Hours	2,335	1,340	-42.6

Health and Safety

Health and Safety	2012	2013	Deviation %
Number of occupational accidents	125	109	-12.8
Accident frequency rate (AFR)	11.7	10.2	-12.6
Lost days due to occupational accidents	2,164	1,325	-38.8
Accident severity rate (ASR)	203	124.3	-38.7

Accident frequency rate (AFR) = Number of occupational accidents per performed total working hours times 1 million hours
Accident severity rate (ASR) = Number of lost working days due to accidents per performed total working hours times 1 million hours

Absenteeism rate per region 2013	Illness %	Accident %	Total %
Europe	4.84	0.12	4.96
Asia	1.12	0.01	1.13
USA	1.84	0.00	1.84
Others	0.64	0.00	0.64
Total absenteeism rate	**4.00**	**0.10**	**4.10**

Absenteeism rate per region 2012	Illness %	Accident %	Total %
Europe	4.15	0.16	4.31
Asia	0.75	0.13	0.88
USA	1.25	0.25	1.50
Others	0.57	0.00	0.57
Total absenteeism rate	**3.37**	**0.16**	**3.53**

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