Remuneration Report

The Remuneration Report provides an overview of Geberit's remuneration principles and programs, as well as information about the method of determination of remuneration. Further, the report includes details around the remuneration of the members of the Board of Directors and of the Group Executive Board related to the business year 2014.

The report is written in accordance with the provisions of the Ordinance against Excessive Compensation in Stock Listed Corporations, the standards related to information on Corporate Governance issued by the SIX Swiss Exchange, as well as the principles of the Swiss Code of Best Practice for Corporate Governance of economiesuisse.

The report is structured as follows:

1. Introduction by the Chairman of the Nomination and Compensation Committee
2. Remuneration policy and principles
3. Determination of remuneration
4. Remuneration architecture
5. Board of Directors: remuneration and share ownership in 2014
6. Group Executive Board: remuneration and share ownership in 2014
7. Summary of share and option plans 2014
8. Summary of shares and options held by employees and management as of December 31, 2014

Additional information on business development in 2014 see also → **Business and financial review**.

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

Dear Shareholder

The purpose of the remuneration programs is to attract, retain and motivate employees, to drive best-in-class performance and to encourage behavior that is aligned with the company's high standards of integrity. We strive to proactively refine our remuneration system in order to respond to the changing business and regulatory environment and we are keen to ensure that our remuneration principles reward performance and are well aligned to the interests of our shareholders.

Based on your feedback, we undertook a review of our remuneration system leading to a number of changes in 2013, such as the elimination of performance-based remuneration for members of the Board of Directors, the introduction of a performance condition in the long-term incentive plan for the Group Executive Board and the implementation of a claw-back policy on the variable remuneration payments made to the Group Executive Board. Further, we have expanded the disclosure of remuneration in our Remuneration Report. Based on the positive outcome of the shareholder consultative vote on the Remuneration Report at the 2014 General Meeting, we believe that shareholders welcome the changes made to our remuneration programs and disclosure.

In 2014, we continued to assess our remuneration system, especially in the context of the implementation of the Ordinance against Excessive Compensation in Stock Listed Corporations. We concluded that while no fundamental changes to the remuneration programs seem necessary, we need to further enhance our compensation disclosure with additional information so that you can better assess the link between pay and performance. Looking ahead, we will continue to review and refine our remuneration framework in order to promote sustainable performance and employees' engagement, while ensuring compliance to the regulatory requirements.

At the 2015 General Meeting, we will request your approval of the total remuneration amount to be awarded to the Board of Directors for the period until the following General Meeting, and to the Executive Board for the 2016 business year. Further, you will have the opportunity to express your opinion on this Remuneration Report in a consultative vote.

The Board of Directors would like to thank you for the time you took to meet with us and share your views on remuneration. We hope that you find this report informative and are confident that our remuneration system rewards for performance in a balanced and sustainable manner and aligns well with the shareholders' interest.

Yours sincerely

Robert F. Spoerry
Chairman of the Nomination & Compensation Committee

2. Remuneration policy and principles

Core 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 this fundamental objective 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 rewarding short-term success and long-term value creation
- Shareholding programs foster the long-term commitment and mindset of executives and the alignment of their interests to those of the shareholders
- Executives are protected against risks through appropriate pension and insurance programs

Remuneration of the Board of Directors

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 does not contain any performance-related component, refer also to → **Remuneration architecture, Board of Directors**.

Remuneration of the Group Executive Board

The remuneration of the Group Executive Board consists of fixed and variable elements.

The base salary and benefits form the fixed remuneration and are based on prevalent market practice.

The variable remuneration drives and rewards best-in-class performance by means of continuously setting ambitious and stretched targets. The variable remuneration consists of a short-term and a long-term element:

- The short-term variable remuneration is based on Geberit's value drivers, such as sales, earnings before interest and tax (EBIT), return on invested capital (ROIC) and earnings per share (EPS), as well as individual objectives that are embedded in the annual performance management process. This remuneration balances the reward of individual performance and company success.
- The long-term variable remuneration is based on the return on invested capital (ROIC) and aims to reward sustainable performance, to align the interests of management to those of shareholders and to foster long-term retention of the executives.

The variable remuneration is capped in order to not reward for inappropriate risk taking or short-term profit maximization at the expense of the long-term health of the company, refer also to → **Remuneration architecture, Group Executive Board**.

Governance and shareholders' involvement

Authority for decisions related to remuneration are governed by the Articles of Incorporation and the Organizational Regulations of Geberit AG.

The prospective maximum aggregate amounts of remuneration of the members of the Board of Directors and of the Group Executive Board are subject to a binding shareholders' vote at the Annual General Meeting. In addition, the Remuneration Report for the preceding compensation period is subject to a consultative vote, refer also to → **Determination of remuneration**.

3. Determination of remuneration

3.1. Nomination and Compensation Committee

As determined in the Articles of Incorporation and in the Organizational Regulations of Geberit AG, the Nomination & Compensation Committee (NCC) supports the Board of Directors (BoD) in the fulfillment of its duties and responsibilities in the area of remuneration and personnel policy, including:

- Establishment and periodical review of the Group's remuneration policy and principles
- Yearly review of the individual remuneration of the CEO and of the other members of the Group Executive Board
- Yearly performance assessment of the CEO and of the other members of the Group Executive Board
- Preparation of the remuneration report
- Personnel development of the Group Executive Board
- Succession planning and nomination for positions on the Group Executive Board
- Pre-selection of candidates for election or re-election to the Board of Directors

Approval and authority levels on remuneration matters:

Decision on	CEO	NCC	BoD	AGM
Remuneration policy and guidelines, in line with the provisions of the Articles of Incorporation		proposes	approves	
Maximum aggregate amount of remuneration for the Board of Directors and the Group Executive Board		proposes	reviews	binding vote
Individual remuneration of members of the Board of Directors		proposes	approves	
Individual remuneration of the CEO (including fixed remuneration, STI[1] and LTI[2])		proposes	approves	
Individual remuneration of other members of the Group Executive Board	proposes	reviews	approves	
LTI[2] grant for all other eligible parties	proposes	reviews	approves	
Remuneration report		proposes	approves	consultative vote

[1] Short-Term Incentive
[2] Long-Term Incentive

The Nomination & Compensation Committee consists exclusively of independent and non-executive members of the Board of Directors, who are elected annually by the General Meeting. For the period under review, the NCC consisted of Robert F. Spoerry as Chairman and Jørgen Tang-Jensen and Hartmut Reuter as members.

The Nomination and Compensation Committee meets at least three time per year. In 2014, it held four meetings. As a general rule, the Chairman of the Board of Directors, the CEO and the Head of Corporate Human Resources participate in the meetings of the Nomination and Compensation Committee. The Chairman of the Nomination & Compensation Committee may invite other executives as appropriate. However, the Chairman of the Board of Directors and the executives do not take part in the section of the meetings where their own performance and/or remuneration are being 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. Process of determination of compensation

Benchmarks and external consultants
Geberit regularly reviews the remuneration of its executives, including that of 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 and headquartered 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 decided to rebalance the remuneration components in line with market practice.

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. 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 with the elimination of any performance-related remuneration for the Board of Directors.

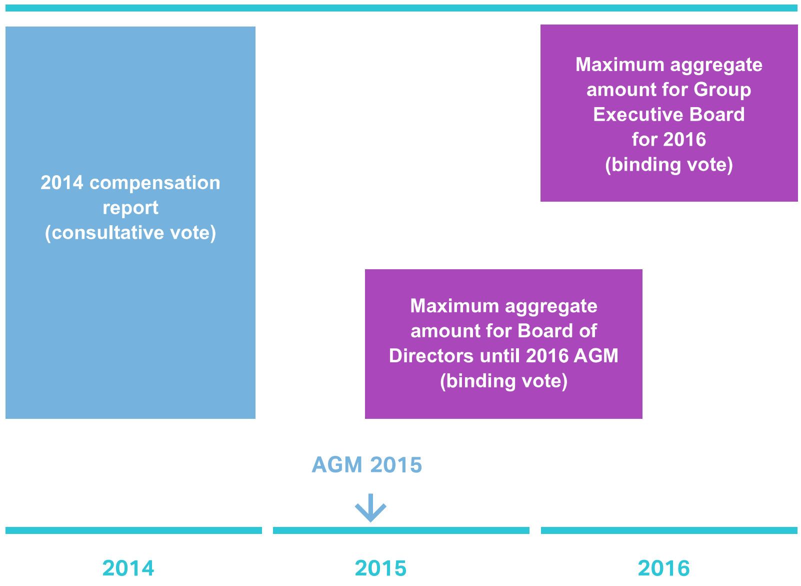
Performance management
The actual compensation effectively paid out in a given year to the Group Executive Board members depends on the company and on the individual performance. Individual performance is assessed through the formal annual Performance Management process: company and individual performance objectives are approved at the beginning of the business year and achievements against those objectives are assessed after year-end. The performance appraisal is the basis for determination of the actual compensation.

Objective setting (December – January)	**Mid-year review** (July)	**Final review** (December – January)	**Determination of compensation** (February – March)
Determination of individual objectives	Mid-year discussion on performance to date against predefined objectives	Self-appraisal and performance assessment	Determination of actual compensation

3.3. Shareholder involvement

In the last two years, based on the feedback received by shareholders and shareholders' representatives, Geberit has made significant efforts to improve the compensation disclosure in terms of transparency and level of detail provided about the remuneration principles and programs. The positive outcome of the consultative vote on the 2013 Remuneration Report indicates that shareholders welcome the progresses made. Geberit will continue to submit the Remuneration Report to a consultative shareholders' vote at the General Meeting, so that shareholders have an opportunity to express their opinion about the remuneration system.

In addition, as required by the Ordinance against Excessive Remuneration in Stock Listed Corporations, shareholders will be asked to approve the amount of compensation of the Board of Directors and of the Group Executive Board in a binding vote at the General Meeting. The provisions of the Articles of Incorporation of Geberit stipulate that shareholders vote on the prospective maximum aggregate remuneration amount for the Board of Directors until the next ordinary General Meeting and for the Group Executive Board for the following business year.



The maximum aggregate remuneration amount for the Board of Directors includes the cash remuneration, the value of the restricted shares at grant and the social security contributions made by the employer.

The maximum aggregate remuneration amount for the Group Executive Board includes the following:

- Fixed remuneration: base salaries, value of benefits, employer contributions to retirement plans and estimated employer contributions to social security
- Maximum possible payout under the variable cash incentive plan if the achievement of all performance objectives reach the cap level and assuming a maximum investment into the share participation plan (with maximum possible amount of matching options)
- Maximum value of the options at grant assuming that achievement of the performance condition reaches the cap level

Therefore, the maximum aggregate remuneration amount submitted to shareholders' vote is potentially much higher than the amount of compensation that will be effectively paid out to the members of the Group Executive Board based on the performance achieved. The amount effectively paid out will be disclosed in the compensation report of the respective business year, which will subject to a consultative shareholders' vote.

We are convinced that the binding prospective vote on the aggregate compensation amounts, combined with a consultative retrospective vote on the remuneration report, provide our shareholders with a far-reaching "say-on-pay".

Articles of Incorporation
As required by the Ordinance, the Articles of Incorporation of Geberit have been revised in 2014 and approved by the shareholders at the last General Meeting. The Articles of Incorporation include the following provisions on remuneration (details available on → **www.geberit.com**):

- Principles applicable to performance-related pay:
  Members of the Group Executive Board may be paid variable remuneration that may include short- and long-term elements and which is linked to the achievement of one or several performance criteria. Performance criteria are determined by the Board of Directors and may include individual and company targets. The Board of Directors determines the terms and conditions of any share-based remuneration, including time of allocation, valuation methodology, blocking and/or vesting and/or exercise periods, maximum award limits and any applicable claw-back mechanism.
- Additional amount for payments to members of the Group Executive Board appointed after the vote on remuneration at the General Meeting:
  For the remuneration of members of the Group Executive Board who have been appointed after the approval of the maximum aggregate remuneration amount by the General Meeting, and to the extent that the maximum aggregate remuneration amount as approved does not suffice, an amount of up to 40% of the maximum aggregate remuneration amount approved for the Group Executive Board is available without further approval of the General Meeting.

- Loans, credit facilities and post-employment benefits for members of the Board of Directors and of the Group Executive Board:
  No loans or credits shall be granted to members of the Board of Directors or the Group Executive Board.

The provisions of the Articles of Incorporation have been kept generic so that the Board of Directors have sufficient flexibility to make amendments to the compensation programs in the future, if so necessary. The compensation principles currently in place are more restrictive than the provisions of the Articles of Incorporation and are aligned to good practice in terms of corporate governance; for example, the independent members of the Board of Directors are not eligible to any variable remuneration or retirement benefits, refer also to → **Remuneration architecture, Board of Directors**.

4. Remuneration architecture

4.1. Board of Directors

The remuneration of members of the Board of Directors is defined in a regulation adopted by the Board of Directors and consists of a fixed retainer and a remuneration for their committee work. The remuneration is paid in the form of restricted shares subject to a four-year blocking period. The restriction on the shares may lapse in case of death. The shares remain blocked in all other instances. In addition, members of the Board of Directors also receive a lump sum to cover their expenses, paid out in cash.

Annual fees	in CHF	Delivery
Vice-Chairman (Lead Director)	245,000	Restricted shares
Member of the Board of Directors	170,000	Restricted shares
Chairman of NCC / Audit Committee	45,000	Restricted shares
Member of NCC / Audit Committee	30,000	Restricted shares
Expense allowance	15,000	Cash

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

4.2. Group Executive Board

The 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	Performance metrics in 2014
Base salary	Annual base salary	Monthly cash payments	Attract & Retain		
Short-Term Incentive	Short-Term Incentive, STI	Annual variable cash	Drive and reward performance, attract & retain	1-year performance period	Sales, EBIT, EPS, ROIC, Individual objectives
	Share Participation Program MSPP	Matching share options in case of an investment of variable cash in restricted shares	Align with shareholders' interests	Shares: - 3-year restriction period Share options: - 4-year performance period - 7-year plan period	Share options: ROIC
Long-Term Incentive	Share Option Plan MSOP	Performance share options	Drive and reward long-term performance Align with shareholders' interests Retain	4-year performance period 7-year plan period	ROIC
Benefits	Pension	Gemeinschafts-stiftung Wohlfahrtsfond	Cover retirement, death and disability risks		
	Perquisites	Company car, expense policy	Attract & Retain		

Base salary
The base salary is a fixed remuneration paid in cash on a monthly basis. It is determined on the basis of the scope and responsibilities of the position, the market value of the role and the qualifications and experience of the incumbent. The base salary is reviewed annually based on market salary information, the company's financial affordability and performance, and the evolving experience of the individual in the role.

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 rewards the achievement of annual financial business goals and of individual objectives agreed and evaluated within the annual performance management process.

The base salary and the variable cash remuneration (assuming 100% achievement of all objectives) form the so-called 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
The financial objectives include sales, EBIT, earnings per share (EPS) and return on invested capital (ROIC), equally weighted. These financial objectives have been chosen because they are key value drivers and generally reward for growing the business and gaining market shares (top-line contribution), for increasing profitability over-proportionally through strong operating leverage (bottom-line contribution) and for investing the capital efficiently. Every year, on the basis of a recommendation made by the Nomination & Compensation Committee, the Board of Directors determines the expected (target) level of performance for each financial objective for the following year. in order to strengthen the company's position as market leader and to continuously strive for superior performance, substantial improvements against the previous year's achievements are generally required in order to meet the target level of performance, in line with the company's ambitious financial plan. The intention of this demanding target setting is to deliver best-in-class performance and to stay ahead of the market. In addition, a threshold level of performance, below which no variable remuneration is paid out, and a maximum level of performance, above which the variable remuneration 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 the target income.

To find out how the functionality remuneration model works, visit the interactive graphic in the online Annual Report at
→ **www.geberit.com/annualreport > Business report > Remuneration report**.

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 are of more qualitative and strategic nature and may include, for example, objectives related to product and service innovation, entry in new markets, management of strategic projects and leadership. The maximum payout for the individual objectives shall not exceed 10% of the 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. The shares are blocked for a period of three years. in order to encourage executives to participate in the program, a free share option is provided for each share purchased through the program. The options are subject to a performance-based vesting period of four years: a quarter vest 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 other features of the options and the performance condition (return on invested capital ROIC) are the same as those applicable to the options granted under the Long-Term Incentive MSOP plan (please refer to the section on Long-Term Incentive below).

In the event of termination of employment, the following provisions apply:

- Termination for other reason than death or retirement: restricted shares remain subject to the regular blocking period and vested options can be exercised within a 90-day period. Non-vested options can be repurchased by Geberit or continue to vest normally and are exercisable over a 90-day period after the vesting date.
- Termination in the event of death: restricted shares are unblocked immediately and unvested options are subject to an accelerated vesting. The exercise period for vested options is 90-days.
- In case of retirement, the restricted shares and options are subject to the regular terms and conditions of the plan.

In the event of termination of employment by the employer following a change of control, the restrictions on the shares and the options lapse. This rule applies only in the situation of "double-trigger" where the employment contract of the participant is terminated as a result of the change of control.

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 gradually increase the grant value for members of the Group Executive Board. The market value of options granted amounts to 50% of the target income for the CEO and to 30% 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.

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**.

The options are subject to a vesting period staged over four years as follows: 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. ROIC expresses how well the company is generating cash relative to the capital it has invested in its business. The Board of Directors determines a target level of performance for which the options will vest in full and a minimum level of performance (threshold) below which there is no vesting at all. Both the threshold and the target are ambitious: they are a multiple of the weighted average cost of capital. 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. The exercise price of the options corresponds to the fair market value of the underlying share at the time of grant.

In the event of termination of employment, vested options can be exercised within a 90-day period. Non-vested options are forfeited on termination, except in case of death or retirement. In case of death, the unvested options are subject to an accelerated full vesting. In case of retirement, the unvested options continue to follow the regular performance-based vesting schedule and the vested options are subject to the regular exercise period.

In the event of termination of employment by the employer following a change of control, the restrictions on the shares and the options lapse. This rule applies only in the situation of "double-trigger" where the employment contract of the participant is terminated as a result of the change of control.

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 actual variable cash remuneration), up to the maximum amount permitted by law. 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 any 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, 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 newly calculated amount. The claw-back clause is applicable during three years after the payment of the respective variable remuneration.

5. Board of Directors: remuneration and share ownership in 2014

This section is audited by the external auditor.

In 2014, members of the Board of Directors received a total remuneration of TCHF 995 (previous year TCHF 1,183). Compensation for regular board activities and committee assignments amounted to TCHF 893 (previous year TCHF 1,063). This is equivalent to a 16.0% decrease due to a vacancy on the Board of Directors. 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[2] CHF	R. Spoerry Vice Chairman CHF	H. Reuter CHF	F. Ehrat CHF	J. Tang-Jensen CHF	Total CHF
2014						
Remuneration of the Board of Directors						
Accrued remuneration[1]	–	320,000	222,500	150,000	200,000	892,500
Expenses	–	15,000	15,000	15,000	15,000	60,000
Contributions to social insurance	–	15,071	10,725	7,431	9,716	42,942
Total	**–**	**350,071**	**248,225**	**172,431**	**224,716**	**995,442**

	CHF
Remuneration of former members of the Board of Directors (J. Song)	
Accrued remuneration[1]	46,250
Expenses	3,750
Contributions to social insurance	6,069
Total	**56,069**

	A. Baehny Chairman[2] 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**

Remuneration of former members of the Board of Directors (S. Ruoff)	CHF
Accrued remuneration[1]	50,000
Expenses	3,750
Contributions to social insurance	2,469
Total	**56,219**

[1] Directors' fee booked as at December 31. Payment will be made in the first quarter of 2015 in the form of restricted shares paid out in the form of registered shares of the company with a par value of CHF 0.10 each, 4-year blocking period, valued at fair value at grant date of CHF 281.95 (previous year 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.
[2] The remuneration of A. Baehny as Chairman of the Board is compensated with his total CEO remuneration.

As of the end of 2014 and 2013, 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. Tang-Jensen	Total
2014						
Shareholdings Board of Directors						
Shares	see Group Executive Board	7,606	6,336	706	1,284	15,932
Percentage voting rights shares		< 0.1%	< 0.1%	< 0.1%	< 0.1%	< 0.1%

	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%

As of December 31, 2014, there were no outstanding loans or credits between the company and members of the Board of Directors, closely related parties or former members of the Board of Directors.

6. Group Executive Board: remuneration and share/option ownership in 2014

6.1. Performance in 2014

Thanks to healthy sales growth, a positive net price effect and efficient cost control, results far exceeded those achieved in the previous year despite a continued challenging environment. The values of all key figures used to calculate the variable cash remuneration exceeded the targets; the majority of the results reached all-time highs.

6.2. Remuneration awarded in 2014

The remuneration of the Group Executive Board amounted to TCHF 7,707 in 2014 (previous year TCHF 7,391). Remuneration of the CEO amounted to TCHF 2,802 in 2014 (previous year TCHF 2,597). Base salaries for the CEO and other members of the Group Executive Board remained unchanged. This rise in the total remuneration compared with 2013 is a consequence of the higher target achievement in the STI program, the increase in the LTI grant as well as higher social insurance contributions resulting from the exercise of options. The amount of options granted under the MSOP (Long-Term Incentive) was increased from 40% to 50% of the target income for the CEO, and from 20% to 30% 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 so that the total compensation package is aligned with market practice over the coming years. During this process, the base salaries of members of the Group Executive Board remain unchanged. The MSPP options increased slightly compared to the previous year. Contributions to company pension funds and other benefits to the CEO and the other members of the Group Executive Board remained constant.

The following table – reviewed by the external auditor – shows details of remuneration for 2014 and 2013:

	2014		2013	
	A. Baehny CEO[7] CHF	Total CHF	A. Baehny CEO CHF	Total CHF
Remuneration of the Group Executive Board				
Salary				
- Base salary	946,803	2,793,345	946,803	2,861,729
- Variable remuneration[1]	869,486	2,540,674	831,086	2,507,682
thereof in shares in 2014[2]			498,488	1,338,699
Options				
- Call options MSOP 2013/2014[3]	685,661	1,347,411	548,526	1,110,585
- Call options MSPP 2013/2014[4]	41,813	112,290	62,797	108,264
Non-cash benefits				
- Private share of company vehicle[5]	9,660	39,984	9,660	38,792
Expenditure on pensions				
- Pension plans and social insurance	246,523	861,830	196,283	752,034
- Contribution health/accident insurance	2,262	11,903	2,262	12,390
Total[6]	**2,802,208**	**7,707,437**	**2,597,417**	**7,391,476**

[1] The amounts to be paid respectively; the amounts effectively paid are shown. Payment of the variable salary occurs in the following year. 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 281.95 (PY CHF 231.20).

[3] 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 281.95 (previous year 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 23.65 (previous year CHF 24.34) determined using the binomial method.

[4] 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 281.95 (previous year CHF 231.20); definitive acquisition of the option ("vesting") dependent on various conditions, 1-4-year blocking period (4 tranches of 25%), market value of CHF 23.65 (previous year CHF 24.34) determined using the binomial method.

[5] Valuation in accordance with the guidelines of the Swiss Federal Tax Administration FTA (0.8% of the purchase cost per month).

[6] 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.

[7] The remuneration of A. Baehny as Chairman of the Board of Directors is compensated with his total CEO remuneration.

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

6.3. Shareholdings of Group Executive Board

As of the end of 2014 and 2013, the Group Executive Board held the following shares in the company:

	Maturity	Average exercise price in CHF	A. Baehny CEO	R. Iff CFO	M. Reinhard	K. Spachmann	Total
2014							
Shareholdings Group Executive Board							
Shares			46,969	31,280	2,000	5,000	85,249
Percentage voting rights shares			0.12%	< 0.1%	< 0.1%	< 0.1%	0.23%
Call options[1]							
Vesting period:							
Vested	2015–2017	207.40	0	0	0	1,038	1,038
2015	2016–2018	228.00	1,792	957	1,017	483	4,249
2016	2017	205.50	6,665	1,417	1,542	1,330	10,954
2014–2017	2020	231.20	24,471	7,014	7,016	5,620	44,121
2015–2018	2021	281.95	30,760	10,810	10,559	9,592	61,721
Total options			**63,688**	**20,198**	**20,134**	**18,063**	**122,083**
Percentage potential share of voting rights options			0.17%	< 0.1%	< 0.1%	< 0.1%	0.32%

[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
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

As of December 31, 2014, there were no outstanding loans or credits between the company and members of the Group Executive Board, closely related parties or former members of the Group Executive Board.

7. Summary of share and option plans 2014

This section has been audited as part of the Financial Notes to the Consolidated Statements of Geberit Group.

In 2014 employees, management and 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[1]
Employee share purchase plan 2014 (ESPP)	2016	1,845	20,687	155.07
Management share purchase plan 2014 (MSPP)	2017	70	13,320	281.95
Directors program 2014 (DSPP)	2018	6	3,505	281.95
Total			**37,512**	

[1] ESPP: The issuing price is the average closing price during the subscription period (4.–17.3.2014) with a discount of 45% based on the company's performance in 2014, per plan rules.
MSPP and DSPP: Issuing price corresponds to the average closing price of the share during the 10 trading days prior to the grant date.

The 37,512 shares required for these plans were taken from the stock of treasury shares.

In 2014 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 participants	Number of options allocated	Exercise price CHF
Management share purchase plan 2014 (MSPP)	2015–2018	2021	70	13,320	281.95
Option plan 2014 (MSOP) / Group Executive Board	2016–2018	2021	5	64,647	281.95
Option plan 2014 (MSOP) / Other management	2015–2018	2021	64	62,428	281.95
Total				**140,395**	

The fair value of the options grant in 2014 amounted to CHF 23.65 at the respective grant 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	Risk free interest rate %
Management share purchase plan 2014 (MSPP)	281.95	13.500	3.80	7	0.868
Option plan 2014 (MSOP)	281.95	13.500	3.80	7	0.868

[1] The exercise price corresponds to the average price of Geberit shares for the period from 4.–17.3.2014.

Costs resulting from participation plans amounted to CHF 2.9 million in 2014 (prior year 2.6 million), those for option plans totaled 2.5 million (prior year 2.6 million).

8. Summary of shares and options held by employees and management as of December 31, 2014

This section has been audited as part of the Financial Notes to the Consolidated Statements of Geberit Group.

Geberit is committed to a vigilant management of equity dilution. As of December 31, 2014, the Board of Directors, the Group Executive Board and the employees owned a combined total of 340,295 (previous year 338,788) shares, i.e. 0.9% (previous year 0.9%) of the share capital of Geberit AG.

The following table summarizes all option plans in place as of December 31, 2014:

End of vesting period	Maturity	Number of options outstanding	Ø exercise price CHF	Number of options in the money	Ø exercise price CHF
Vested	2015–2017	30,847	208.06	30,847	208.06
2015	2016–2021	66,615	244.72	66,615	244.72
2016	2017–2021	100,838	241.58	100,838	241.58
2017	2018–2021	66,687	260.06	66,687	260.06
2018	2021	37,928	281.95	37,928	281.95
Total		**302,915**	**247.98**	**302,915**	**247.98**

The following movements took place in 2014 and 2013:

	MSOP		MSPP		Total 2014		Total 2013	
	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	**233,291**	**214.91**	**30,603**	**201.86**	**263,894**	**213.39**	**251,305**	**185.51**
Granted options	127,075	281.95	13,320	281.95	140,395	281.95	107,172	231.20
Forfeited options	16,059	252.65	725	188.73	16,784	249.89	4,624	207.12
Expired options	0	0	0	0	0	0	35	146.60
Exercised options	69,852	197.16	14,738	190.96	84,590	196.08	89,924	157.03
Outstanding December 31	**274,455**	**248.26**	**28,460**	**245.33**	**302,915**	**247.98**	**263,894**	**213.39**
Exercisable at December 31	22,433	211.59	8,414	198.65	30,847	208.06	29,509	184.88

The options outstanding at December 31, 2014 had an exercise price of between CHF 189.10 and CHF 281.95 and an average remaining contractual life of 4.7 years.

Report of the statutory auditor

PricewaterhouseCoopers AG
Birchstrasse 160
8050 Zurich
Telephone +41 58 792 44 00
Fax +41 58 792 44 10
→ www.pwc.ch

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

Report of the Statutory Auditor on the Consolidated Financial Statements

We have audited the → remuneration report dated 3 March 2015 of Geberit AG for the year ended 31 December 2014.

Board of Directors' Responsibility
The Board of Directors is responsible for the preparation and overall fair presentation of the remuneration report in accordance with Swiss law and the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance). The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.

Auditor's Responsibility
Our responsibility is to express an opinion on the accompanying remuneration report. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the remuneration report complies with Swiss law and articles 14–16 of the Ordinance.

An audit involves performing procedures to obtain audit evidence on the disclosures made in the remuneration report with regard to compensation, loans and credits in accordance with articles 14–16 of the Ordinance. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements in the remuneration report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of remuneration, as well as assessing the overall presentation of the remuneration report.

An audit involves performing procedures to obtain audit evidence on the disclosures made in the remuneration report with regard to compensation, loans and credits in accordance with articles 14–16 of the Ordinance. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements in the remuneration report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of remuneration, as well as assessing the overall presentation of the remuneration report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion
In our opinion, the remuneration report of Geberit AG for the year ended 31 December 2014 complies with Swiss law and articles 14–16 of the Ordinance.

PricewaterhouseCoopers AG

René Rausenberger
Audit expert
Auditor in charge

Martin Knöpfel
Audit expert

Zurich, March 3, 2015