GEBERIT

Geberit Group 2015

Integrated
Annual Report

Business Report

Geberit Group 2015

Highlights business year

A time of integration

The acquisition of Sanitec is effected in February, making Geberit the leading manufacturer of sanitary products in Europe. The first step sees the corporate cultures merged, processes standardised and the sales structures adapted.

Groundbreaking ceremony in Pfullendorf

The groundbreaking ceremony for the expansion of the Geberit Logistics Centre takes place in Pfullendorf on 17 April 2015. The building project, which is expected to be completed in spring 2017, costs about EUR 40 million. With this expansion, Geberit is optimising its existing logistics processes and gearing up for the future.

Is there enough for everyone?

At Expo Milano, the Swiss pavilion – which is co-sponsored by Geberit – focuses on the topic of resource scarcity. The pavilion's towers contain food. As the food is consumed, the platforms on which the visitors stand are lowered, creating an impression of emptiness.

Efficient cleaning with water

The new premium shower toilet Geberit AquaClean Mera is packed to the brim with technical know-how, such as an intelligent hybrid hot water system, the patented WhirlSpray shower technology and the virtually noiseless TurboFlush flush technology.

A neat solution

The new Geberit shower channel Clean-Line combines design and functionality. Both plumbers and private customers are won over by the individual installation options, the fact that the channel is easy to clean, the optimal discharge capacity and the installation process that has been carefully thought out down to the last detail.

A gem along the Spree

A modern 14-storey apartment block that is home to 56 freehold flats has been built on the banks of the Spree in Berlin. In addition to offering a spectacular view, the building also features impressive bathrooms that were designed according to the customers' specific requirements, thanks to the flexible installation technology from Geberit.

Reaching new heights

The peak of the steep Matterhorn mountain is hidden behind a blanket of clouds. A little further down, plumbers check the water supply to the Hörnli hut. Geberit contributed to the renovation of the mountain hut with actuator plates, Duofix elements and pipes.

Allowing everyone to sleep tight

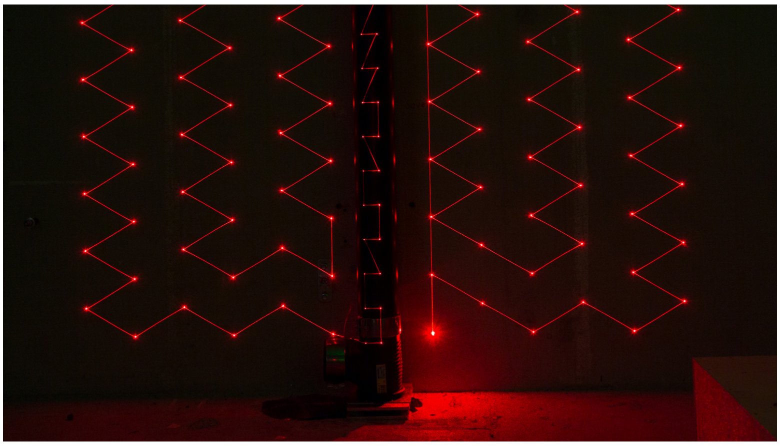
Whether in a large residential complex or in a hotel, sanitary noises that rob you of sleep can be avoided using state-of-the-art technology. Corresponding products and solutions are available, with new ones being launched all the time.

The acoustics specialists at Geberit are convinced that technical building systems will become much quieter in future. This is why the company systematically ensures that new sanitary products produce only minimal noise levels right from the development stage onwards. Geberit works on the basic principles in this regard at various facilities, including the company's own building technology and acoustics laboratory – a facility that is unique in the building technology sector.

The latest product of this development work is the highly sound-absorbing drainage system Silent-Pro, whose exceptional acoustic properties are primarily achieved due to three factors: the high inherent weight of the newly developed product material, increased wall thicknesses at precisely defined points and a consistent decoupling from the building structure.

"There are many acoustic phenomena in the field of sanitary technology that are still not properly understood," explains Oliver Wolff, Head of Building Physics at Geberit. "However, thanks to our work, we are continually gaining a better insight into the complex inter-relationships of sound transmission."

We strive to continually develop our expertise – for example, in the field of acoustics and sound insulation – and to incorporate our know-how into our products. After all, we also take the need for more peace and quiet seriously.



Thanks to the scanning vibrometer's laser light, even the slightest vibrations can be detected.

The most common sources of noise in the bathroom

1) Because the installation elements for sanitary installations come into direct contact with the floor or the walls, sound is transmitted to the entire building.

2) Conventional discharge pipes are not designed to absorb noise.

3) Although sound insulation measures are particularly important – especially when the bedroom is right next to the bathroom – noise caused by waste water is often not considered when designing a building.

Bathroom series full of character

"Developing a new bathroom series requires teamwork. Setting the project parameters around product types, market requirements and price positioning are key initial steps. Especially as the design language has to be appropriate and coherent across the range."

Simon Hopps, Head of Design & Innovation at Geberit

"**Citterio** combines puristic and natural elements to create a unique climate that reflects the spirit of ambitious Italian design."

"With **Xeno²**, a clear shape emphasises the pure power of nature. It almost appears as though the inner bowl has been naturally carved out by water over centuries."

"**iCon** is without doubt a market leading series that is proving to be a contemporary classic."

"Renova Plan is a genuinely contemporary series, combining a soft geometric style with an extensive range of product types."

"With Glow, subtle ceramic surfaces blend harmoniously with precise outer shapes and pure furniture elements."

"The simple elegance of the Mattis bathtub provides ample opportunity to combine with other series to create a personalised touch in any bathroom."

"Triple A is a stylish range of state-of-the-art shower enclosures with many special features, including the innovative magnet-guided door system."

Venture out into the world and gain experience

"The 'Simply Swiss' events in Durban and Cape Town that I attended with my work colleagues were among my personal highlights. I was impressed by the extent to which Swiss quality is valued halfway across the world in South Africa."

Nadine Fritschi, intern in South Africa

"Every young person should jump at the opportunity to undertake an internship abroad. Be open, inquisitive and have the courage to play an active role. You will experience many great things, establish valuable contacts and learn a lot about yourself."

Janina Widenhorn, intern in South Africa

"Imagine there is a power failure or the production machine is defective and you are missing an important spare part. In India, such challenges are a part of everyday life. I've learnt to deal with all kinds of situations, to improvise and to simply take things in my stride."

Thomas Conen, intern in India

"We know how important it is to begin the process of raising awareness among our apprentices as early as possible. To ensure they understand that international competences are important for their career, we have to introduce them to the topic at an early stage."

Annika Heilig, HR manager

In an age of increasing mobility and growing international competition with regard to business location, flexibility is becoming more and more important. Having work experience abroad is also more sought after on the job market than ever before. How can companies ensure that their junior staff have this flexibility in terms of mobility?

International internships are the answer. Apprentices should be informed about the possibility of undertaking an assignment abroad at an early stage, which is why awareness is raised early on during their apprenticeship.

Working abroad gives young professionals a unique opportunity to prove themselves in a completely new environment and return having learnt how rewarding a different culture, a different working environment or a different language can be for their professional and personal development.

Geberit introduces its apprentices to the internship carefully and in a targeted fashion, and ensures that the young men and women are deployed according to their abilities: "It is important to us that both sides benefit from an internship," adds Annika Heilig, who is responsible for the programme.

Former interns are delighted with the opportunity afforded to them and set an important example, with all of them referring to the internship abroad as a unique and valuable experience.

Professor Jürgen Bolten from Friedrich Schiller University Jena (DE) has dealt with the topic of internationalisation in the area of work-based training in several studies.

"The companies have to clarify how their apprentices can be actively involved in internationalisation processes and, in particular, how a sustained atmosphere of dialogue can be created within the company – one that takes the experiences of the returning trainees seriously as a seed for innovative processes and allows them to blossom."

Customised packaging

Whether raw materials, semi-finished products, finished products, production equipment, services or packaging, Geberit has a responsible procurement policy right across the board. This responsibility has many facets. It encompasses the highest quality standards, socially responsible and healthy working conditions as well as environmental protection and the commitment to fair business practices. The Code of Conduct for Suppliers, which is aligned with the principles of the United Nations Global Compact, formalises this commitment to responsible procurement. At Geberit, almost 100% of suppliers have signed this Code.

Model AG in Weinfelden (CH) specialises in making cardboard from paper and using this cardboard to produce customised packaging solutions. The customer and supplier relationship has existed for decades and has long since blossomed into a reliable partnership where both parties constantly work together to bring about improvements.

More efficient processes, the reduction of waste during the individual production steps and the use of heat from the production facilities to heat the halls are just some of the many examples of the sustainable progress achieved together.

Comprehensive – environmentally friendly – energy-efficient

440
different packaging types are manufactured for Geberit by Model.

80%
of the packaging material is made from recycled materials.

3/4
of the entire heat required to manufacture the cardboard comes from the local waste incineration plant.

Solutions that work well in practice – guaranteed

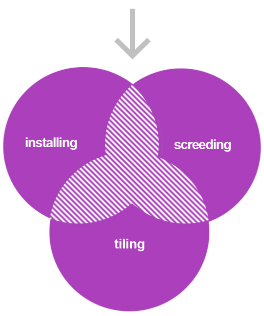
When plumbers remove a Geberit product from its packaging on the building site, it must be clear from the installation manual how they are to proceed. The issue becomes more challenging when several trades are involved in professionally installing a sanitary product – as is the case with a shower channel.

Geberit therefore invited plumbers, screed layers and tilers from different countries to a practical trial in Switzerland, where they installed the Geberit shower channel CleanLine – which was only available as a prototype at the time – in various realistic situations. Product developers and application engineers used the opportunity to carefully observe the craftsmen in action and exchange ideas with them. “Both the prototypes and the installation manuals passed the practical test with flying colours,” explained Andreas Schläpfer, Head of Application Engineering, following completion of the tests. “However, the discussions with the craftsmen also led to several important improvements to details. The hard work therefore more than paid off.”

Where reliability is a key product requirement, as at Geberit, it is crucial that the different trades look for solutions together – exactly the approach taken during the practical trials for the new shower channel.

Developing solutions together

The product is designed with real-life situations in mind and anticipates transitions between the trades.



The product is designed with real-life situations in mind and anticipates transitions between the trades.

Wolfgang Steindl is President of the Austrian Tile Association and Chairman of the Tile Association’s Technical Committee.

“We were impressed that a company that focuses on sanitary technology had given so much thought to the needs of the other trades during product development. Before launching the product, Geberit asked the other trades to test it and then integrated the input from the tilers into the development process.”

Geberit AquaClean on tour

What is a shower toilet and what is it like to use? In 2015, the AquaClean truck offered people the chance to try out a shower toilet and experience the topic of cleaning with water in a completely novel way. From the beginning of July until mid-September, the AquaClean truck stopped by at 16 top-class sporting and cultural events as well as busy shopping centres in Germany before touring for a total of six weeks through 20 cities in Norway and Denmark.

The campaign “My first time”, which features a video of people using a shower toilet for the first time, helped to successfully promote the tour. In close collaboration with the Geberit AquaClean partners and thanks to the elaborate marketing campaign, thousands of customers were inspired to visit the AquaClean truck and learn more about shower toilets. In addition to the general public, Geberit also expressly invited plumbers to visit the roadshow with their customers.

In the truck, the Geberit AquaClean teams gently introduced the customers to the topic of cleansing oneself with water. Visitors to the truck were initially able to test what a jet of water from an AquaClean shower toilet feels like on their hand. All the shower toilet models were also available for inspection in the showroom area. And anyone who wanted to try out a shower toilet for themselves had the opportunity to do so in one of the two customer toilets.

Lise-Lotte Kristiansen, Project Manager Nordic Marketing, Geberit A/S

"The Geberit AquaClean roadshow enabled us to attract a great deal of attention to the shower toilet category. We were very pleasantly surprised at how many people stopped by, asked questions, tried out the shower toilets and were quickly won over by the benefits of cleaning with water."

Volker Röttger, Head of Marketing Communications, Geberit Germany

"With this unusual campaign – which enabled people to learn more about cleaning with water and to try out the shower toilets for themselves – we have reached and won over a lot of people while at the same time proving that we are once again a step ahead of the competition."

Anders Tell, Retail Manager at Falsing VVS in Copenhagen (DK) and a Geberit AquaClean partner

"The roadshow attracted a great deal of interest in the centre of Copenhagen. Everyone passing by checked out the truck. I greatly appreciated being able to talk to end users and get them interested in shower toilets. The roadshow has resulted in many new potential customers for our business."

Editorial

The challenging environment in the construction industry, the integration of the acquired Sanitec business and the strong Swiss franc shaped the Geberit Group's results in the 2015 financial year. Despite this, starting from a very high level, we managed to achieve a good overall result and further consolidated our position as the leading supplier of sanitary products in Europe.

Net sales increased by 24.2% in 2015, to CHF 2,593.7 million. Total growth comprised organic growth in local currencies of 2.7%, a negative foreign currency effect of 9.6% and an increase of 31.1% due to the Sanitec acquisition. Operating margins were positively influenced by beneficial volume and product mix effects, as well as lower raw material prices. These were offset mainly by the dilution of margins due to the integration of Sanitec and the effects of the 10% currency rebate granted in Switzerland. The results comprise various special effects in connection with the Sanitec acquisition. Operating profit (EBIT) adjusted for these special effects increased by 2.4% to CHF 590.9 million and the correspondingly adjusted EBIT margin came to 22.8%. Adjusted net income fell by 1.1% to CHF 493.1 million, with an adjusted return on net sales of 19.0%. Adjusted earnings per share declined by 0.4% to CHF 13.23. The reported values amounted to CHF 498.3 million for the EBIT (EBIT margin 19.2%), CHF 422.4 million for net income (return on sales 16.3%) and CHF 11.33 for earnings per share. Free cashflow rose by 5.1% to CHF 484.0 million.

The 2015 financial year was dominated by the acquisition and integration of the Sanitec Group. In October 2014, the Geberit Group set a new strategic direction with its takeover bid for Sanitec – a leading European manufacturer and supplier in the sanitary ceramics segment. The acquisition was completed in the following February. As a result of the combination, the Group grew by 6,200 employees, 18 production plants and 14 European brands with strong local anchorage. Thanks to this step, Geberit is now ideally positioned to create added value in the bathroom with innovative solutions. The combination of perfectly functioning technology behind the wall and sophisticated design in front of the wall is where the future lies.Geberit is the European market leader for sanitary products and will, in particular, strengthen its position in regions such as the Nordic Countries, France, the United Kingdom and Eastern Europe, in which the company has not yet gained a substantial foothold. The integration activities, which began in the second quarter of 2015, went according to plan. By the end of 2015, the main organisational work was completed. In particular, the aim of operating as a single company in sales activities on all markets by 1 January 2016 was achieved. The focus in 2016 will be on further harmonising processes and realising initial synergies.

The forward-looking, continuously optimised product portfolio is an important factor for the success of Geberit. The company again expanded its proven range with major innovations in 2015, thereby extending its market position. The CleanLine shower channel is one example, combining a high-quality finish with simple, safe installation while at the same time being easier to clean than conventional shower channels. The market response to this product so far has exceeded all expectations. Another example is the compact sanitary flush unit with new control and sensor technology, which prevents the spread of bacteria and germ populations in pipes with standing water, by automatically rinsing them when required. Also launched in 2015 was the new Geberit AquaClean Mera premium shower toilet, which sets new standards in this category.

As already announced in the last annual report, with a view to future growth and the continued optimisation of existing logistics processes – and irrespective of the Sanitec acquisition – the decision has been made to further expand capacities at the Logistics Center in Pfullendorf and invest around EUR 40 million in this. The groundbreaking ceremony for the extension was held as scheduled in the spring of 2015. The work is expected to be completed at the beginning of 2017 in order that the extensions can commence operations the same year.

The development of the Geberit share price was pleasing. The share price grew – in contrast with the Swiss Market Index (SMI), which posted a drop of 1.8% – slightly by 0.5% to CHF 340.20. Despite the slightly lower earnings, the Board of Directors intends to once again let the shareholders participate in the essentially solid development of the business and will maintain the attractive distribution policy of previous years. Therefore, a dividend of CHF 8.40 will be proposed at the ordinary General Meeting, which is slightly higher (+1.2%) than in the prior year. The payout ratio of 63.3% of adjusted net income is thus in the upper range of the 50% to 70% corridor defined by the Board of Directors. Furthermore, the ongoing share buyback programme was continued. By 31 December 2015, shares worth CHF 205 million had been acquired, which equates to around a third of the originally planned, entire programme. The share buyback was suspended from July 2014 until March 2015 as a result of the ongoing Sanitec acquisition, which is why only around 2% of the share capital – or some 40% of the originally planned amount – was repurchased by the completion of the programme at the end of February 2016. A proposal will be submitted to the 2016 ordinary General Meeting to carry out a capital reduction in the amount of the total repurchased shares and to cancel the shares.

There will be some changes on the Board of Directors. After seven years on the board, Robert F. Spoerry will no longer be standing for re-election at the ordinary General Meeting on 6 April 2016. As a member of the Board of Directors, Chairman of the Nomination and Compensation Committee and during a transitional phase as Lead Director, he has demonstrated great commitment and expertise. The Board of Directors and Group Executive Board would like to extend their thanks for his contributions and ideas towards the further development of the company. Mrs. Regi Aalstad will be recommended to the General Meeting as his successor and new Member of the Board of Directors.

From February 2015, as a consequence of the changes to the organisational structure as part of the Sanitec acquisition, the Marketing & Brands division was added to the Group Executive Board. Therefore, at this time the Group's former Head of Marketing, Egon Renfordt-Sasse, was appointed as Head of the new Group Division and a Member of the Group Executive Board. At the start of June 2015, Ronald van Triest took over the vacant position on the Group Executive Board as Head of International Sales, which encompasses the Geberit markets outside Europe.

We owe the good results in 2015 and the integration of the Sanitec activities, which is so far going according to plan, to the high degree of motivation and professionalism 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 again deserve special thanks for their trust and constructive collaboration. Last but not least, we also wish to express our gratitude, esteemed shareholders, for your continued confidence in our company.

The Geberit Group's 2016 financial year is expected to be further impacted by the integration of Sanitec's activities. Since 1 January 2016, the sales organisation is operating as a single company in all markets; as already mentioned, another focus shall also be on the further harmonisation of systems and processes and realising initial synergies. Just as important shall be the focus on Geberit's daily business, which is expected to be a challenging undertaking once again owing to the situation in the European construction markets. The objective shall be to provide convincing services in all markets with the new joint sales force and, as in previous years, gain market shares. The main focus shall fall on the concerted marketing of the new products introduced in recent years, the more intense penetration of markets in which Geberit products or technologies are still under-represented and on the very promising shower toilet business. In line with the Geberit strategy, these measures shall be accompanied by efforts to continuously optimise business processes. The Board of Directors and the Group Executive Board are convinced that the company is very well equipped for the upcoming opportunities and challenges.

Albert M. Baehny
Chairman of the Board of Directors

Christian Buhl
CEO

Geberit share information

Share price performance in the year under review

The development of the Geberit share price in 2015 was shaped by the abandonment of the minimum exchange rate by the Swiss National Bank as well as by the first-time consolidation of Sanitec. Beginning the year at CHF 338.40, the share price dropped significantly in mid-January in line with the market before rallying to reach an all-time high of just over CHF 370 by mid-March. The Geberit share subsequently performed slightly weaker than the market, in a downwards trend dropping to around CHF 290, before a disproportionate recovery in the fourth quarter saw it close the year at CHF 340.20. Overall, this corresponds to a slight increase of 0.5% in 2015. In the same period, the SMI dropped by 1.8%. Viewed over the past five years, the Geberit share posted an annual average increase in value of 9.5% (SMI: +6.5%). The Geberit Group's market capitalization reached CHF 12.9 billion at the end of 2015.

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

At the end of 2015, the free float as defined by SIX was 100%.

Distribution

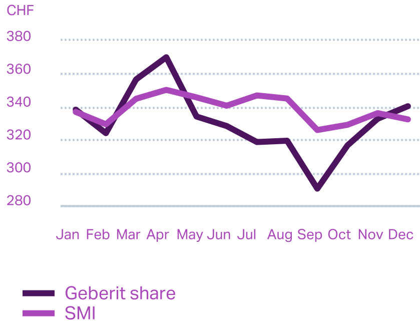
Given a normal market environment, Geberit achieves solid free cashflow, which is invested in organic growth, used to repay debts, applied towards any acquisitions or distributed to shareholders. The capital structure is prudently maintained and the company strives for a solid balance sheet structure 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. This is also expected to continue unchanged following the acquisition of Sanitec.

Over the last five years, around CHF 1.9 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 216.20 at the end of 2010 to CHF 340.20 at the end of 2015.

Despite a drop in net income (adjusted for costs in connection with the Sanitec acquisition), the Board of Directors will propose to the ordinary General Meeting of Geberit AG on 6 April 2016 a dividend of CHF 8.40, an increase of 1.2% over that of 2015. The payout ratio of 63.3% of adjusted net income is in the upper range of the 50% to 70% corridor defined by the Board of Directors. Subject to the shareholders' approval, the distribution will be paid on 12 April 2016.

The share buyback programme announced in March 2014 was launched on 30 April 2014. In the course of this programme, shares amounting to a total of a maximum of 5% of the share capital recorded in the Commercial Register were to be repurchased over a period of two years, less withholding tax, and cancelled by means of a capital reduction. The share buyback has been conducted via a separate trading line on the SIX Swiss Exchange. By 31 December 2015, 634,600 shares, which corresponds to around a third of the entire programme, had been acquired at a sum of CHF 205 million. The share buyback was suspended from July 2014 until March 2015 as a result of the ongoing Sanitec acquisition, which is why 2% of the share capital – or some 40% of the originally planned amount – were repurchased by the completion of the programme at the end of February 2016. A proposal will be submitted to the 2016 ordinary General Meeting to carry out a capital reduction in the amount of the total repurchased shares and to cancel the shares.

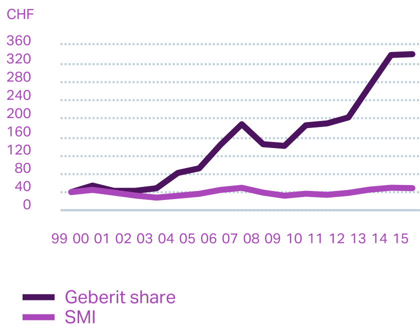
Share price development 1.1. until 31.12.2015



Source: Bloomberg

Share price development 22.6.1999 (IPO) – 31.12.2015

Annual average share price



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

Distribution paid (CHF per share)

	2011	2012	2013	2014	2015
Dividend	–	–	3.80	7.50	8.30
Capital redemption	6.00	6.30	2.80	–	–
Total	**6.00**	**6.30**	**6.60**	**7.50**	**8.30**

Total distribution to shareholders and share buybacks (CHF million)

	2011	2012	2013	2014	2015	Total
Distribution	236	242	248	282	311	**1,319**
Share buyback	193	198	0	37	160	**588**
Total	**429**	**440**	**248**	**319**	**471**	**1,907**

Communication

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

CEO Christian Buhl, CFO Roland Iff and the 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 can be found on the website 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 at
→ corporate.communications@geberit.com

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

Major data relating to the Geberit share (as of 31 December 2015)	
Registered shareholders	25,522
Capital stock (CHF)	3,779,842.70
Number of registered shares of CHF 0.10 each	37,798,427
Registered shares	22,719,562
Treasury stock:	
- Treasury shares	243,280
- Share buyback program	634,600
Total treasury stock	877,880
Stock exchange	SIX Swiss Exchange
Swiss securities identification number	3017040
ISIN code	CH-0030170408
Telekurs	GEBN
Reuters	GEBN.VX

Key figures (CHF per share)	2014	2015
Net income	13.28	13.23[1]
Net cashflow	16.20	16.00
Equity	45.74	39.76
Distribution	8.30	8.40[2]

[1] Adjusted for costs in connection with the Sanitec acquisition (transaction, integration, and one-off financing costs, as well as the amortisation of intangible assets and one-off costs resulting from the inventory revaluation)
[2] Subject to approval of the General Meeting 2016

Time schedule	2016
General Meeting	6 Apr
Dividend payment	12 Apr
Interim report first quarter	28 Apr
Half-year results	16 Aug
Interim report third quarter	28 Oct
	2017
First information 2016	17 Jan
Results full year 2016	14 Mar
General Meeting	5 Apr
Dividend payment	11 Apr
Interim report first quarter	2 May

(Subject to minor changes)

Management structure

Board of Directors

Chairman
Albert M. Baehny

Vice Chairman
Robert F. Spoerry

CEO Division

Chief Executive Officer
Christian Buhl

Human Resources
Roland Held

Communications & Investor Relations
Roman Sidler

Strategic Planning
Andreas Lange

Environment / Sustainability
Roland Högger

Shower Toilet
Martin Baumüller

Sales Europe

Member Executive Board
Karl Spachmann

Germany
Clemens Rapp

Italy
Giorgio Castiglioni

Switzerland
Hanspeter Tinner

Austria / Hungary / Romania
Stephan Wabnegger

Netherlands
Menno Portengen

Belgium
Thierry Geers

Nordic Countries
Lars Risager

France
Yves Danielou

United Kingdom
Mark Larden

Poland / Ukraine
Przemyslaw Powalacz

Czech Republic / Slovakia
Vladimir Sedlacko

Adriatic Region
Miran Medved

Iberian Peninsula
David Mayolas

Russia
Irina Buralkina

Key Account Management
Karl Spachmann a.i.

Business Development/OEM
Tobias Beck

Sales International

Member Executive Board
Ronald van Triest

North America
Andreas Nowak

Far East / Pacific
Ronald Kwan

Middle East / Africa
Ronald van Triest

Marketing & Brands

Member Executive Board
Egon Renfordt-Sasse

Marketing Sanitary Systems
Severin Daniels

Marketing Piping Systems
Arnd Gildemeister

Marketing Ceramics / Branding
Alexander Bühl

Marketing Communication
Daniela Koch

Pricing
Frank Heuser

Digital
Dirk Wilhelm

Products

Member Executive Board
Michael Reinhard

Quality
Christian Englisch

Purchasing
Adriaan 't Gilde

Logistics
Gerd Hailfinger

Technology / Innovation
Felix Klaiber

Accredited Test Laboratory
Markus Tanner

Products Sanitary Systems
Jörn Ikels

Products Piping Systems
Pietro Mariotti

Products Ceramics
Miguel Definti

Production Plant IBA *
Robert Lernbecher

Production Plant EFA **
Martin Ziegler

Production Plant CER ***
Robert Lernbecher a.i.

Finance

Member Executive Board
Roland Iff

Controlling
Andreas Jäger

Treasury
Thomas Wenger

Information Technology
Markus Enz

Legal Services
Albrecht Riebel

Internal Audit
Martin Reiner

* IBA: Injection / Blow Moulding / Assembly
** EFA: Extrusion / Forming / Assembly
*** CER: Ceramics

Strategy

With its innovative solutions for sanitary products, Geberit seeks to achieve sustained improvement in the quality of people's lives. Its proven, focused strategy for doing so is based on the four pillars “Focus on sanitary products”, “Commitment to innovation and design”, “Selective geographic expansion" and “Continuous optimisation of business processes”.

1. Focus on sanitary products	**2. Commitment to innovation and design**	**3. Selective geographic expansion**	**4. Continuous optimisation of business processes**

1. Focus on sanitary products: Geberit concentrates on “behind the wall” sanitary and piping systems for transporting water in buildings, as well as bathroom ceramics and ceramics complementary products "in front of the wall". In these areas, Geberit has comprehensive know-how and supplies high-quality, integrated and water-saving sanitary technology as well as attractive design.
2. Commitment to innovation and design: continuously optimising and extending the product range is crucial for future success. Innovative strength is founded on research and development in areas such as hydraulics, statics, fire protection, hygiene and acoustics, as well as process and materials technology. The insights gained are systematically applied in the development of products and systems for the benefit of customers.
3. Selective geographic expansion: an important factor in long-term success is stronger growth in those markets within and outside Europe in which Geberit products or technology are so far under-represented. 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 markets. In this respect, the company always adheres strictly to the existing high standards in terms of quality and profitability.
4. Continuous optimisation of business processes: the purpose behind this focus is to ensure a leading, competitive cost structure in the long term. This 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 sanitary products,
- solid, sustainable → **growth and earnings drivers**,
- a strong competitive position,
- an innovative product range, developed in accordance with customer needs,
- a proven, customer-focused business model,
- a stable management structure,
- a lean, high-performance organisation with optimised processes,
- a unique corporate culture.

Medium-term goals

Geberit has set itself the goal of being the standard-bearer for sanitary products, continually developing those products in a sustainable way and gaining market shares in the process. Among other things, this approach yields 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.

The medium-term goals were reappraised following the acquisition of Sanitec and the switching of reporting to net sales from the 2015 financial year onwards. Once the Sanitec business has been successfully integrated, from 2018 onwards the growth in net sales in local currencies, after adjustments for acquisitions, is expected to be between 4 and 6 percent in the medium term as an average over one economic cycle, and an operating cashflow (EBITDA) margin of between 28 and 30 percent is expected to be achieved. A third quantitative target has also been set: return on invested capital (ROIC), which from 2018 is expected to reach 25 percent.

In order to achieve the expected growth, for upcoming larger projects and due to the integration of the Sanitec business, between 2016 and 2018 around CHF 150 million is to be invested in property, plant and equipment.

Further growth through acquisitions has not been ruled out. However, any potential acquisition will have to satisfy strict strategic and financial criteria.

The following sales and earnings drivers are crucial to achieving the ambitious medium-term goals:

1. **„Push-Pull“ sales model**, which concentrates on the key decision-makers in the industry,
2. **Technology penetration**, which involves replacing outdated technologies with new, more innovative sanitary products and systems,
3. **Value strategy**, to increase the proportion of higher-quality products – particularly in markets in which Geberit products already have a high degree of market penetration,
4. **Geberit AquaClean**, to build up the shower toilet category in Europe,
5. **Innovation leadership** in the sanitary industry, in order to set new standards, and
6. **Continuous process and cost optimisation.**

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 invested 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 invested capital. Details can be found in the → **Remuneration Report**.

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, important projects are tracked over the long term following project completion, and the achievement of objectives is evaluated annually by the Group Executive Board.

Management of currency risks

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 in the various currency areas are incurred in the same proportion in which sales are generated. This hedging is almost entirely successful, particularly as regards the euro and US dollar. There are, however, minor deviations arising from the Swiss franc, British pound and the Nordic or Eastern European currencies, whereas, as a result of the integration of the Sanitec business, the currency risk resulting from the Swedish krona and Polish zloty in particular could be reduced. As a consequence of the natural hedging strategy, currency fluctuations only have a minor impact on the margins. Gains and losses result mainly from the translation of local results into Swiss franc (translation effects).

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

- Net sales: +/-8% to +/-10%
- EBITDA: +/-9% to +/-11%
- EBITDA 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, 15. Derivative Financial Instruments**.

Sanitec acquisition

On 14 October 2014, Geberit AG announced that it was making an offer to Sanitec's shareholders to acquire their shares at a price of SEK 97 per share. This equated to a total transaction value of CHF 1.2 billion for 100% of the shares. The offer represented a premium of 29% compared to the volume-weighted average price of the Sanitec shares on the Stockholm Stock Exchange over the preceding three months.

At that time, Sanitec was a leading European producer and supplier of bathroom ceramics. The company achieved net sales of EUR 689 million and an EBIT margin of 11.4% in 2014, and employed 6,200 people in 18 production facilities and 24 sales units. Sanitec sold its products primarily in Europe under 14 leading brands that are firmly established in their local markets.

The relevant competition authorities granted all the required approvals in late January 2015. At the end of the acceptance period on 2 February 2015, 99.27% of the Sanitec shares had been tendered to Geberit. The purchase/sale of these shares was effected on 10 February 2015 and was financed by Geberit using its own funds as well as new debt. Following an extended acceptance period, Geberit held 99.77% of the shares, with a squeeze-out process instigated for the remaining shares and completed successfully in September 2015.

For Geberit, the acquisition of Sanitec represents an expansion of its strategic focus. The future product portfolio will be enhanced with bathroom ceramics. The new company will be the European market leader for sanitary products and will, in particular, strengthen its position in regions such as the Nordic Countries, France, United Kingdom and Eastern Europe, in which Geberit had not yet gained a firm foothold. It combines technical know-how in sanitary technology “behind the wall” with design expertise “in front of the wall”. The acquisition also supports the Group's → **key sales and earnings drivers** and will create added value.

The integration activities, which began in the second quarter of 2015, went according to plan. By the end of 2015, the main organisational work was complete. In particular, the aim of operating as a single company in sales activities on all markets by 1 January 2016 was achieved. The focus in 2016 will be on further harmonising processes and realising early synergies.

Financial Year 2015

The challenging environment in the construction industry and the integration of the acquired Sanitec business shaped the Geberit Group's results in the 2015 financial year. Despite this, starting from a very high level, the company managed to achieve a good overall result. The majority of markets and regions achieved growth in sales and gained market shares. The results, adjusted for various special effects in connection with the Sanitec acquisition, were positively influenced by beneficial volume and product mix effects as well as lower raw material prices. These were countered mainly by the negative impact of the dilution of margins due to the integration of Sanitec and the effects of the currency rebate in Switzerland. With these results, the Group further consolidated its position as the leading supplier of sanitary products.

Market environment

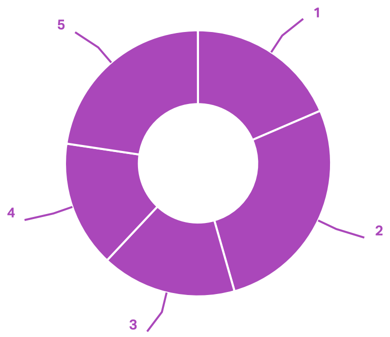
Business climate still challenging

As in previous years, the construction industry in 2015 was shaped by developments that varied by region. There was no comprehensive recovery in the industry. Only a handful of markets experienced positive development. Elsewhere, volumes declined significantly: particularly notable was the slump in activities in the construction industries of China and Russia.

In a recent updated assessment for **Europe**, Euroconstruct adjusted its previous forecasts for the building construction volumes in 2015 down from +1.8% to +1.1%. When compared with older forecasts by Euroconstruct, the more cautious outlook is clear: at the end of 2014, it was assumed that building construction would increase by 2.0% in 2015. As in the previous year, new builds (+0.9%) increased by a smaller percentage than renovations (+1.2%). It is striking that the current volume of new building projects is 30 to 40% down on the level seen in 2007/2008. In contrast, the renovation business has once again almost reached the level seen at that time. Euroconstruct estimates for Germany (+0.7%), Switzerland (+1.0%), Italy (-0.3%), France (-0.9%), United Kingdom (+0.6%) and Austria (+0.3%) – Geberit's six biggest individual markets – were all below the average of the Euroconstruct estimate for building construction in Europe in 2015. Euroconstruct forecasted particularly strong growth for the Netherlands (+7.2%) and Sweden (+8.5%). Against this backdrop, it is safe to assume that Geberit's organic development once again outperformed the relevant competition during the year under review. The development of sales in Switzerland was affected by the currency rebate granted.

In Europe, 77% of the total construction volume in 2015 of EUR 1,371 billion relates to building construction. Residential construction accounted for just under 60% of this, and non-residential construction for just over 40%. More than half of the building construction volume pertained to renovation projects, primarily as a result of the high proportion within residential construction.

Total construction output Europe 2015
(EUR 1,371 billion)



1 Residential – New (19%)
2 Residential – Renovation (27%)
3 Non-residential – New (16%)
4 Non-residential – Renovation (15%)
5 Civil engineering (23%)

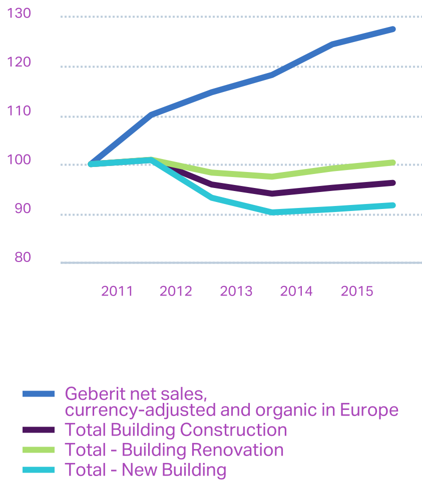
Source: 80th Euroconstruct Conference in Budapest (HU), December 2015

In **North America**, gross domestic product (GDP) rose by 2.4% and the economy grew slightly more than in 2014 (+2.2%). According to figures on the US construction industry published by the U.S. Department of Commerce, United States Census Bureau, investments in building construction increased by 14.8% compared with 2014. Within building construction, investments in non-residential construction increased by 17.0% in total, which was considerably more than in the previous year (+8.8%). Although below-average, the development of the health care/hospitals and schools/universities segments, which are important for Geberit, was nonetheless positive, at +5.9% (-1.4% in the previous year). The recovery in residential construction continued: the number of building permits for new private residential units increased significantly by 12.0% (previous year +5.6%); however, the absolute figures are still around a quarter below the long-term average before the financial crisis.

At +4.7%, economic growth in the **Far East/Pacific** region slowed marginally compared with the previous year (+4.9%), running counter to the global economic trend (of +2.5% in 2014 to +2.8% in the year under review; figures according to the International Monetary Fund). Nonetheless, at 53% (previous year 61%) more than half of the global growth originated from this region. The lion's share of that growth was achieved in China and, to a lesser extent, India. Despite the relatively stable macroeconomic situation, some of the region’s construction markets suffered a slowdown. In a few regions of China in particular, there has been a significant slump in residential construction. Stocks of unsold residential properties, which had increased further compared with the previous year, had a negative impact on residential new builds.

Construction output and Geberit net sales in Europe 2011 – 2015

(Index: 2010 = 100)



Source: 80th Euroconstruct Conference in Budapest (HU), December 2015 and 79th Euroconstruct Conference in Warsaw (PL), June 2015

Net sales

Solid sales growth

Cumulative net sales in 2015 increased by 24.2% to CHF 2,593.7 million. Total growth comprised organic growth in local currencies of +2.7%, a foreign currency effect of -9.6% and an increase of +31.1% due to the Sanitec acquisition. The currency-adjusted organic growth of +2.7% comprised a volume effect of +2.8% and a price effect of -0.1%, the price effect being significantly influenced by the currency rebate introduced in the Swiss market at the beginning of 2015.

From the start of February 2015, Sanitec's product range contributed CHF 649 million to the Group's net sales. Over the entire year, Sanitec posted a decline in net sales in local currencies of 2.2%.

In spite of the decline experienced between 2008 and 2011, average annual net sales growth for the last 10 years in Swiss francs was 4.2%.

The currency losses contained in net sales amounted to CHF 201 million, corresponding to a minus of 9.6%. In 2015, 63% of net sales were generated in euro, 5% in each of British pounds, US dollars and Swedish krona and 4% in Polish zloty.

The following changes in net sales in the markets and in the product areas are in local currencies and – except for the explanations relating to the product lines bathroom ceramics and ceramics complementary products – relate to the original Geberit unit.

Currency rebate has severe negative impact on Swiss market

The biggest region, **Europe**, grew by 2.5% overall. All European countries/regions posted positive growth - with the exception of Switzerland. Strong rates of growth were achieved by the Iberian Peninsula (+14.2%), United Kingdom/Ireland (+8.3%), the Benelux Countries (+7.5%), the Nordic Countries (+5.5%) and Germany (+4.7%). Central/Eastern Europe (+2.7%), Italy (+2.0%), Austria (+1.4%) and France (+0.2%) also grew. Switzerland (-8.3%) suffered from the 10% currency rebate introduced at the beginning of February, in response to the strong Swiss franc. Outside Europe, the **Middle East/Africa** region grew by +16.2% and **America** by +7.1%. The **Far East/Pacific** region experienced a decline of -4.1% due to the very weak market environment in China.

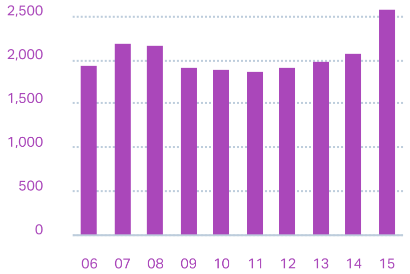
Stronger growth in Sanitary Systems

Net sales for the **Sanitary Systems** product area amounted to CHF 1,145.9 million, corresponding to growth of 4.2%.

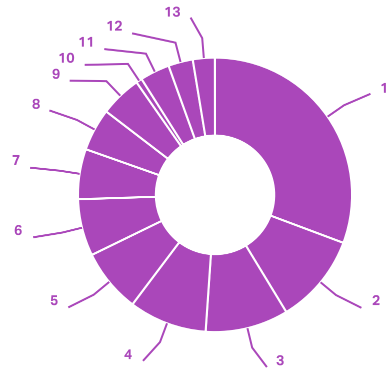
Net sales for the **Installation Systems** product line, at 28.0% of Group sales the most important product line, rose by 5.3%. The drywall elements and - with double-figure growth rates - the high-quality actuator plates made a major contribution to the strongest growth of all product lines. Growth of 0.6% was posted by the **Cisterns and Mechanisms** product line, which accounts for 8.5% of total net sales. The delivery problems caused by the major market success of the newly-launched Premium shower toilet AquaClean Mera, coupled with a lack of orders for the previous model, had a dampening effect. In contrast, as in the previous year the development of the Monolith WC module and the filling and flush valves was very pleasing, despite a downturn in the volatile OEM business. Net sales for the **Faucets and Flushing Systems** product line, which accounts for 4.5% of total net sales, increased by 5.1% in 2015. The growth was partly attributable to the positive market environment at US subsidiary Chicago Faucets in the business with schools and hospitals. Net sales for the **Waste Fittings and Traps** product line rose by 3.9%. The share of total Group net sales came to 3.2%. Positive growth rates were seen in shower drains and traps for urinals and WCs, while bathtub drains and traps for washbasins and bidets experienced a decline.

Net sales development 2006 – 2015

(in CHF million)



Net sales by markets/regions 2015



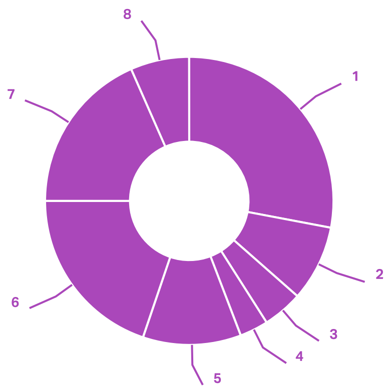
1 Germany (30.7%)
2 Switzerland (10.6%)
3 Nordic Countries (9.8%)
4 Central/EasternEurope (9.2%)
5 Benelux (7.5%)
6 Italy (6.7%)
7 France (5.9%)
8 Austria (5.0%)
9 United Kingdom/Ireland (4.9%)
10 Iberian Peninsula (0.7%)
11 America (3.5%)
12 Far East/Pacific (2.9%)
13 Middle East/Africa (2.6%)

Net sales for the **Piping Systems** product area were CHF 798.8 million. The increase was 0.7%, meaning growth was below that of Sanitary Systems – as was the case in the previous year.

Building Drainage Systems grew by 3.9%. The share of total net sales reached 11.0%. The Silent-PP sound-absorbing drainage system and the PE drainage system experienced positive development. The Silent-DB20 drainage system, however, stagnated. At -0.9%, the **Supply Systems** product line was the only product line that posted a decline in net sales. The contribution of this product line, which is the second largest measured by Group net sales, came to 19.8%. A negative market environment in markets that are important for this product line, such as Norway and Italy, coupled with a negative trend on the heating market were responsible for this decline.

The product lines **Bathroom Ceramics** and **Ceramics Complementary Products**, which were consolidated for the first time in February 2015, accounted for 18.4% and 6.6% of Group net sales respectively in the 11 months since the Sanitec business was integrated.

Net sales by product areas and product lines 2015



Sanitary Systems (44.2%)
1 Installation Systems (28.0%)
2 Cisterns and Mechanisms (8.5%)
3 Faucets and Flushing Systems (4.5%)
4 Waste Fittings and Traps (3.2%)

Piping Systems (30.8%)
5 Building Drainage Systems (11.0%)
6 Supply Systems (19.8%)

Ceramics (25.0%)
7 Bathroom Ceramics (18.4%)
8 Ceramics Complementary Products (6.6%)

Results

Profitability remains impressive

In the 2015 financial year, the results of the Geberit Group were influenced by various special effects in connection with the Sanitec acquisition. For better comparability, adjusted figures[1] are shown and commented on.

Operating margins were positively influenced by beneficial volume and product mix effects, as well as lower raw material prices. The 10% currency rebate in the Swiss market, negative currency effects, higher personnel and pension costs as well as the generally lower margins of the Sanitec business had a negative effect.

The adjusted operating cashflow (adj. EBITDA) rose by 5.5% to CHF 693.5 million, its highest ever level in Geberit's history. The adjusted EBITDA margin came to 26.7% compared with 31.5% in the previous year, due mainly to the aforementioned dilution of margins as a result of the integration of the Sanitec business. Over the last decade, average EBITDA growth of 4.3% was marginally better than the corresponding increase in net sales of 4.2%. The negative influence of currency developments explains why the previous year's operating results were not significantly bettered despite the Sanitec integration. Adjusted EBITDA was negatively impacted by the currency trend by CHF 69 million or 10.4%; the corresponding effect on the adjusted EBITDA margin was -0.4 percentage points.

The adjusted operating profit (adj. EBIT) rose by 2.4% to CHF 590.9 million, and the adjusted EBIT margin reached 22.8% (previous year 27.6%). Adjusted net income fell by 1.1% to CHF 493.1 million, which led to an adjusted return on sales of 19.0% (previous year 23.9%). The adjusted earnings per share came to CHF 13.23 (previous year CHF 13.28). The fall of 0.4%, which is disproportionately small compared with adjusted net income, was due to the lower average shareholding as a consequence of the ongoing share buyback programme.

Operating expenses under control

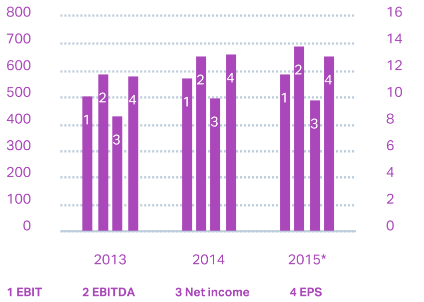
Total adjusted operating expenses increased by 32.4% in 2015 to CHF 2,002.8 million. As a percentage of net sales, this equates to 77.2% (previous year 72.4%). The increase in total adjusted operating expenses as well as all subitems was attributable to the integration of Sanitec's activities. In contrast, → **foreign currency effects** had a reducing effect.

Overall, the adjusted cost of materials increased by 25.1% to CHF 756.0 million and rose slightly from 28.9% of net sales in the previous year to 29.1%. Falling raw material prices had the effect of reducing expenditure on both industrial metals and plastics. Adjusted personnel expenses grew by 35.2% to CHF 654.2 million, which equates to 25.2% of net sales (previous year 23.2%). Adjusted for the acquisition, the adjusted personnel expenses decreased in absolute terms. The largely tariff-related salary increases and rise in staff numbers, see also → **Business and financial review, employees** were more than offset by exchange rate effects. Adjusted depreciation rose by 24.5% to CHF 95.9 million; in organic terms, it would have fallen. The adjusted amortisation of intangible assets amounted to CHF 6.7 million (previous year CHF 3.2 million). Adjusted other operating expenses increased by 42.5% to CHF 490.0 million; in organic terms, a decline would have been posted.

The adjusted net financial result came to CHF -17.2 million, which is a minus of CHF 15.5 million compared to the previous year. This development can be explained by higher interest expenditure in connection with the financing of the Sanitec acquisition, the amortisation of acquisition-related financing charges and foreign currency losses. Adjusted tax expenses grew by CHF 4.0 million to CHF 80.6 million. This resulted in a slightly higher adjusted tax rate compared with 2014 of 14.0% (previous year 13.3%), which was attributable to completed amortisation that had an impact on taxes.

EBIT, EBITDA, Net income, Earnings per share (EPS) 2013 – 2015

(in CHF million) (EPS: in CHF)



* Adjusted for costs in connection with the Sanitec acquisition (transaction, integration, and one-off financing costs as well as the amortisation of intangible assets and one-off costs resulting from the inventory revaluation)

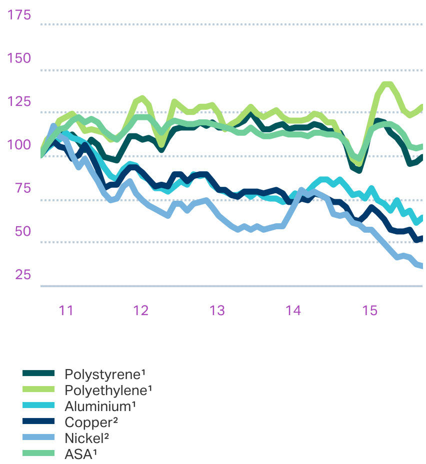
Acquisition and integration related costs (in CHF million)

Transaction costs	7
Integration costs	27
Inventory revaluation charge*	28
Total cost on EBITDA level	**62**
Amortisation charges for intangibles*	31
Total cost on EBIT level	**93**
Financing costs	6
Tax effect	-28
Total cost on net income level	**71**

* related to purchase price allocation

Raw material price development

(Market price; index: December 2010 = 100)



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

Significant acquisition and integration costs in the income statement

The negative special effects[2] arising from the Sanitec acquisition amounted to CHF 62 million as regards EBITDA, CHF 93 million as regards EBIT and CHF 71 million as regards net income. The reported values amounted to CHF 631.7 million for the EBITDA (EBITDA margin 24.4%), CHF 498.3 million for the EBIT (EBIT margin 19.2%), CHF 422.4 million for net income (return on sales 16.3%) and CHF 11.33 for earnings per share.

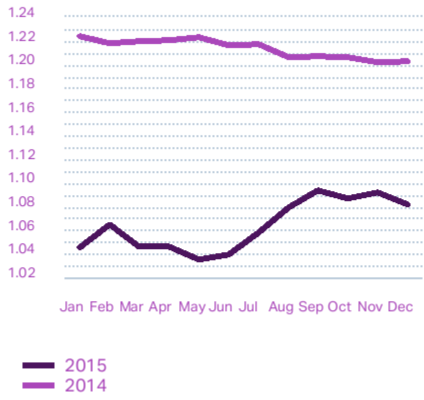
Increase in free cashflow

The slightly lower operating cashflow (EBITDA) and various special effects resulting from the Sanitec acquisition, the majority of which are mutually compensating, led to a decline in net cashflow of 2.0% to CHF 596.3 million. When calculating free cashflow, higher investments in property, plant and equipment were more than offset by positive effects of the change in net working capital. Consequently, an increase of 5.1% to CHF 484.0 million was achieved in free cashflow. Free cashflow was largely used to pay distributions of CHF 310.7 million to shareholders and to repurchase shares totalling CHF 159.8 million.

[1] Adjusted: adjusted for costs in connection with the Sanitec acquisition (transaction, integration, and one-off financing costs as well as the amortisation of intangible assets and one-off costs resulting from the inventory revaluation)
[2] Transaction, integration, and one-off financing costs as well as the amortisation of intangible assets and one-off costs resulting from the inventory revaluation

EUR/CHF exchange rates 2014/2015

(Period-end exchange rates)



Financial structure

Strong financial foundation

Once again, even after the acquisition of Sanitec, the substantial contribution from free cashflow allowed the attractive dividend policy and the share buyback programme to be continued while also maintaining the very healthy financial foundation of the Group.

Total assets increased from CHF 2,431.5 million to CHF 3,553.8 million. This development was heavily influenced by the integration of Sanitec and the strong Swiss franc.

Liquid funds and marketable securities decreased from CHF 749.7 million to CHF 459.6 million. In addition, the Group had access to undrawn operating credit lines for the operating business of CHF 345.6 million. Debts increased substantially to CHF 1,139.2 million (previous year CHF 10.5 million). This resulted in net debt of CHF 679.6 million at the end of 2015, compared with net cash of CHF 739.2 million at the end of the previous year. This development was shaped by the financing of the Sanitec takeover, dividend payments to shareholders amounting to CHF 310.7 million and share buybacks totalling CHF 159.8 million.

Net working capital decreased from CHF 169.1 million to CHF 146.6 million compared to the previous year. Property, plant and equipment increased from CHF 550.9 million to CHF 715.4 million, while goodwill and intangible assets rose from CHF 645.3 million to CHF 1,757.1 million. These items – and the key figures in the following section – were heavily impacted by the Sanitec acquisition and integration.

The ratio of net debt to equity (gearing) increased from -43.0% in the previous year to +45.9%. The equity ratio reached a solid 41.7% (previous year 70.6%). Based on average equity, the adjusted[1] return on equity (ROE) was 32.2%, the non-adjusted value of this ratio was 27.6% (previous year 29.2%). Average invested operating capital, comprising net working capital, property, plant and equipment, and goodwill and intangible assets amounted to CHF 2,504.9 million at the end of 2015 (previous year CHF 1,404.5 million). The adjusted return on invested capital (ROIC) was 20.1%, the non-adjusted value of this ratio was 17.0% (previous year 35.5%). For details on the non-adjusted 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 877,880 treasury shares on 31 December 2015, which equals 2.3% of the shares entered in the Commercial Register. Of these, 634,600 (1.7% of the shares entered in the Commercial Register) were acquired as part of the share buyback programme that started in 2014. The remaining 243,280 shares are mostly earmarked for share participation plans. The total number of shares entered in the Commercial Register stands at 37,798,427 shares. The aforementioned share buyback programme announced in March 2014 was launched on 30 April 2014. In the course of this programme, shares amounting to a total of a maximum of 5% of the share capital recorded in the Commercial Register were to be repurchased over a period of two years, less withholding tax, and cancelled by means of a capital reduction. The share buyback was suspended from July 2014 until March 2015 as a result of the ongoing Sanitec acquisition, and thus only around 2% of the share capital – or some 40% of the originally planned amount – was repurchased by the completion of the programme at the end of February 2016. A proposal will be submitted to the 2016 ordinary General Meeting to carry out a capital reduction in the amount of the total repurchased shares and to cancel the shares.

[1] Adjusted: adjusted for costs in connection with the Sanitec acquisition (transaction, integration, and one-off financing costs as well as the amortisation of intangible assets and one-off costs resulting from the inventory revaluation)

Debt
(in CHF million; as of 31 December)

	2013	2014	2015
Long-term debt	7.7	6.6	1,135.5
Total debt	11.7	10.5	1,139.2
Liquid funds and marketable securities	612.8	749.7	459.6
Net debt	-601.1	-739.2	679.6

Investments

Investment volume significantly greater than in previous years

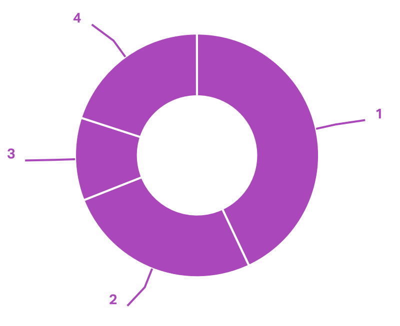
In 2015, investments in property, plant and equipment and intangible assets amounted to CHF 147.3 million, CHF 42.5 million or 40.6% more than in the previous year. As a percentage of net sales, the investment ratio was 5.7% (previous year 5.0%). All scheduled larger investment projects were carried out as planned.

The bulk of investments went toward machinery, building conversions and new building projects and the procurement of tools and moulds for new products. By far the biggest project in the reporting year was the expansion of capacity at the Logistics Centre in Pfullendorf (DE), where the ground-breaking ceremony was held in the spring of 2015. Additionally, investments were made in important development projects and the further optimisation of production processes. The investment volume was also heavily influenced by investments in the infrastructure and processes of the former Sanitec organisation, totalling CHF 24.5 million. Overall, 43% of total investments, or CHF 63.4 million, went toward expanding infrastructure in 2015. 20% or CHF 29.6 million was used to acquire tools and equipment for new product developments, 26% or CHF 38.3 million was invested in the modernisation of property, plant and equipment, while 11% or CHF 16.0 million was used for rationalisation measures relating to property, plant and equipment.

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

	2011	2012	2013	2014	2015
	92.6	86.0	98.0	104.8	147.3
In % of net sales	5.0	4.5	4.9	5.0	5.7

Investments by purpose



1 Capacity expansion (43%)
2 Modernisation (26%)
3 Rationalisation (11%)
4 New products (20%)

Employees

At the end of 2015, the Geberit Group employed 12,126 people worldwide, which equates to an increase of 5,879 people or 94.1% year on year. The majority of the increase is attributable to the integration of the acquired Sanitec employees. In Geberit's original organisation structure, the number of employees increased by 96, or 1.5%.

Based on the average headcount of 6,311, net sales per employee in the original Geberit organisation amounted to TCHF 308.1, or 7.0% below previous year, mainly driven by negative currency effects. For the newly combined Group following the integration of the Sanitec activities, this figure was TCHF 207.9.

As regards the breakdown of employees by business processes, the takeover of Sanitec resulted in a shift toward production, at the expense of all other processes. As a consequence of this, Marketing and Sales accounted for 23.9% of employees (previous year 29.5%), Production 62.6% (previous year 54.1%), Administration 7.8% (previous year 9.0%) and Research & Development 3.6% (previous year 3.7%). The share of apprentices was 2.1% (previous year 3.7%).

Image as an attractive employer

First-rate employees guarantee the company's success in the future. With this in mind, a variety of efforts were again made in 2015 to position Geberit on the job market as an attractive employer with an open corporate culture and international development opportunities at the interface between craft, engineering and sales. This included specialists from various departments attending a series of university career fairs, together with Human Resources managers.

Geberit offers its employees attractive employment conditions. In 2015, salaries and social benefits – adjusted by various special effects in connection with the Sanitec acquisition – amounted to CHF 654.2 million (previous year CHF 483.9 million), please also refer to → **the Notes to the Income Statement**. Employees can also participate in share participation plans at attractive conditions, see → **Consolidated financial statements Geberit Group, 17. Participation plans** and → **Remuneration Report**.

Equal opportunities and equal pay for women and men are self-evident. The proportion of female employees at the end of 2015 was 25% (previous year 31%), and for senior management this figure was 8% (previous year 7%). There are no women on the Board of Directors and the Group Executive Board.

Interesting prospects

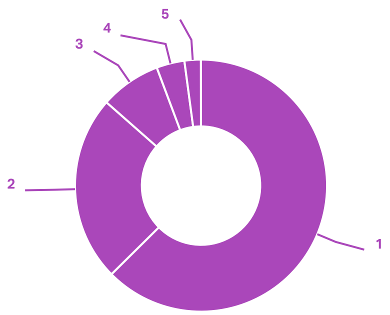
Investments in employees are a key issue in terms of education and further training. Geberit employed 255 apprentices at the end of 2015 (previous year 232). The transfer rate to a permanent employment relationship was 64% (previous year 82%). The target is 75%. Apprentices also have the option of working abroad for a period of six months on completion of their apprenticeship. As a global company, Geberit promotes the internationalisation of employees. Experience abroad and the transfer of know-how are an advantage for both employees and the company.

The two-stage Potentials Management Programme continues to be held. The aim is to selectively identify talents throughout the company and support them along their path to middle or senior management. Initial experience of managerial or project management responsibility are part of this. The problems investigated as part of the programme are geared towards the reality at the company and provide decision-makers with concrete bases for action. The programme is intended to help fill at least half of all vacant managerial positions within the company with internal candidates. In 2015, this was achieved for 40% of all Group management vacancies (previous year 69%).

Employees by countries (as of 31 December)

	2014	Share in %	2015	Share in %
Germany	2,413	39	3,319	27
Poland	58	1	1,532	13
Switzerland	1,262	20	1,333	11
Ukraine	–	–	1,089	9
France	76	1	693	6
China	688	11	665	5
Austria	507	8	541	4
Sweden	22	–	431	4
Italy	118	2	425	4
Others	1,103	18	2,098	17
Total	**6,247**	**100**	**12,126**	**100**

Employees by business processes 2015
(as of 31 December)



1 Production (62.6%)
2 Marketing and Sales (23.9%)
3 Administration (7.8%)
4 Research and Development (3.6%)
5 Apprentices (2.1%)

Standard assessment scale

The standard Performance Assessment, Development and Compensation (PDC) process has been in place since 2012. This standardised process enables the company to gain an overview of the available potential. The aims of PDC are severalfold: to reinforce the performance culture, increase transparency and, finally, improve the identification and promotion of talents. As regards compensation, the standard job assessments used throughout the Group provide a solid reference system. All employees of the previous Geberit Group - with the exception of manual workers - are now incorporated in the PDC process. The circle of participants is currently being extended to include managers of the former Sanitec Group.

A comprehensive employee survey is planned for the coming year. As with the previous survey, the aim is to ascertain identification with the company and employee satisfaction. The survey also includes specific questions about the integration activities as part of the Sanitec acquisition.

Proactive internal communication

The Intranet has been a central platform for communication with employees for many years. But this status was reinforced following the takeover of the Sanitec Group. During a transitional phase, the two former Intranets were operated in parallel but a new, joint Intranet was launched in October. Equally important on the new Intranet are balanced reporting, which reflects the new reality within the Geberit Group, and information by the CEO and Group Executive Board, which help foster understanding of the integration process going forward and, in particular, the associated milestones. For employees in production, who have no access to a personal computer, there are still special solutions such as a newsletter and/or communal large screens.

From the second edition, the recipients of the employee magazine, which has been published three times, were broadened to include all employees of the company. This has increased its print run from more than 6,000 to over 12,000 copies, now in six rather than the previous two languages.

Identity and Code of Conduct updated

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 identity of Geberit (what we do, what motivates us, what is responsible for our success, how we work together) – and the → **Geberit Code of Conduct** for employees serve as the applicable guidelines. At the end of 2015, a physical copy of the Compass, together with a letter from the CEO, was delivered to the homes of all our employees (see also → **Compliance section**). Furthermore, the Compass was also explained by the CEO in the employee magazine. The revised Code of Conduct was communicated to employees at the start of 2015 (see also → **Compliance section**).

Focus on occupational safety

The vision of a zero-accident company still holds after the takeover of the Sanitec Group. However, the targets have had to be revised to take account of the new situation: based on the 2015 reference year, the aim is to halve the number of accidents by 2025. By then, the AFR (Accident Frequency Rate) is to be reduced to a value of 5.5 (accidents per million working hours) and the ASR (Accident Severity Rate) to 90 (number of days lost per million working hours).

Due to the acquisition, the accident frequency rate rose to 11.4 in 2015. The accident severity rate increased during the same period to 206.2, again due to the acquisition. As the majority of occupational accidents and time lost are still attributable to carelessness, the focus in this regard is on changing behaviour. To this end, as part of the Geberit Safety System (GSS), a comprehensive masterplan on occupational safety, including a catalogue of measures, has been devised and adopted. Occupational safety is also part of the annual appraisal of managers at the plants.

Customers

A focus on specific customer needs

With the takeover of Sanitec, the number of advisors employed in the sales force in Europe was increased by around 200, and now totals more than 800. They are the frontline in daily contact with customers and decision-makers. When aligning the future sales organisation, the focus was on meeting the specific needs of wholesalers, plumbers, planners, architects, building owners and end users. In other words: a clear focus on the key customer groups in the respective markets takes precedence over advisors specialising in particular product Groups, such as ceramic appliances or piping systems. As a consequence, the entire sales force received training in the enlarged product range.

By the end of the year, the respective local sales companies in each country were amalgamated, with the aim of selling the entire product portfolio of the Geberit Group from a single source from the start of 2016.

A key instrument for retaining customers is and will remain Geberit's broad range of training opportunities. Thus, during the reporting year, once again 30,000 or so customers were provided with education and further training on Geberit products and software tools in the 25 Geberit information centres in Europe and overseas. In addition, around 90,000 customers became more familiar with Geberit know-how and products at external events.

Geberit AquaClean has strong presence in 13 European countries

The Czech Republic and Slovakia brought to 13 the number of campaign markets in which concentrated advertising measures are being implemented for Geberit AquaClean shower toilets.

To enable end users to experience cleaning with water, Geberit has launched numerous activities in the campaign markets. In Germany, Denmark and Norway, for instance, the new → **Geberit AquaClean Mobile** went on a major tour from July to the end of October. Under the motto "The first time", interested parties had the opportunity to try out an AquaClean shower toilet and assess the various models. In Austria, Belgium, the Netherlands and Switzerland, a mobile AquaClean WC Lounge offered the public the opportunity at concerts, sporting events and other big events to find out more about a shower toilet. And so that guests don't miss out on the refreshing sensation of a shower toilet during a hotel stay, the international sales initiative for mid-range and high-end hotels was driven forward. Partly as a result of this, 40 hotel projects were won during the reporting year.

September saw the sales launch of the new premium complete shower toilet system Geberit AquaClean Mera. Demand for the new top-of-the-range model exceeded all expectations and, regrettably, this resulted in a supply backlog. The appropriate measures to increase production capacity have been introduced.

Local contact with plumbing specialists

The close contact with plumbers and sanitary planners remained a focus of numerous marketing activities. Existing and proven measures such as customer visits, training and the publication of regularly updated technical documentation and apps were continued. The "Geberit On Tour" campaign, which has been organised in numerous markets since 2011, was also continued. This involved specially fitted-out showroom mobiles visiting wholesalers and offering plumbers the opportunity to assess Geberit innovations and solutions on site. In this way, over 30,000 visitors were addressed at more than 1,000 events in 18 countries in 2015.

Trade fair presence to foster business relations and customer contacts

Numerous trade fairs were once again used as platforms in 2015 to foster and enlarge our network of contacts in the market and demonstrate Geberit's innovative strength. Chief among them was the ISH in Frankfurt, the world's most important trade fair for the sanitary industry. Here, Geberit and Sanitec were present with a total of three large stands. Another highlight was the World Expo in Milan, where Geberit was a joint sponsor of the hugely popular Swiss Pavillion. Other important trade fairs attended were Batibouw in Brussels, MosBuild in Moscow, Ideobain in

Paris, Unicera in Istanbul as well as the Kitchen & Bath Industry Show in Las Vegas and the Kitchen & Bath China in Shanghai. In addition, architects and designers were specifically targeted at the Fuori Salone in Milan.

Core competencies open doors

Not all European markets have the same degree of awareness of low-noise sanitary installations. Therefore, a series of communication instruments have been developed to raise awareness of this subject among sanitary planners and plumbers and position Geberit as a professional solution partner. The initial use of these instruments in the Adriatic markets proved highly promising.

Innovation

Innovation as the foundation for future growth

Innovation is a key factor in Geberit's success. Therefore, substantial resources were once again invested in the development and the improvement of processes, products and technologies in 2015.

Its innovative strength, which is above average for the sector, is essential to the Group's continuing success. It is founded on Geberit's own, wide-ranging research and development (R&D) activities in our original business areas in sanitary technology, combined with various competencies that have been added as a result of the Sanitec acquisition. During the reporting year, a total of CHF 63.4 million (previous year CHF 55.8 million) or 2.4% of net sales was spent on future products and solutions. Of that total, CHF 58.3 million was attributable to the former Geberit and CHF 5.1 million to the activities of the former Sanitec. Expenditures increased by 13.6% year-on-year, or 4.5% after adjustments for the acquisition. 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. Over the last financial year, Geberit applied for 24 patents (including 4 for products of the former Sanitec business), bringing the total for the last five years to 108.

At Geberit, 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. From 2016, the product developments of the acquired ceramic appliances area will be aligned with this process.

R&D expenditures (in CHF million)

	2011	2012	2013	2014	2015
	48.4	49.8	50.9	55.8	63.4
In % of net sales	2.6	2.6	2.5	2.7	2.4

Broad-based competencies

Acoustic insulation, hydraulics, statics, hygiene, fire protection, process and materials technology – Geberit possesses uniquely strong competence in these and other areas, by setting industry standards.

Because of this, the development of sophisticated new products and technologies such as the → **Geberit Silent-Pro drainage system** can be accomplished almost entirely based on Geberit's own laboratories.

Comprehensive development activities pay off

A highly sound-insulating drainage system is expected to deliver one thing in particular to the end user: quietness. When correctly installed, Geberit Silent-Pro fully meets this expectation. For around 50 realistic construction situations, the sound levels were ascertained in accordance with DIN 4109 in Geberit's building technology and acoustics laboratory, in cooperation with the Fraunhofer-Institut, and compliance with the strict limit values was confirmed. In order to obtain all the necessary fire protection permits that are recognised Europe-wide, Silent-Pro was also subjected to extensive fire trials at the certified materials testing institute at the University of Stuttgart.

The huge effort paid off: Geberit Silent-Pro – which will be introduced in selected markets during 2016 – enables the Group to offer a high-performance plug-in drainage system. Under normal operating conditions, the material has been shown to have a service life of many decades. The high degree of sound insulation, coupled with the hydraulic properties of the individual fittings, invariably achieve top marks.

New products for greater comfort and better hygiene

The following products were newly launched on the market in 2015:

- The → **CleanLine** shower channel combines a high-quality finish with simple, safe installation while at the same time solving the hygiene problems of many shower channels. As the installation of a floor drain or a shower channel involves more and more trades, Geberit paid particular attention to making installation as simple and reliable as possible. Those efforts paid off, as sales so far have exceeded all expectations.
- Introduced to the public for the first time in March at the ISH in Frankfurt, the official sales launch of the → **Geberit AquaClean Mera shower toilet** took place in September. The new shower toilet has several impressive features: the WhirlSpray shower technology, developed by Geberit, ensures thorough and yet water-saving cleansing. The asymmetrical inner geometry of the rimless WC bowl allows quiet and clean flushing out. Comfort functions such as heatable WC seat, muted orientation light, automatic opening and closing of the WC lid as well as odour extraction unit and intelligent warm air dryer complete the new shower toilet.
- The elegant and small → **remote flush actuators type 01 and type 10** for cisterns are fitted with a high-performance, compact pneumatic cylinder. The actuations can be easily installed in drywalls or solid walls, at a distance of up to two metres from the cistern. This widens the design scope for the bathroom.
- The compact → **Geberit sanitary flush unit** with new control and sensor technology prevents the spread of bacteria and germ populations in pipes with standing water, by automatically flushing them when required. It therefore prevents hazardous contamination of drinking water systems in hotels, school buildings, sports stadia or hospitals. The devices are operated and programmed using a smartphone or by integration into the building service management system.

For more details on new products in 2015, see the → **Product Magazine 2015**.

Several new product launches are planned for 2016. Among them will be:

- The new → **Geberit Silent-Pro** drainage system, which represents the state of the art for building drainage: perfected plug-in connections, proven high degree of sound insulation, versatile and certified fire protection solutions, simple installation, high-quality materials and unrivalled quality. The outstanding sound insulation is due primarily to three factors: the high inherent weight of the material, increased wall thicknesses at defined points of the fittings and a consistent decoupling from the building structure.
- The new → **Geberit urinal system** enables sanitary planners and plumbers to create the optimal solution for every construction situation. The central elements of the new urinal system are the two rimless urinal ceramics Preda and Selva. Their inner geometry is precisely aligned with the newly-developed spray head and guarantees optimal flushing out even with the smallest flush volumes of 0.5 litres. The easy maintenance systems are extremely economical to maintain and operate.
- The ceramics in the → **Glow bath range** are characterised by their harmonious forms. The bath range, which was designed under the IDO and Porsgrund brands for all Scandinavian markets, comprises ceramics for washbasins, WCs and bidets as well as bathroom furniture.

For more details on new products in 2016, see the → **magazine Facts & Figures 2016**.

Production

New production network

With the acquisition of the Sanitec Group, the number of Geberit plants increased. The existing 17 plants for processing plastic and metal were joined by 18 sites, 12 of which manufacture ceramic products. The other 6 process acrylic, mineral casting compound as well as aluminium and glass (in the case of shower enclosures). The range of manufacturing technologies used thus includes the areas of plastic injection moulding, blow moulding and extrusion, appliance construction, metalforming and thermoforming, assembly and ceramic production.

Efforts were focused during 2015 on the integration of the new sites and their workforces. One of the key aspects was establishing the principle of continuous, noticeable improvements in a sustainable manner and thereby achieving substantial increases in productivity over the longer term. The central component of this undertaking is the Geberit Production System (GPS), which comprises the main elements of lean manufacturing and is universally applicable, i.e. it can be applied to the situation at every plant. Intensive training attended by all managers of the former Sanitec plants placed a particular focus on this.

Environmental management in production

The acquisition of Sanitec and, in particular, the integration of the new ceramics plants had a considerable impact on Geberit`s ecological footprint. Because of the processes involved, the manufacture of sanitaryware is very energy-intensive. For this reason, the Group's energy consumption increased fivefold in 2015. Its environmental impact and CO_2 emissions also increased significantly. In absolute terms, its environmental impact increased due to the acquisition by 279%; however, organically, it reduced by 2.1%. Environmental impact in relation to net sales (organic, currency-adjusted) decreased by 4.7%. As regards the long-term target, which is based on a decrease of 5% per year, Geberit therefore remains on course in organic terms.

Despite the acquisition-related development outlined, Geberit's ambitious reduction targets formulated in 2006 are unchanged: Geberit is pursuing the goal formulated in the → **Sustainability Strategy 2016-2018** of maintaining or further extending its sustainability leadership. One of the main instruments that helps achieve this goal is the integrated Geberit management system, which unites the themes of quality, environment, health and occupational safety as well as energy. By the end of 2018, all new sites are to be integrated into this system and accordingly satisfy the requirements of standards → **ISO 9001 (quality)**, → **ISO 14001 (environmental management)** and → **OHSAS 18001 (occupational safety and health protection)**. Adding certification according to ISO 50001 (energy management) will be on the agenda for selected sites.

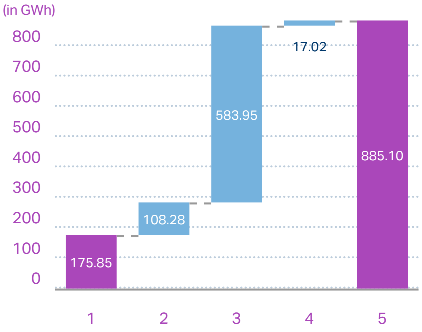
CO_2 strategy

CO_2 emissions increased in 2015 by 296% to 251,430 tonnes as a result of the Sanitec acquisition. Organically, however, they were reduced by 3.1%. CO_2 emissions in relation to net sales (organic, currency-adjusted) declined by 5.6%. This enabled the targets set out in the long-term → **CO_2 strategy** sheet to be met and all measures to reduce → **CO_2 emissions** to be implemented.

Geberit bases the implementation of its ambitious CO_2 strategy on three pillars. The first pillar is about savings in energy consumption. The second pillar relates to increasing efficiency and the third pillar comprises the selective acquisition of high-quality, renewable energy sources. The detailed → **CO_2 balance sheet** and → **all measures taken to reduce CO_2 emissions** are also disclosed in detail as part of the company's participation in the Carbon Disclosure Project (CDP).

Energy consumption 2015 – effect Sanitec acquisition

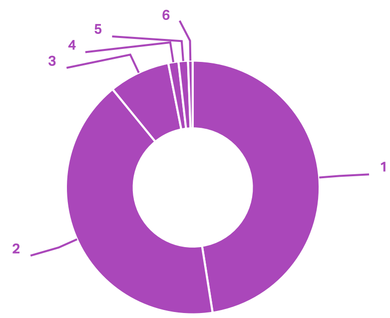
(in GWh)



1 Geberit, organic*
2 Sanitec electricity
3 Sanitec combustibles
4 Sanitec fuel
5 Geberit Group, consolidated

* Electricity: 114.05 GWh, combustibles: 44.35 GWh, fuel: 17.45 GWh

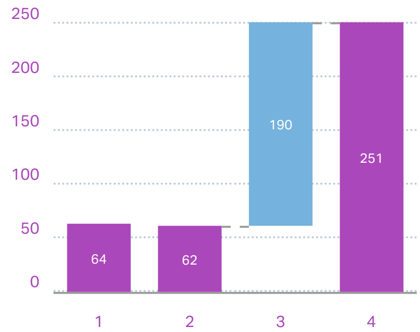
Distribution environmental impact 2015



1 Combustibles (47.5%)
2 Electricity (41.6%)
3 Fuels (7.8%)
4 Disposal (1.3%)
5 Water (1.2%)
6 Solvents (0.6%)

CO_2 emissions – effect Sanitec acquisition

(in thousand tonnes of CO_2)



1 Geberit 2014*
2 Geberit 2015, organic
3 Sanitec 2015
4 Geberit Group 2015, consolidated

* Updated basic data, calculation in accordance with IPCC 2013, excluding Scope 3 emissions

Logistics and procurement

Two different logistics worlds

Geberit heavily centralised and integrated its logistics in Europe between 2005 and 2010, whereas the logistics organisation of the former Sanitec is decentralised and geared towards the needs of the various brands and regions. Sanitec's logistics organisation and reporting were already incorporated in Geberit's Group logistics in 2015.

Groundbreaking ceremony in Pfullendorf

The integrated logistics of the original Geberit, with a Logistics Centre in Pfullendorf in south Germany and central transport management as the interface between the plants, markets and transport service providers, enables resource-efficient transport solutions. Transport between the plants, for instance, is combined with customer deliveries. This reduces the number of empty kilometres and increases truck capacity utilisation. A cooperation is in place with six main transport service providers for land transport in Europe. These service providers regularly report to Geberit on their quality and environmental management systems – including the reduction of energy consumption and emissions.

With a view to future growth and the continued optimisation of existing logistics processes, the decision was made the previous year – irrespective of the Sanitec acquisition – to further expand the capacities of the Logistics Centre in Pfullendorf and invest around EUR 40 million in this by 2017. The groundbreaking ceremony for the extension was held as scheduled in the spring of 2015.

Sanitec suppliers integrated

The centrally organised Purchasing department looks after the procurement of raw materials as well as semi-finished and finished products for all production plants worldwide (except the USA), as well as the purchasing of external services for the Group. The central Purchasing department became even more important when the purchasing specialists of the former Sanitec were integrated. Once again, an uninterrupted supply of the requisite raw materials to all the plants could be guaranteed in the year under review.

All Geberit’s business partners and suppliers are obligated to maintain comprehensive standards. This applies to quality, socially responsible and healthy working conditions as well as environmental protection and the commitment to fair business practices. The basis for the cooperation is the → **Code of Conduct for Suppliers**. This Code is aligned with the principles of the United Nations Global Compact and is binding for every new supplier. The suppliers of the former Sanitec are also required to abide by these standards and, by the end of the reporting year, 38 of the 50 main suppliers had already signed the Code, bringing the number of suppliers that had signed the code to 868 by the end of 2015. This equates to more than 90% of the Geberit Group's purchasing volume.

Sustainability

Sustainable corporate culture – for decades and in the future

A corporate culture in which sustainability is implemented in a measurable way enhances the value of the company and minimises the risks to its further development. Geberit has a decades-long commitment to sustainability and is a leader in this area, setting standards for customers, employees, suppliers and other partners. As part of the integration of Sanitec, these high sustainability standards are also to be rolled out at the former Sanitec organisations. These standards cover water-saving and sustainably produced products; environmentally friendly and resource-saving production; procurement and logistics with high environmental and ethical standards; and good, safe working conditions for the more than 12,000 employees worldwide. Geberit realises its corporate social responsibility through various commitments: social projects in developing regions around the world and partnerships like those with the Swiss development organisation Helvetas.

Various stakeholder groups regard a position as a sustainable company as increasingly important. Numerous awards prove that Geberit has been taking this remit seriously for many years. In the world's largest climate protection ranking awarded by the international organisation CDP (Carbon Disclosure Project), for instance, Geberit has achieved the status of “Sector Leader Industrials” for its reporting, meaning that it is one of the 10 best companies in the sector in Germany, Austria and Switzerland.

Water management still an important subject

In September 2015, the United Nations defined the follow-up programme to the Millennium Development Goals from the year 2000: the Sustainable Development Goals (SDGs) define concrete targets and indicators for 17 different themes which the states are required to implement by 2030. The involvement of the business world plays a pivotal role in implementing these targets and indicators. Goal number 6 states that access to clean drinking water and basic sanitation must be available to all people around the world, under fair conditions. Improving resource efficiency when handling water plays an important role in this. The importance of the subject of water management for sustainable development is still undisputed. A growing world population, migration, urbanisation, 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 major impact on future sanitary technology: water-saving and resource-efficient products are becoming even more important. The EU is increasingly putting water conservation and sustainability on its political agenda and has, for example, developed ecolabels for efficient toilets, urinals, washbasin taps and showers. Industry is also working on water efficiency and voluntary labels. The WELL label (Water Efficiency Label) of the European umbrella organisation for valve manufacturers EUnited, which was introduced in 2011, takes its direction from the well-known energy labels for electrical household appliances and serves as an information and orientation aid. Of the nine Geberit product groups – corresponding to more than 500 sales products – that are already certified, eight are represented in the A class. These product groups account for 17% overall of Group net sales.

The analysis of the entire Geberit 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 corresponding graphic takes account of all Geberit products before the integration of Sanitec. It is to be assumed that the new product portfolio will only cause a minor shift. Sparing use of the valuable resource water is and remains a focal point for Geberit.

Water footprint throughout the value chain (2015)*

* Geberit organic

Green building competencies are being expanded

Green building has become the standard in recent years, in the public and the private construction sector. European standards are thus prescribing the use of sustainable products and systems in buildings. At the same time, more and more buildings are being constructed in accordance with sustainability standards, such as DGNB, Minergie, BREEAM and LEED. Investors, project developers, owners and tenants are demanding system providers with holistic know-how regarding green building in order to satisfy the relevant standards. Geberit is addressing these issues with water and energy saving, low-noise and durable products, consistently positioning itself in the frontline with regard to green building.

In 2015, an internal working group was formed to discuss the entire product portfolio in great detail, at a number of workshops. The aim was to determine the relevance of the various sustainability issues, such as energy, comfort, climate, resources, origin, materialisation or Society, and gain comprehensive know-how regarding the requirements of the different labels. The next step will involve establishing an internal area of competence as well as raising awareness among, and training, the technical advisors. In the long term, product catalogues and online information will be supplemented with the relevant data on green building.

More and more green building reference projects involving Geberit products attest to the great importance of the subject. In Vilnius (LT), for example, the new → **"k29" office complex** just a few walking minutes from the historic old town was inaugurated in 2015. For the architects, environmental friendliness was the key aspect of their design process, resulting in a completely glazed green building (BREEAM certified). Another example is the 1970s-built → **"Klenze 27"** student residence in Regensburg (DE), which provides 240 apartments and, following its renovation and redesign, fulfils the requirements of the KfW-Effizienzhaus 70 environmental label. Comprehensive Geberit sustainability know-how is built in to both properties.

Sustainability strategy consistently rolled out

The consistent implementation of the sustainability strategy is an essential objective for the whole Geberit Group. Even in the wake of the integration of Sanitec, Geberit remains committed to this strategy. Therefore, the existing sustainability modules will gradually be rolled out to all newly added sites.

The strategy continues to focus on a total of 11 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, measures derived from that and quantified key figures for effective monitoring.

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		

Since 2007, a sustainability performance review has been published annually in accordance with the guidelines of the Global Reporting Initiative (GRI). The switch from the GRI G3 to the new GRI G4 guidelines was made in 2014. A process for determining the essential aspects of sustainability was the strategic starting point. These were identified and prioritised as part of an internal process. In 2012 and 2014 an → **external stakeholder panel** was consulted for the purpose of reviewing the → **materiality analysis** along with the sustainability strategy and related communication. The plan is to convene another stakeholder panel in 2016 in order to have both material aspects and the sustainability strategy assessed under the new circumstances.

All aspects of the GRI G4 guidelines can be found in the → **Sustainability Performance Report** for 2015. The information disclosed within the scope of this report fulfils the “comprehensive” transparency grade set out in the GRI G4 guidelines, as has been → **verified by GRI**.

Since 2008, Geberit has been a member of the United Nations Global Compact, a global agreement between businesses and the UN designed to make globalisation more socially responsible and environmentally friendly. A → **Communication on Progress** regarding measures in the areas of human rights, labour practices, environmental protection and combating corruption is submitted annually. Geberit is also a member of the local network of the UN Global Compact. The anchoring of the subject of sustainability is reinforced by the → **Code of Conduct for Employees**, which was overhauled in 2015, 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**.

The efforts in terms of sustainable business management are rewarded by the capital market. Geberit is strongly represented in the sustainability stock indices and sustainability funds segment. The share is represented, for example, on the Dow Jones Sustainability Europe Index (DJSI) and is a component of the STOXX Europe

Sustainability Index as well as the FTSE EO 100 Index series. 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, which are still gaining in importance.

Eco-design as a standard in product development

As part of the Group's systematic innovation and development process, the eco-design approach has been consistently applied since 2007. This means that environmental aspects – from the selection of raw materials right through to disposal – are systematically examined during a product's early development phase, with the requirement that every product outperforms its predecessor from an ecological perspective. The new Geberit urinal system is an example of this. It includes urinals with electronically controlled flushing systems but also with completely waterless operation. The central elements are the two rimless urinal ceramics Preda and Selva, which were developed by Geberit. Thanks to the low consumption of resources and the option of a control system supplied with electricity by an autonomous, network- and battery-independent energy source, the urinals satisfy the most stringent requirements for green building and economic operation.

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. For example, detailed life cycle assessments have already been prepared for the following products: drainage/supply pipes, AquaClean Mera, electronic lavatory taps type 185/186, concealed cisterns, urinal flush controls and the new urinal system. The environmental product declarations (EPD) in accordance with the new European standard EN 15804 are becoming increasingly important and can also be used directly for green building standards such as LEED. For example, the EPD for the Geberit urinal system presents relevant, comparable and verified information about the product's environmental performance in a trans-parent manner.

Compliance

Transparency established

Transparent and intelligible compliance processes were especially important in 2015 following the acquisition of the Sanitec Group. The subject of compliance had to be uniformly positioned throughout the Geberit Group. As is the case with other issues, the launch of the joint Intranet provided a suitable opportunity for this, presenting and explaining the compliance organisation on a dedicated page. In parallel to this, the management at all Group companies was called upon by the CEO to communicate in a suitable way to employees - including those without Intranet access - the information made available on the subject.

Effective Compliance organisation

A thorough review of the Compliance organisation at the end of 2014 yielded a very satisfactory result. The Internal Audit department and external auditors concluded that responsibilities are clearly regulated within the various Group functions and the mechanisms are geared towards effectiveness. Geberit is guided by the relevant criteria that are typical of the industry and, accordingly, places the emphasis on the areas of antitrust legislation, corruption, environmental protection, employee rights and product liability. Once an assessment of the existing compliance structures had been completed, the Geberit Group's Compliance Programme was also extended to the companies of the former Sanitec Group.

The focal areas mentioned are described in detail in → **Geberit's Code of Conduct**, a new version of which has been available since the start of 2015. The Code of Conduct has existed since 2008. Compliance with the Code has always been audited annually in all organisational units, by means of a detailed questionnaire, and this now includes the organisational units of the former Sanitec Group. No significant breaches of the Code of Conduct were identified in 2015. The Code of Conduct attaches special importance to the particularly sensitive subjects of antitrust legislation and corruption. The corresponding directives have been updated and made accessible to all relevant employees through suitable communication channels. Over the coming year, there will be a repeat of a Group-wide survey on correct practice regarding donations. The Geberit Integrity Line, which was established in 2013, was opened to employees of the former Sanitec Group in 2015. This service is intended to enable employees to anonymously report cases such as sexual harassment or when a corrupt payment is covered up. There were no reports of significant violations of the Code of Conduct, either via the Integrity Line or the checks described.

Training events geared specifically towards antitrust legislation matters were held in 2015 for the Managing Directors of the European sales companies. An e-learning course on the subject of compliance in the sphere of antitrust legislation will be held for all employees concerned in the first quarter of 2016.

Overhauled identity launched

In 2015, a key compliance element was remodelled in the → **Geberit compass**, which describes the cornerstones of the corporate culture: the joint mission, the shared values, the operational principles and the success factors to be considered by all employees. The CEO presented and explained these cornerstones in the first joint edition of the Group-wide employee magazine, which is published in six languages. At the end of 2015, a physical copy of the Compass was sent to the home addresses of all employees, with a letter from the CEO.

Social Engagement

Focus on water

With innovative sanitary products, Geberit continuously improves the quality of people's lives. The company rigorously pursues this mission. The new edition of the guideline for employees, the → **Geberit Compass**, sets this out.

The Group's social engagement is also about quality of life and sustainability. This is why it has for many years undertaken social projects that exhibit a relationship to the topic of water as well as to its core competencies and corporate culture. Equally important is the aspect of personal and professional education: by becoming actively involved in the social projects in developing regions of this world, apprentices become familiar with other cultures and acquire new social, linguistic and professional skills. Furthermore, the Group's social engagement in the form of social projects makes a tangible contribution to implementing the follow-up programme of the Millennium Development Goals of the United Nations, which seeks to give all humans access to clean drinking water and basic sanitation by 2030.

Tangible commitment – global and diverse

In a repeat of 2012, the apprentices visited South Africa in 2015, this time close to the port of Durban in Kwazulu-Natal province. This is the location of the → **Cottonlands Primary School**. Around 1,000 pupils attend the school, which was originally designed to accommodate around 500 children and was in urgent need of an infrastructure upgrade. The local Geberit sales company planned and oversaw the preparatory construction work. In November and December, the Geberit team, with apprentices from Germany, Austria and Switzerland, went to the school to install new sanitary installations and perform valuable voluntary work for orphan children in the neighbouring “LIV village”.

The partnership with the Swiss development organisation Helvetas was renewed for another two years. Geberit once again supported the Helvetas campaign for clean drinking water and latrines, with a substantial contribution. The volunteering project in Nepal that had been planned for 2015 in partnership with Helvetas and with the involvement of Geberit employees was postponed by a year, because of the earthquake in the spring of 2015.

The cooperation with the non-profit organisation Swiss Water Partnership was 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 and promote international dialogue on water.

A multitude of initiatives and collection campaigns round off the Geberit Group's social commitment at the local level. As a basic principle, all social projects and the use of funds are regularly checked by Geberit employees in the respective country or in partnership with non-governmental organisations (NGOs).

In addition, a number of Geberit production plants have for many years been awarding packing and assembly work to workshops for people with mental disabilities. In 2015, the volume of such orders was CHF 6.2 million.

For an overview of donations and financial contributions, see → **Investments in infrastructure and services primarily for public benefit**. All of Geberit’s donations and related commitments are neutral from a party political point of view. Furthermore, 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, aside from the → **Sanitec acquisition**. Please also refer to the → **Financial Statements of the Geberit Group, Notes to the Consolidated Financial Statements, 2. Changes in Group structure**.

Outlook

Environment for the construction industry will remain challenging

The situation in the construction industry will remain challenging. The individual regions/markets and construction sectors are developing very differently. In **Europe**, there are signs that the construction industry could stabilise. For markets such as Germany, the United Kingdom, the Netherlands and Poland, a positive market environment is expected. No growth is forecasted for the Swiss and Austrian construction industry. In the Italian and French markets, which have been in crisis in recent years, a few indicators point towards a stabilisation. In **North America**, moderate growth is predicted in the public sector construction industry, which is important to Geberit's business in the USA, along with a continued recovery in residential construction. The **Far East/Pacific** region will be shaped by a further weakening in China in the residential construction segment. In the **Middle East/Africa** region, the outlook in South Africa remains positive, whereas in the Gulf States a slowing of activities is expected in the construction industry, due to the low oil price.

Fluctuations in the Swiss franc will continue to affect sales and earnings. Gains and losses result mainly from the translation of local results into Swiss franc (translation effects). In general, the effects of currency fluctuations on margins are warded off as far as possible with an efficient natural hedging strategy. This entails making sure that costs in the various currency areas are incurred in the same proportion in which sales are generated. The integration of the Sanitec business did nothing to change this situation. The influence of currency fluctuations on operating profit margins is relatively small due to the natural hedging strategy. The 10% currency rebate introduced at the start of February 2015 in the Swiss market, in response to the stronger Swiss franc, was transferred to the 2016 price list. With regard to the impact of foreign currency effects, please refer to the information and the sensitivity analysis in the → **Management of currency risks** section.

In the first half of 2016, the level of raw material prices is likely to be slightly below the prior-year period - driven mainly by lower prices of industrial metals and special plastics. It is unwise at present to give any more detailed forecasts, given the uncertain environment.

Geberit

The Geberit Group's 2016 financial year is expected to be further impacted by the integration of Sanitec's activities. Since 1 January 2016, the sales organisation is operating as a single company in all markets; another focus shall also be on the further harmonisation of systems and processes and realising initial synergies. Just as important shall be the focus on Geberit's daily business, which is expected to be a challenging undertaking once again owing to the situation in the European construction markets. The objective shall be to provide convincing services in all markets with the new joint sales team and, as in previous years, gain market shares. The main focus shall fall on the concerted marketing of the new products introduced in recent years, the more intense penetration of markets in which Geberit products or technologies are still under-represented and on the very promising shower toilet business. In line with the Geberit strategy, these measures shall be accompanied by efforts to continuously optimise business processes.

The Board of Directors and the Group Executive Board are convinced that the company is very well equipped for the upcoming opportunities and challenges. The opportunities offered as a result of combining technical know-how in sanitary technology "behind the wall" and design expertise "in front of the wall" will be firmly seized. 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 organisation, an established cooperation based on trust with our market partners in both commerce and trade, and the Group's continued solid financial foundation following the acquisition of Sanitec are vital to our future success.

1. Group structure and shareholders

1.1 Group structure

The 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 capitalisation, 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 31 December 2015** to the Consolidated Financial Statements, stating the company name and head office, share capital and equity interest held by the Group companies. In addition, it was announced on 3 February 2015 that all of the terms of the bid to take over the Sanitec Group had been met. As a result, the companies of the former Sanitec Group are also included in the scope of consolidation as of 31 December 2015. Except for Geberit AG, the scope of consolidation does not include any listed companies.

1.2 Significant shareholders

The significant shareholders within the meaning of Art. 663c of the Swiss Code of Obligations (Schweizerisches Obligationenrecht, OR) listed at right were entered in the company's share register on 31 December 2015 as holding more than 3% of the voting rights or share capital recorded in the Commercial Register.

Significant shareholders* (as of 31 December 2015)	in %
BlackRock, New York, USA	5.11
Capital Group Companies, Inc., Los Angeles, USA	4.94

* In accordance with the corresponding reports to SIX Swiss Exchange

Disclosure notifications reported to Geberit during 2015 and published by Geberit via the electronic publishing platform of SIX Swiss Exchange can be viewed at → **www.six-exchange-regulation.com/en/home/publications/significant-shareholders.html**.

1.3 Cross-shareholdings

In terms of equity interests or voting rights, the Geberit Group has no cross-shareholdings with any other companies that exceed a threshold of 5%.

1.4 Important changes to the Articles of Incorporation

As a consequence of the new provisions of the Ordinance against Excessive Compensation with respect to Listed Companies (OaEC), the Articles of Incorporation were amended in April 2014. There were no amendments to the Articles of Incorporation in 2015.

2. Capital structure

2.1 Capital

Amount of ordinary, authorised and conditional capital of the company as of 31 December 2015:

Ordinary capital:	CHF 3,779,842.70
Conditional capital:	–
Authorised capital:	–

For more details, please refer to the following subchapters.

2.2 Authorised and conditional capital details

As of 31 December 2015, the Geberit Group had no conditional or authorised capital.

2.3 Changes in capital

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

	31.12.2013	31.12.2014	31.12.2015
	MCHF	MCHF	MCHF
Share capital	3.8	3.8	3.8
Reserves	765.1	875.1	875.1
Retained earnings	408.6	316.4	305.0

For further details on changes in capital, reference is made to the Geberit Group's Consolidated Financial Statements in this Annual Report 2015 (→ **consolidated statements of changes in equity and consolidated statements of comprehensive income** and → **Note 21, capital stock and treasury shares**), to the information in the → **Financial Statements of Geberit AG** as well as to the 2013 figures in the → **2014 Annual Report** (Geberit Group's Consolidated Financial Statements: → **consolidated statements of changes in equity and statements of comprehensive income**, and → **Note 22, capital stock and treasury shares**; → **Financial Statements of Geberit AG**).

2.4 Shares and participation 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.

With the exception of the treasury shares held by the company, each share registered with voting rights in the share register of the company carries one vote at the General Meeting and each share (whether or not it is entered in the share register) carries a dividend entitlement. All dividends that have not been collected within five years of their due date are forfeited to the company in accordance with the company's Articles of Incorporation and allocated to the general reserve. As of 31 December 2015, the company held 877,880 treasury shares (thereof 634,600 held by Geberit AG and 243,280 by subsidiaries). At the 2016 ordinary General Meeting, the Board of Directors will propose to cancel the treasury shares that were acquired as part of the share buyback programme announced in March 2014 and completed by end of February 2016 by means of capital reduction.

No participation certificates of the Geberit Group are outstanding.

2.5 Profit-sharing certificates

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

2.6 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 shareholder concerned is informed without delay about the deletion.

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

In the reporting year 2015, there were no registrations in the share register of shares held by nominees of up to a maximum of 3% of the share capital or in excess of this registration limitation. Moreover, the Board of Directors did not have to delete any entries in the share register retroactively as of the date of entry in the reporting year.

2.7 Convertible bonds and warrants/options

No convertible bonds are outstanding.

No options were issued to any external parties. As regards options issued to employees of the Geberit Group, reference is made to the → **Remuneration Report** and → **Note 17, participation plans** in the Consolidated Financial Statements of the Geberit Group.

3. Board of Directors

3.1/3.2 Members of the Board of Directors

At the end of 2015, the Board of Directors was composed of six members.

Albert M. Baehny (1952)

Non-executive Chairman of the Board of Directors since 2015 (Executive Chairman of the Board of Directors from 2011 to 2014)
Swiss citizen
CEO Regent Lighting AG, Basel (CH)

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. From 2005 until the end of 2014, Albert M. Baehny was Chief Executive Officer (CEO) of the Geberit Group. He has been Chairman of the Board of Directors since 2011.

Robert F. Spoerry (1955)

Vice Chairman of the Board of Directors since 2011, non-executive, independent member of the Board of Directors since 2009 (Lead Director from 2011 until the end of 2014)
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 not been a member of any Management Board of a Geberit Group company in the past three years. Apart from his Board of Directors' mandate, he does not have any significant business relations with the Geberit Group.

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 since 2011, 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); Chairman of SwissHoldings, Bern (CH); Member of the Board of Trustees Avenir Suisse, 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. He has been Group General Counsel of Novartis since October 2011 and a member of the Executive Committee of the Novartis Group since 1 January 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 has not been a member of any Management Board of a Geberit Group company in the past three years. Apart from his Board of Directors' mandate, he does not have any significant business relations with the Geberit Group.

Thomas M. Hübner (1958)

Non-executive, independent member of the Board of Directors since 2015
Swiss citizen
Member of the Board of Directors and Lead Director B&M European Value Retail S.A., Luxemburg (LU), Member of the Board of Directors Panda Retail Company, Jeddah (SA), and Chairman of the Board of Directors Burger King SEE S.A., Brussels (BE), Member of the Industry Advisory Board VR Equitypartner GmbH, Frankfurt (DE)

Thomas M. Hübner completed a Master's degree in International Restaurant & Hospitality Management at Hotel Management School in Zurich in 1982. In 1996, he received an Executive MBA from the University of St. Gallen (HSG). From 2011 to 2013, Thomas M. Hübner was Executive Director Europe & International Partnerships and a member of the Group Executive Board at Carrefour SA (FR), where his responsibilities included an increased focus on the international franchising and joint venture business in Europe, Asia and the Middle East. From 2008 to 2011, he was both Chairman of the Board of Directors of Citrus International (CH) and Vice Chairman of the Board of Directors of Contract Farming India (CH). At Metro Cash & Carry International GmbH (DE), he was Chief Operating Officer for Eastern Europe and Russia from 2000 to 2002, and CEO from 2002 to 2008. Here he was responsible for various duties, including the increased internationalisation of the business and the professionalisation of purchasing processes. He also held the role of CEO at Prodega AG (CH) from 1996 to 2000. Before he was responsible for the Czech Republic and Slovakia at McDonald's from 1990 to 1995 and was Chief Operating Officer in Switzerland from 1988 to 1990. Furthermore, for three years up to 2014 he was Co-Chairman of ECR (Efficient Consumer Response) Europe, the most important European retail and manufacturer association.

Thomas M. Hübner has not been a member of any Management Board of a Geberit Group company in the past three years. Apart from his Board of Directors' mandate, he does not have any significant business relations with the Geberit Group.

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.

Hartmut Reuter has not been a member of any Management Board of a Geberit Group company in the past three years. Apart from his Board of Directors' mandate, he does not have any significant business relations with the Geberit Group.

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 not been a member of any Management Board of a Geberit Group company in the past three years. Apart from his Board of Directors' mandate, he does not have any significant business relations with the Geberit Group.

3.3 Regulations in the Articles of Incorporation concerning the number of permissible activities in accordance with Art. 12 Para. 1 Clause 1 OaEC

Members of the Board of Directors may hold up to five mandates in profit-oriented legal entities and up to five mandates in non-profit-oriented legal entities or charitable legal entities outside the Geberit Group.

Mandates of a member of the Board of Directors or the Group Executive Board in legal entities which are controlled by the company, or which control the company as well as mandates held by such member in their capacity as a member of the Board of Directors of the company, or held by order and on behalf of the company or legal entities controlled by it, shall not count as mandates in legal entities outside the Geberit Group.

Mandates of a member of the Board of Directors of the company in legal entities outside the Geberit Group which are under common control, as well as mandates held by such member in their capacity as a member of the supreme governing body or of the group management of a legal entity outside the Geberit Group or held by order and on behalf of such legal entity or legal entities controlled by it, shall be deemed one mandate outside the Geberit Group.

Mandates held by a member of the Board of Directors in their main activity as a member of the group management of a legal entity outside the Geberit Group or held by order and on behalf of such legal entity or legal entities controlled by it shall not count as mandates within the meaning of this provision.

Mandates in the sense of the Articles of Incorporation are mandates in supreme governing bodies or in an advisory board of legal entities that are required to be recorded in the Commercial Register or in a corresponding foreign register.

3.4 Elections and terms of office

Since 1 January 2014, pursuant to Art. 3 of the 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 since 1 January 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.

Since 1 January 2014, members of the Nomination and Compensation Committee are also elected annually and on an individual basis at the General Meeting. 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.

The members of the Board of Directors, Chairman of the Board of Directors and members of the Committees retire from their positions at the next ordinary General Meeting following their 70th birthday.

Robert F. Spoerry will not be standing for re-election at the next ordinary General Meeting. Within the context of succession planning, the Geberit AG Board of Directors will nominate Ms Regi Aalstad as a new member of the Board of Directors and – if she is elected as member of the Board of Directors – as a new member of the Compensation Committee at the ordinary General Meeting on 6 April 2016. Furthermore, if Hartmut Reuter is re-elected as a member of the Compensation Committee, the Board of Directors intends to appoint him as Chairman of the Nomination and Compensation Committee. The Chairman of the Board of Directors and the remaining members of the Board of Directors are standing for re-election for a further year.

3.5 Internal organisational structure

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

As a result of the entry into force of the OaEC on 1 January 2014 and the amendments made to the Articles of Incorporation in this respect, the Chairman of the Board of Directors and the members of the Nomination and Compensation Committee are each to be elected annually and on an individual basis by the General Meeting. After each ordinary General Meeting, the Board of Directors elects the Vice Chairman 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.

Following the resignation of Albert M. Baehny as CEO with effect from the end of 2014, the function of Lead Director was no longer needed and was therefore abolished as of 31 December 2014.

The Board of Directors meets whenever business so requires, but at least four times a year generally for one day each (2015: eight meetings or telephone conferences). 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. Resolutions are passed with the majority of votes cast. In the event of a tie, the Chairman shall have the casting vote.

The regular meetings of the Board of Directors and committees are scheduled early, so that as a rule all members participate in person or via telephone. The participation rate for meetings of the Board of Directors in 2015 was 98%.

	3 Mar	1 Apr	30 Jun	10 Aug	24 Aug	25 Aug	23 Oct	8 Dec
Albert M. Baehny	X	X	X	–	X	X	X	X
Robert F. Spoerry	X	X	X	X	X	X	X	X
Felix R. Ehrat	X	X	X	X	X	X	X	X
Thomas Hübner	n/a	n/a	X	X	X	X	X	X
Hartmut Reuter	X	X	X	X	X	X	X	X
Jørgen Tang-Jensen	X	X	X	X	X	X	X	X

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

Nomination and Compensation Committee (NCC; formerly Personnel Committee)

The compensation and nomination tasks and responsibilities are combined in this Committee.

The Nomination and Compensation Committee consists of three independent, non-executive members of the Board of Directors. The members of the Nomination and Compensation Committee are elected individually and annually by the General Meeting. The Chairman of the Nomination and Compensation Committee is appointed by the Board of Directors. If the Nomination and Compensation Committee is not complete, the Board of Directors is to appoint members to fill the corresponding position(s) for the remaining term of office. The Nomination and Compensation Committee shall be quorate if a majority of its members are present. Resolutions are passed with the majority of votes cast. In the event of a tie, the Chairman shall have the casting vote.

The members of the Nomination and Compensation Committee as of 31 December 2015 were Robert F. Spoerry (Chairman), Hartmut Reuter and Jørgen Tang-Jensen. The committee meets at least three times a year generally for a half day each (2015: four meetings). The participation rate for meetings in 2015 was 100%.

	25 Feb	30 Jun	24 Aug	7 Dec
Robert F. Spoerry	X	X	X	X
Hartmut Reuter	X	X	X	X
Jørgen Tang-Jensen	X	X	X	X

The Nomination and Compensation Committee supports the Board of Directors in fulfilling its duties specified by law and the Articles of Incorporation in the area of the compensation and personnel policy of the Geberit Group. 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 overall responsibility for the duties and competencies assigned to the Nomination and Compensation Committee remains with 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.

The organisation, detailed responsibilities, functioning and reporting of the Nomination and Compensation Committee are stipulated in the → **Organisational Regulations of the Nomination and Compensation Committee (NCC)** of the Board of Directors of Geberit AG.

Audit Committee (AC)

The Audit Committee consists of three independent, non-executive members of the Board of Directors. They are appointed annually by the Board of Directors. The Board of Directors appoints a member of the Audit Committee as Chairman. The Audit Committee shall be quorate if a majority of its members are present. Resolutions are passed with the majority of votes cast. 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. The Audit Committee has direct access to the internal auditors and can obtain all the information it requires within the Geberit Group and consult the responsible employees.

As of 31 December 2015, the Audit Committee was composed of Hartmut Reuter (Chairman), Felix R. Ehrat and Robert F. Spoerry. It meets at least twice a year generally for a half day each (2015: four meetings). The participation rate for meetings in 2015 was 100%.

	25 Feb	5 Aug	24 Aug	7 Dec
Hartmut Reuter	X	X	X	X
Felix R. Ehrat	X	X	X	X
Robert F. Spoerry	X	X	X	X

The Audit Committee supports the Board of Directors in fulfilling its duties specified by law, in particular in the areas of financial control (supervision of the internal and external auditors and monitoring of financial reporting) and ultimate supervision of the persons entrusted with the management (internal control system). The Audit Committee 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 a comprehensive report on all audits carried out and the measures to be implemented. The Audit Committee monitors the implementation of the conclusions of the audit. It 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 Audit Committee supports the Board of Directors with corporate governance and compliance issues, monitors the relevant corporate governance and compliance aspects and develops them further. The overall responsibility for the duties and competencies assigned to the Audit Committee remains with the Board of Directors.

The organisation, detailed responsibilities, functioning and reporting of the Audit Committee are set out in the → **Organisational Regulations of the Audit Committee (AC) of the Board of Directors of Geberit AG**.

3.6 Definition of areas of responsibility

Pursuant to Swiss Corporate Law and the Articles of Incorporation at Geberit AG, 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 organisation
- 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. Further areas of responsibility of the Board of Directors are set out in the Organisational Regulations of the Board of Directors and the Supplement to the Organisational Regulations.

To the extent legally permissible and in accordance with its Organisational Regulations, the Board of Directors has assigned the operational management to the Chief Executive Officer (CEO). The individual duties assigned to the Chief Executive Officer (CEO) are governed in particular by the Supplement to the Organisational Regulations. The Chief Executive Officer (CEO) is authorised to further delegate powers to individual members of the Group Executive Board and/or to other executives of the Geberit Group.

As of the end of 2015, the Group Executive Board is composed of the Chief Executive Officer and five other members. The members of the Group Executive Board are appointed by the Board of Directors based on the proposal of the Nomination and Compensation Committee.

The Articles of Incorporation and/or the Organisational Regulations of the Board of Directors regulate the duties and powers of the Board of Directors as a governing body, the Chairman and the committees. The Organisational Regulations also define the rights and duties of the Group Executive Board, which are set forth in more detail in the Internal Regulations for the Group Executive Board. The Supplement to the Organisational Regulations contains a detailed list of the decision-making powers and Group management duties.

The Organisational Regulations of the → **Board of Directors**, the → **Nomination and Compensation Committee** and the → **Audit Committee** can be viewed at → **www.geberit.com/download-centre/publications/**.

3.7 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. 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 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 on sales development in the individual product lines and countries or regions 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 liquidity 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 eight meetings.

Furthermore, the Chairman 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.

Based on the Organisational 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 risk identification, analysis, control and reporting. Operationally, the Group Executive Board is responsible for controlling of 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 optimisation proposals of previous audits.

4. Group Executive Board

4.1/4.2 Members of the Group Executive Board

At the end of 2015, the Group Executive Board was composed of six members.

Christian Buhl (1973)

**Chief Executive Officer (CEO) of the Geberit Group since January 2015
member of the Group Executive Board since 2015
with Geberit since 2009
Swiss citizen**

Christian Buhl studied physics at the Swiss Federal Institute of Technology (ETH) in Zurich (Dipl. Phys. ETH) before undertaking his doctorate (Dr. oec. HSG) in the area of financial market research at the University of St. Gallen. From 2000 to 2003, he worked as a teaching and research assistant at the Swiss Institute of Banking and Finance in St. Gallen and in research and teaching at the Centre for Economic Research at the University of Basel. From 2004 to 2008, Christian Buhl worked at McKinsey & Company, Zurich, where he undertook projects for various Swiss and international industrial companies, supporting them in the area of strategy, M&A, marketing and organisation. He joined Geberit in 2009, initially as Head Strategic Planning, before taking over responsibility for the Geberit AquaClean shower toilet business. From 2012 to the end of 2014, Christian Buhl was Managing Director of the German sales company – the most important sales unit within the Geberit Group. He has been the Chief Executive Officer (CEO) of the Geberit Group since 1 January 2015, 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
Vice Chairman 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**.

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.

Egon Renfordt-Sasse (1957)

Member of the Group Executive Board since February 2015
with Geberit since 1997
Head of Group Division Marketing & Brands
German citizen

Egon Renfordt-Sasse completed his mechanical engineering studies at RWTH Aachen University (DE) in 1986. He began his career at Battenfeld-Fischer in Troisdorf (DE), where he held several positions until 1997, the last of which as manager of the "Technical Parts" profit centre. In 1997, he joined the Geberit Group as the product manager responsible for the Installation Systems product line. From 2001 to 2003, he was responsible for "Sales Engineering" – among other things – at Geberit's German sales company. He then became Head of Products Sanitary Systems at the Group, a position he held until 2012. Since then, he has been Head of Group Marketing. The Board of Directors of Geberit AG appointed Egon Renfordt-Sasse as Head of Group Division Marketing & Brands with effect from 10 February 2015, 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 organisational 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 Head of the Division Sales Europe since 2011, refer also to → Management Structure.

Ronald van Triest (1969)

Member of the Group Executive Board since June 2015
with Geberit since June 2015
Head of Group Division Sales International
Dutch citizen

Ronald van Triest completed his Master's degree in Management and Organisation at the University of Groningen (NL) in 1996. He started his career at Royal Philips, where he held various roles until 2006. These were initially in the areas of marketing and sales, before a second phase where he took on wide-ranging responsibilities in the areas of product management, M&A and executive management. He operated predominantly from Singapore and Hong Kong. From 2007 to 2009, he was General Manager Sales at China Electronics Corporation in Shenzhen (CN), where he was responsible for the sales, marketing, service and logistics and managed staff in China, Singapore, Russia and Turkey. From 2010 to 2015, he worked for Ellipz Lighting in Singapore. As CEO and Managing Director, he was responsible for setting up and developing the Asian business. Among other things, he established a joint venture in Beijing, set up the local production, R&D and sales and created sales channels in South-East Asia and the Middle East as well as a joint venture in India. The Board of Directors of Geberit AG appointed Ronald van Triest as Head of Group Division Sales International with effect from 1 June 2015, refer also to → Management Structure.

4.3 Regulations in the Articles of Incorporation concerning the number of permissible activities in accordance with Art. 12 Para. 1 Clause 1 OaEC

Members of the Group Executive Board may hold up to two mandates in profit-oriented legal entities and up to four mandates in non-profit-oriented legal entities or charitable legal entities outside the Geberit Group.

Mandates of a member of the Group Executive Board in legal entities which are controlled by the company, or which control the company as well as mandates held by such member in their capacity as a member of the Group Executive Board of the company, or held by order and on behalf of the company or legal entities controlled by it, shall not count as mandates in legal entities outside the Geberit Group.

Mandates of a member of the Group Executive Board of the company in legal entities outside the Geberit Group which are under common control, as well as mandates held by such member in their capacity as a member of the supreme governing body or of the group management of a legal entity outside the Geberit Group or held by order and on behalf of such legal entity or legal entities controlled by it, shall be deemed one mandate outside the Geberit Group.

The acceptance of mandates from members of the Group Executive Board in legal entities outside the Geberit Group must be approved in advance by the Board of Directors or, if delegated to it, the Nomination and Compensation Committee.

Mandates in the sense of the Articles of Incorporation of Geberit AG are mandates in supreme governing bodies or in an advisory board of legal entities that are required to be recorded in the Commercial Register or in a corresponding foreign register.

4.4 Management contracts

The Group has not entered into any management contracts with companies (or natural persons) outside the Geberit Group.

5. Compensations, shareholdings and loans

See → **Remuneration Report**.

6. Participatory rights of the shareholders

6.1 Voting rights and representation restrictions

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 held by the company do not entitle the holder to vote.

Shareholders can be represented at the General Meeting only by their legal representative, another voting shareholder or the independent proxy in accordance with the company's Articles of Incorporation. The company recognises only one representative per share.

The Board of Directors determines the requirements concerning powers of attorney and instructions in accordance with the legal provisions and can issue regulations to this effect.

For limitations on transferability and nominee registrations, see → **Clause 2.6, Corporate governance** and → **Corporate governance, capital structure**.

6.2 Quorums required by the Articles of Incorporation

The company's Articles of Incorporation do not stipulate any resolutions of the General Meeting that can be passed only by a larger majority than that envisaged by law.

6.3/6.4 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 and may be made by any shareholder during a General Meeting without prior announcement. 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 before the General Meeting in writing by stating the items of the agenda and the motions.

Furthermore, outside a General Meeting, one or more shareholders representing together at least 3% of the share capital may jointly request that an extraordinary General Meeting is called. This is made in writing by indicating the agenda items and the motion, and in the case of elections the names of the proposed candidates.

6.5 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 defence measures

7.1 Obligation to make an offer

There are no regulations in the Articles of Incorporation with respect to “opting-up” or “opting-out”.

7.2 Change of control clauses

For agreements and plans in the event of a change of control, see the → **Remuneration report**.

8. Auditors

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

PricewaterhouseCoopers AG, Zurich, has been the auditor of the Geberit Group since 1997 and of Geberit AG since its foundation in 1999. Lead auditor Beat Inauen has been in charge of the auditing mandate since 2015.

8.2 Auditing fees

In 2015, PricewaterhouseCoopers invoiced the Geberit Group TCHF 1,826 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.

8.3 Additional fees

For additional services, PricewaterhouseCoopers invoiced TCHF 585 relating to tax consultancy and support as well as TCHF 130 for other services. Therefore, the non-audit fees amount to 39% of the audit fees.

8.4 Information tools of the external auditors

Before 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 meetings of the Audit Committee for specific agenda items, and to comment on their activities and answer questions. The external auditors attended two meetings of the Audit Committee in the reporting year 2015.

The Audit Committee of the Board of Directors makes an annual assessment of the performance, fees and independence of the auditors, and supports the Board of Directors in the nomination of the auditor for the attention of the General Meeting. Every year, the Audit Committee determines the scope and planning of the internal audit, coordinates them with those of the external audit and discusses the audit results with the external and internal auditors. For more details on the Audit Committee, see → **item 3, Board of Directors, Internal organisational 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 website 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 website at
→ **www.geberit.com/contact/contacts/** 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.

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. It also includes details of the remuneration of the members of the Board of Directors and of the Group Executive Board related to the business year 2015. The report provides important and relevant information to be considered by the shareholders when making their decision with regards to the votes on the remuneration of the Board of Directors and the Group Executive Board submitted to the 2016 General Meeting for approval.

The report is written in accordance with the provisions of the Ordinance against Excessive Compensation in Listed Stock 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 2015
6. Group Executive Board: remuneration and share ownership in 2015
7. Summary of share and option plans 2015
8. Summary of shares and options held by employees and management as of 13 December 2015

Additional information on business development in 2015 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 behaviours that are 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 and in the context of the implementation of the Ordinance against Excessive Compensation in Listed Stock Corporations, we continuously assess and review our remuneration system. We made a number of changes in recent years, such as the elimination of performance-based remuneration for members of the Board of Directors, the introduction of a performance condition and, for the coming years, the extension of the vesting period in the long-term incentive plan for the Group Executive Board, as well as the implementation of a claw-back policy on the variable remuneration payments made to the Group Executive Board.

We have also 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 and 2015 General Meetings, we believe that shareholders welcome the changes made to our remuneration programs and disclosure. This year again, we decided to further enhance our disclosure with additional information about performance in the reporting year, 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 on the regulatory requirements.

At the 2016 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 2017 business year. Further, you will have the opportunity to express your opinion on this Remuneration Report in a consultative vote. You will see in the report that the remuneration awarded to the Board of Directors for the compensation period ending with the 2016 General Meeting is in line with the limits approved by the 2015 General Meeting (limits approved for the remuneration of the Group Executive Board start to apply with business year 2016).

The Board of Directors would like to thank you for your valuable feedback about our executive remuneration. We hope that you find this report informative and are confident that our remuneration system rewards performance in a balanced and sustainable manner and aligns well with the shareholders' interests.

Yours sincerely

R. Spoerry

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 remuneration 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 recognised 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 cash and 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 ways of continuously setting ambitious and stretched targets. The variable remuneration consists of short-term and long-term elements:

- 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 inappropriate risk taking or short-term profit maximisation 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 Organisational 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 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 Organisational 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 Association		proposes	approves	
Maximum aggregate amount of remuneration for the Board of Directors and for 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 the 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 2015, it held four meetings including, among others, the following pre-defined recurring agenda items:

	Beginning of year (Feb/March)	Spring (April/May)	Summer (August)	End of year (December)
Remuneration policy		- Review of remuneration policy and programs		
Group Executive Board (GEB) matters	- Individual performance appraisal previous year - STI payout previous year - Vesting of equity awards previous years	- Benchmarking of GEB remuneration	- Succession planning for GEB positions - Talent management session	- Target remuneration following year - Target setting for STI following year - Option valuation and definition of performance criteria LTI for next grant
Board of Director (BoD) remuneration		- Benchmarking of BoD remuneration		- BoD remuneration following year
Governance	- AGM preparation (maximum amounts of remuneration of GEB and BoD to be submitted to say-on-pay votes)		- Review of shareholders and proxy advisors feedback on the remuneration report	- Draft remuneration report - Agenda NCC for following year

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. At the end of each meeting, a closed session takes place among the members of the Nomination and Compensation Committee only.

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 remuneration

Benchmarks and external consultants

Geberit regularly reviews the remuneration of its executives, including that of the members of the Group Executive Board. This includes regular participation, e.g. every two to three years, in benchmark studies on comparable functions in other industrial companies. In 2015, a detailed analysis of the remuneration of the CEO and the other 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: Autoneum, Barry Callebaut, Bucher, Dätwyler, Ems-Chemie, Georg Fischer, Givaudan, Kaba, Logitech, Lonza, Mettler-Toledo, OC Oerlikon, Schindler, Schweiter, SFS, Sika, Sonova, Sulzer and Zehnder. The study, together with other published data, served as basis to determine the target remuneration levels of the CEO and other members of the Group Executive Board for the business year 2016. While many different factors, such as individual role and contribution, company performance and affordability, are considered to determine remuneration levels, the policy of Geberit is to provide target remuneration that is in principle positioned around the market median.

In regard to the remuneration of the Board of Directors, the remuneration and levels are reviewed periodically by the Nomination & Compensation Committee. Such a review took place again in 2015 with a benchmarking analysis provided by Towers Watson companies of the Swiss Market Index Mid (SMIM). The study, together with other published data, served as basis to determine the remuneration of the members of the Board of Directors for the remuneration period starting at the 2016 General Meeting.

Performance management

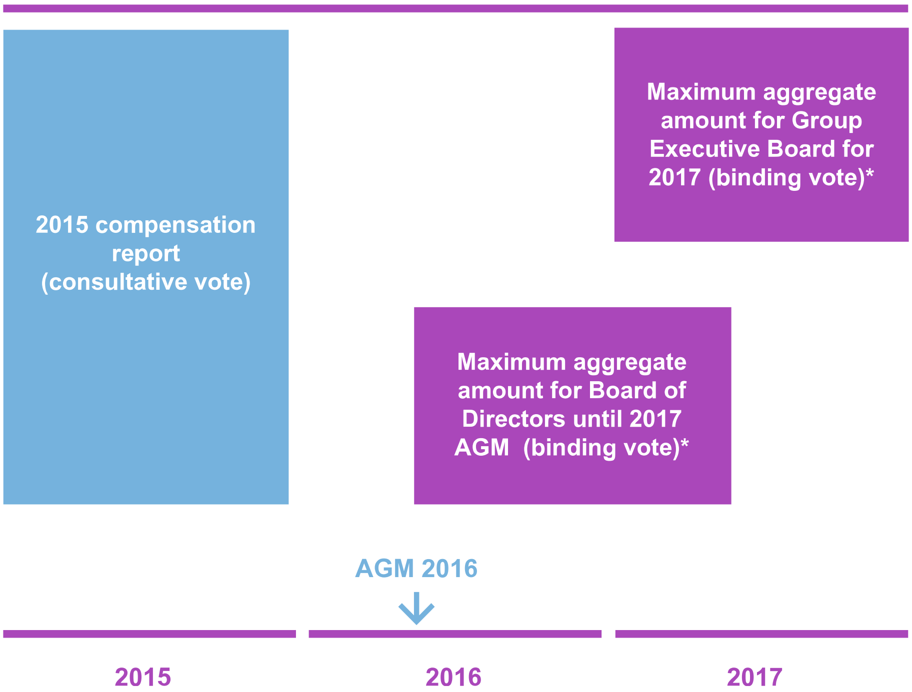
The actual remuneration effectively paid out in a given year to the Group Executive Board members depends on the company and on the individual performance. Individual performance is assessed through the formal annual performance management process: company and individual performance objectives are approved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

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 three years, based on the feedback received by shareholders and shareholders' representatives, Geberit has made significant efforts to improve the remuneration disclosure in terms of transparency and level of detail provided about the remuneration principles and programs. The positive outcome of the consultative votes on the 2013 and 2014 Remuneration Reports indicates that shareholders welcome the progress made. Geberit foresees to continue to submit the Remuneration Report to a consultative shareholders' vote at the General Meeting, in order that shareholders have an opportunity to express their opinion about the remuneration system.

In addition, as required by the Ordinance against Excessive Remuneration in Listed Stock Corporations, shareholders are asked to approve the amount of remuneration 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 Association of Geberit require shareholders to 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.



* Detailed information regarding the renumeration amounts submitted to vote is provided in the invitation to the General Meeting.

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 (STI) if the achievement of all performance objectives reach the cap level and assuming a maximum investment into the share participation plan (with maximum possible value of matching options)
- Fair value of the options at grant

Therefore, the maximum aggregate remuneration amount submitted to shareholders' vote is potentially much higher than the amount of remuneration 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 remuneration report of the respective business year and will be subject to a consultative shareholders' vote.

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

Articles of Association

As required by the Ordinance, → **the Articles of Association of Geberit** include the following provisions on remuneration:

- Principles applicable to performance-related pay:
  The members of the Group Executive Board may be paid variable remuneration which 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 Association have been kept broad in order that the Board of Directors has sufficient flexibility to make amendments to the remuneration programs in the future, if so necessary. The remuneration principles currently in place are more restrictive than the provisions of the Articles of Association and are aligned to good practice in corporate governance; for example, the independent members of the Board of Directors are not eligible for 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 the members of the Board of Directors is defined in a regulation adopted by the Board of Directors and consists of an annual fixed retainer and a remuneration for their committee work. The remuneration is paid in form of restricted shares subject to a four-year blocking period. In addition, the members of the Board of Directors receive a lump sum to cover their expenses, paid out in cash.

The chairman of the Board of Directors receives an annual total fixed retainer paid 70% in cash and 30% in restricted shares subject to a four-year blocking period. The Chairman also receives the same expense allowance but is not entitled to additional fees for committee attendance.

Annual fees	in CHF	Delivery
Chairman	985,000	Cash and restricted shares
Vice-Chairman	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 is paid out at the end of the term of office and is subject to regular contributions to social security. The members of the Board of Directors are not insured under the company pension plan.

The shares are subject to an accelerated unblocking in case of death; they remain subject to the regular blocking period in all other instances.

Further information regarding the remuneration amounts for the period from the 2016 General Meeting to the 2017 General Meeting is provided in the invitation to the 2016 General Meeting.

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 (staged)	Performance metrics in 2015
Fixed base salary	Annual base salary	Monthly cash payments	Pay for the function		
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 vesting period (staged), 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 Wohlfahrtsfonds	Cover retirement, death and disability risks		
	Perquisites	Company car, expense policy	Attract & retain		

* 2016: 5-year performance period (staged), 10-year plan period

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

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**.

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.

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 a 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, see section → Long-Term Incentive (LTI).

In the event of termination of employment, the following provisions apply to MSPP shares and options:

Termination reason	Plan rules		
	Unvested options	Vested options	Restricted shares
Death	Accelerated vesting based on effective performance at date of termination as determined by the Board of Directors	Regular exercise period	Immediate unblocking
Retirement or disability	Regular vesting schedule	Regular exercise period	Immediate unblocking
Other reasons than death, retirement or disability	Forfeiture	90-day exercise period	Regular blocking period
Change of control*	Accelerated vesting based on effective performance at date of termination as determined by the Board of Directors	Regular exercise period	Immediate unblocking

* This rule only applies in the situation of "double-trigger" where the employment contract of the participant is terminated as a result of a change of control or liquidation.

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, with the introduction of a performance-based vesting condition effective 1 January 2013 and with the extension of the vesting period to five years (one third three years, one third four years and one third five years after grant), effective 1 January 2016.

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**.

Every year, the Board of Directors determines the grant of share options. In 2015, the market value of options granted amounts to 40% of the target income for the CEO and the 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 options granted in 2015 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.

For future grants, the vesting period of the options will be extended to five years according to the following schedule: one-third of the grant will vest three years after the grant, a further third will vest four years after the grant and the last third will vest five years after the grant and will have a term of ten years.

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 substantially above 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 (starting 1 January 2016: ten 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, the following provisions apply to MSOP options:

Termination reason	Plan rules	
	Unvested options	Vested options
Death	Accelerated pro-rata vesting on the basis of the number of full months worked during the vesting period	Regular exercise period
Retirement or disability	Pro-rata vesting (on the basis of the number of full months worked) at regular vesting date	Regular exercise period
Other reasons than death, retirement or disability	Forfeiture	90-day exercise period
Change of control*	Accelerated vesting based on effective performance at date of termination as determined by the Board of Directors	Regular exercise period

* This rule only applies in the situation of “double-trigger” where the employment contract of the participant is terminated as a result of a change of control or liquidation.

Disclosure of targets

Internal financial and individual targets under the STI and the LTI plans are considered commercially sensitive information. Communicating such targets would allow delicate insight into the strategy of Geberit and therefore may create a competitive disadvantage for the company. Therefore, the decision was made not to disclose the specifics of those targets at the time of their setting, but to provide a general comment on the performance at the end of the cycle. As a general principle, on a comparable basis, substantial improvements against the previous year’s achievements are required in order to meet the target level of performance, in line with the company’s ambitious financial plan.

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 for three years after the payment of the respective variable remuneration.

5. Board of Directors: remuneration and share ownership in 2015

This section is audited by the external auditor.

The remuneration of the Board of Directors consists solely of a fixed remuneration paid out in the form of cash and non-discounted restricted shares. In 2015, members of the Board of Directors received a total remuneration of TCHF 2,293 (previous year TCHF 995). Remuneration for regular board activities and committee assignments amounted to TCHF 2,100 (previous year TCHF 893). The structure and levels of remuneration of the members of the Board of Directors have not changed compared to the previous year. The increase of remuneration between 2014 and 2015 is entirely due to the following factors:

- The remuneration of the Chairman is now included in the remuneration of the Board of Directors, while it was included in the remuneration of the Group Executive Board in 2014.
- The appointment of Thomas M. Hübner as new member of the Board of Directors.

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

	A. Baehny Chairman	R. Spoerry Vice Chairman	F. Ehrat	T. Hübner	H. Reuter	J. Tang-Jensen	Total
	CHF	CHF	CHF	CHF	CHF	CHF	CHF
2015							
Remuneration of the Board of Directors							
Accrued remuneration[1]	300,000	320,000	200,000	150,000	245,000	200,000	1,415,000
Cash remuneration	685,000	0	0	0	0	0	685,000
Expenses	15,000	15,000	15,000	11,250	15,000	15,000	86,250
Contributions to social insurance	52,825	15,145	9,788	7,388	11,807	9,794	106,747
Total	**1,052,825**	**350,145**	**224,788**	**168,638**	**271,807**	**224,794**	**2,292,997**

	CHF
Remuneration of former members of the Board of Directors	
Accrued remuneration	0
Expenses	0
Contributions to social insurance	0
Total	**0**

	A. Baehny Chairman[2]	R. Spoerry Vice Chairman	F. Ehrat	H. Reuter	J. Tang-Jensen	Total
	CHF	CHF	CHF	CHF	CHF	CHF
2014						
Remuneration of the Board of Directors						
Remuneration	-	320,000	150,000	222,500	200,000	892,500
Expenses	-	15,000	15,000	15,000	15,000	60,000
Contributions to social insurance	-	15,071	7,431	10,725	9,716	42,942
Total	**-**	**350,071**	**172,431**	**248,225**	**224,716**	**995,442**

Remuneration of former members of the Board of Directors	CHF
Accrued remuneration	46,250
Expenses	3,750
Contributions to social insurance	6,069
Total	**56,069**

[1] Director's fee booked, but not yet paid as at 31 December. Payment will be made in the first quarter of 2016 in the form of restricted shares of the company with a par value of CHF 0.10 each, valued at fair value at grant date of CHF 349.15 (previous year CHF 281.95) The blocking period is 4 years. The portion not paid in shares is used for the payment of social charges and for Swiss withholding taxes for non-Swiss board members.
[2] In 2014, the remuneration of A. Baehny as Chairman of the Board was compensated with his total CEO remuneration.

For the period from the 2015 General Meeting to the 2016 General Meeting, the remuneration paid to the Board of Directors amounts to CHF 2,299,053. This is within the limit of CHF 2,350,000 approved by the 2015 General Meeting.

As of the end of 2015 and 2014, the members of the Board of Directors held the following shares in the company:

	A. Baehny Chairman	R. Spoerry Vice Chairman	F. Ehrat	T. Hübner	H. Reuter	J. Tang-Jensen	Total
2015							
Shareholdings Board of Directors							
Shares	46,969	8,479	1,251	10	7,004	1,715	65,428
Options	63,688[1]	0	0	0	0	0	63,688[1]
Percentage voting rights shares	0.12%	< 0.1%	< 0.1%	< 0.1%	< 0.1%	< 0.1%	0.17%

	A. Baehny Chairman	R. Spoerry Vice Chairman	F. Ehrat	H. Reuter	J. Tang-Jensen	Total
2014						
Shareholdings Board of Directors						
Shares	see Group Executive Board	7,606	706	6,336[1]	1,284	15,932
Percentage voting rights shares		< 0.1%	< 0.1%	< 0.1%	< 0.1%	< 0.1%

[1] A. Baehny options until 2014 as CEO

As of 31 December 2015, there were no outstanding loans or credits between the company and the 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 2015

This section is audited by the external auditor.

6.1. Performance in 2015

The challenging environment in the construction industry, the integration of the acquired Sanitec business and the strong Swiss franc influenced the Geberit Group's results in the 2015 financial year. Despite this, the company managed to achieve a good overall result, maintain performance on a high level and further consolidate our position as the leading supplier of sanitary products.

Net sales increased by 24.2% in 2015, to CHF 2,593.7 million. Total growth comprised organic growth in local currencies of +2.7%, a negative foreign currency effect of 9.6% and an increase of 31.1% due to the Sanitec acquisition. Operating margins for the old Geberit business were positively influenced by higher volume, product mix effects, lower raw material prices and diluted by the effect of the 10% currency rebate granted in Switzerland. However, as expected, overall results were impacted by the lower operating margins from the newly acquired Sanitec business . The results comprise various special effects in connection with the Sanitec acquisition. Operating profit (EBIT) adjusted for these special effects increased by 2.4% to CHF 590.9 million and the correspondingly adjusted EBIT margin came to 22.8%. Adjusted net income fell by 1.1% to CHF 493.1 million, with an adjusted return on net sales of 19.0%. Adjusted earnings per share declined by 0.4% to CHF 13.23. Free cashflow rose by 5.1% to CHF 484.0 million. The Return on Invested Capital (ROIC) was 20.1%.

To determine the variable cash remuneration (STI) the following Key Performance Indicators (KPI) are used: Sales, EBIT, Earning per Share (EPS) and ROIC, all equally weighted. Furthermore, the achievement of qualitative individual target is considered. The degree of achievement varies by KPI, and the weighted average of all elements used to calculate the variable cash remuneration slightly exceeded the targets.

6.2. Remuneration awarded in 2015

The remuneration of the Group Executive Board amounted to TCHF 6,764 in 2015 (previous year TCHF 7,707). The remuneration of the CEO amounted to TCHF 1,786 in 2015 (previous year TCHF 2,802). The lower total remuneration in 2015 for the Group Executive Board compared to the previous year is the result of various factors.

Reducing impact on remuneration:
- The lower remuneration of the new CEO compared to his predecessor.
- Target achievement in the STI program was lower than in the previous year.

Increasing impact on remuneration:
- Selected higher option grants (LTI) to align compensation to market.
- The Group Executive Board was increased from five to six members.

The base salaries of the existing Group Executive Board members remained unchanged. Contributions to company pension funds decreased due to the lower results in the variable cash compensation (STI), while the other benefits increased with the additional member of the Group Executive Board.

Further information on the remuneration awarded to the Group Executive Board for the business year 2015, compared to the maximum potential amount of remuneration, is provided as well in the invitation to the Ordinary General Meeting 2016.

The following table – reviewed by the external auditor – shows details of remuneration for 2015 and 2014:

	2015		2014	
	C. Buhl CEO	Total	A. Baehny[7] CEO	Total
	CHF	CHF	CHF	CHF
Salary				
- Fixed salary	756,800	2,819,507	946,803	2,793,345
- Variable salary[1]	401,500	1,459,092	869,486	2,540,674
thereof in shares in 2015[2]			0	1,113,090
Shares/options				
- Call options MSOP 2015/2014[3]	439,927	1,502,281	685,661	1,347,411
- Call options MSPP 2015/2014[4]	18,937	144,005	41,813	112,290
Non-cash benefits				
- Private share of company vehicle[5]	6,648	39,864	9,660	39,984
Expenditure on pensions				
- Pension plans and social insurance	159,607	786,263	246,523	861,830
- Contribution health/accident insurance	2,238	13,388	2,262	11,903
Total[6]	**1,785,657**	**6,764,400**	**2,802,208**	**7,707,437**

[1] The amounts to be paid respectively the amounts effectively paid are shown. The payment of the variable salary occurs in the following year. Members 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 349.15 (PY CHF 281.95).
[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 Share Participation Program (MSPP); 1 option entitles to purchase 1 registered share at an exercise price of CHF 349.15 (previous year CHF 281.95); definitive acquisition of the option ("vesting") dependent on various conditions, 1-4-year blocking period (4 tranches at 25%), market value of CHF 34.06 (previous year CHF 23.65) 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 349.15 (previous year CHF 281.95); definitive acquisition of the option ("vesting") dependent on various conditions, 1-4-year blocking period (4 tranches at 25%), market value of CHF 34.06 (previous year CHF 23.65) 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 in 2014 was compensated with his total CEO remuneration.

The parameters taken into consideration in the option valuation model are set out in
→ **Note 17 Participation plans of the consolidated financial statements**.

6.3. Shareholdings of Group Executive Board

As of the end of 2015 and 2014, the Group Executive Board held the following shares in the company:

	Maturity	Average exercise price in CHF	C. Buhl CEO	R. Iff CFO	M. Reinhard	E. Renfordt-Sasse	K. Spachmann	R. van Triest	Total
2015									
Shareholdings Group Executive Board									
Shares			3,480	31,300	2,000	1,665	7,462	0	45,907
Percentage voting rights shares			< 0.1%	< 0.1%	< 0.1%	< 0.1%	< 0.1%	0%	0.12%
Call options[1]									
Vesting period:									
Vested	2016–2018	194.50	0	0	0	1,208	0	0	1,208
2016	2017	205.50	525	1,417	1,542	583	1,330	0	5,397
2014–2017	2020	231.20	2,008	4,676	4,844	1,244	5,620	0	18,392
2015–2018	2021	281.95	2,172	10,419	10,559	1,872	9,592	0	34,614
2016–2019	2022	349.15	13,696	10,029	10,474	5,860	9,040	0	49,099
Total options			**18,401**	**26,541**	**27,419**	**10,767**	**25,582**	**0**	**108,710**
Percentage potential share of voting rights options			< 0.1%	< 0.1%	< 0.1%	< 0.1%	< 0.1%	0%	0.29%

[1] Purchase ratio 1 share for 1 option

	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

As of 31 December 2015, there were no outstanding loans or credits between the company and the members of the Group Executive Board, closely related parties or former members of the Group Executive Board.

7. Summary of share and option plans 2015

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

In 2015 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 17 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 2015 (ESPP)	2017	2,077	17,928	192.03
Management share purchase plan 2015 (MSPP)	2018	74	12,616	349.15
Directors program 2015 (DSPP)	2019	5	2,610	349.15
Total			**33,154**	

[1] ESPP: The issuing price is the average closing price during the subscription period 03.-16.03.2015 with a discount of 45% based on the company's performance in 2015, per plan rules.
MSPP and DSPP: Issuing price corresponds to the average closing price of the share during the 10 trading days before the grant date.

The 33,154 shares required for these plans were taken from the stock of treasury shares.

In 2015 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 2015 (MSPP)	2016–2019	2022	74	12,616	349.15
Option plan 2015 (MSOP) / Group Executive Board	2017–2019	2022	5	44,871	349.15
Option plan 2015 (MSOP) / Other management	2016–2019	2022	62	40,260	349.15
Total				**97,747**	

The fair value of the options granted in 2015 amounted to CHF 34.06 and CHF 33.48 (MSOP Group Executive Board) 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 Ø volatility %	Expected Ø dividend yield %	Contractual period Years	Risk free Ø interest rate %
Management share purchase plan 2015 (MSPP)	349.15	15.95	2.65	7	-0.35
Option plan 2015 (MSOP)	349.15	15.95	2.65	7	-0.35

[1] The exercise price corresponds to the average price of Geberit shares for the period from 3.-16.3.2015.

Costs resulting from participation plans amounted to CHF 3.0 million in 2015 (prior year CHF 2.9 million), those for option plans totalled CHF 3.0 million (prior year CHF 2.5 million).

8. Summary of shares and options held by employees and management as of 31 December 2015

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 31 December 2015, the Board of Directors, the Group Executive Board and the employees owned a combined total of 357,850 (previous year 340,295) shares, i.e. 0.9% (previous year 0.9%) of the share capital of Geberit AG.

The following table summarises all option plans in place as of 31 December 2015:

End of vesting period	Maturity	Number of options outstanding	Ø exercise price CHF	Number of options in the money	Ø exercise price CHF
Vested	2016–2021	49,223	232.22	49,223	232.22
2016	2017–2022	109,962	254.97	96,743	242.10
2017	2020–2022	91,060	288.83	62,884	261.81
2018	2021–2022	68,663	311.27	40,486	281.95
2019	2022	28,176	349.15	0	0
Total		**347,084**	**279.07**	**249,336**	**251.59**

The following movements took place in 2015 and 2014:

	MSOP		MSPP		Total 2015		Total 2014	
	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 1 January	**274,454**	**248.26**	**28,460**	**245.33**	**302,914**	**247.98**	**263,893**	**213.39**
Granted options	85,131	349.15	12,616	349.15	97,747	349.15	140,395	281.95
Forfeited options	1,111	247.29	15	221.23	1,126	246.95	16,784	249.89
Expired options	0	0	0	0	0	0	0	0
Exercised options	46,263	232.60	6,188	217.77	52,451	230.85	84,590	196.08
Outstanding 31 December	**312,211**	**278.09**	**34,873**	**287.80**	**347,084**	**279.07**	**302,914**	**247.98**
Exercisable at 31 December	41,440	232.93	7,783	228.46	49,223	232.22	30,847	208.06

The options outstanding at 31 December 2015 had an exercise price between CHF 192.85 and CHF 349.15 and an average remaining contractual life of 4.6 years.

Report of the statutory auditor

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Report of the statutory auditor
to the General Meeting
Geberit AG
Rapperswil-Jona

Report of the statutory auditor to the General Meeting on the remuneration report 2015

We have audited the accompanying → **remuneration report** dated 8 March 2016 of Geberit AG for the year ended 31 December 2015.

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.

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 2015 complies with Swiss law and articles 14–16 of the Ordinance.

PricewaterhouseCoopers AG

Beat Inauen Audit expert Auditor in charge	Martin Knöpfel Audit expert

Zurich, March 8, 2016

GEBERIT

Finan-
cial
Report

Geberit Group 2015

Geberit Group

Highlights financial year

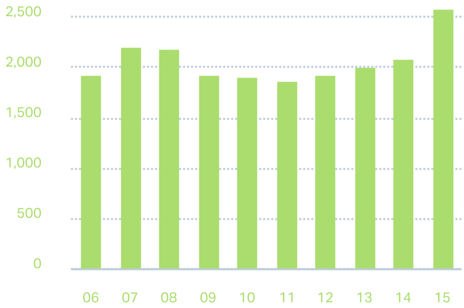
Net sales

+2.7%

Organic, currency-adjusted net sales growth in 2015

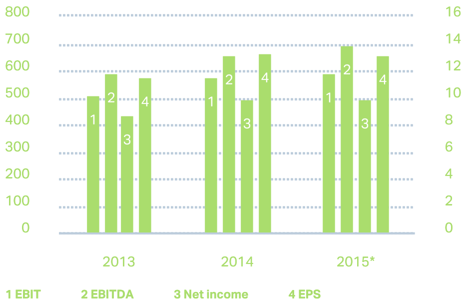
Net sales development 2006 – 2015

(in CHF million)



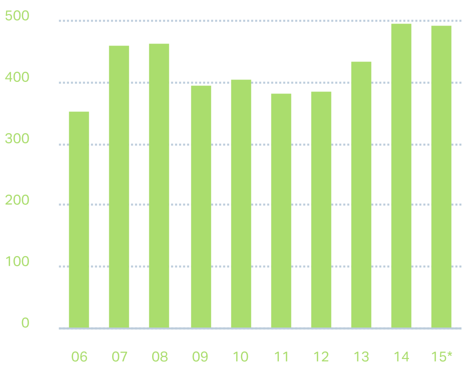
EBIT, EBITDA, Net income, Earnings per share (EPS) 2013 – 2015

(in CHF million) (EPS: in CHF)



Net income development 2006 – 2015

(in CHF million)



Operating cashflow margin* (EBITDA margin)

26.7%

Free Cashflow (in CHF)

484.0 mio.

5.1% above prior year

Earnings per share* (in CHF)

13.23

-0.4% versus prior year

Payout ratio

63.3%

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

Investments in property, plant and equipment and intangible assets (in CHF)

147.3 mio.

+40.6% versus prior year

R&D expenditures (in CHF)

63.4 mio.

7.6 million more versus prior year

Net sales (in CHF)

≈ 200 mio.

negative currency effects

Operating cashflow (EBITDA) (in CHF)

≈ 70 mio.

negative currency effects

* Adjusted for costs in connection with the Sanitec acquisition (transaction, integration, and one-off financing costs, as well as the amortisation of intangible assets and one-off costs resulting from the inventory revaluation)

Geberit key figures

2011 – 2015

		2015	2014	2013	2012[3]	2011
Net sales	**MCHF**	2,593.7	2,089.1	1,999.9	1,919.6	1,867.6
Change on previous year	%	+24.2	+4.5	+4.2	+2.8	-1.7
Operating profit (EBIT)[2]	**MCHF**	590.9	576.9	510.7	456.5	449.2
Margin in % of net sales[2]	%	22.8	27.6	25.5	23.8	24.1
Net income[2]	**MCHF**	493.1	498.6	435.8	387.5	384.0
Margin in % of net sales[2]	%	19.0	23.9	21.8	20.2	20.6
Operating cashflow (EBITDA)[2]	**MCHF**	693.5	657.1	592.8	536.6	532.0
Margin in % of net sales[2]	%	26.7	31.5	29.6	28.0	28.5
Free cashflow	**MCHF**	484.0	460.4	444.3	391.0	386.0
Margin in % of net sales	%	18.7	22.0	22.2	20.4	20.7
Financial results, net[2]	**MCHF**	-17.2	-1.7	-5.5	-7.2	-7.3
Capital expenditures	**MCHF**	147.3	104.8	98.0	86.0	92.6
Research and development expenses	**MCHF**	63.4	55.8	50.9	49.8	48.4
In % of net sales	%	2.4	2.7	2.5	2.6	2.6
Earnings per share[1,2]	**CHF**	13.23	13.28	11.59	10.16	9.82
Employees						
Number of employees (31.12)		12,126	6,247	6,226	6,134	6,004
Annual average		12,477	6,303	6,219	6,150	5,992
Net sales per employee	**TCHF**	207.9	331.4	321.6	312.1	311.7

Balance sheet		**31.12.2015**	**31.12.2014**	**31.12.2013**	**31.12.2012**	**31.12.2011**
Total assets	**MCHF**	3,553.8	2,431.5	2,226.0	2,007.4	2,122.7
Liquid funds and marketable securities	**MCHF**	459.6	749.7	612.8	423.1	542.0
Net working capital	**MCHF**	146.6	169.1	127.9	134.4	114.1
Property, plant and equipment	**MCHF**	715.4	550.9	536.4	521.2	516.2
Goodwill and intangible assets	**MCHF**	1,757.1	645.3	645.5	638.1	645.2
Total debt	**MCHF**	1,139.2	10.5	11.7	14.7	75.6
Equity	**MCHF**	1,482.2	1,717.1	1,664.1	1,431.3	1,419.5
Equity ratio	%	41.7	70.6	74.8	71.3	66.9
Gearing	%	45.9	-43.0	-36.1	-28.5	-32.9

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

[2] 2015: Adjusted for costs in connection with the Sanitec acquisition (transaction, integration and one-off financing costs as well as amortization of intangible assets and one-off costs resulting from the inventory revaluation)

[3] Restatement see → Note 1 in the consolidated financial statements of the Geberit Group 2013

Geberit key figures

2006 – 2010

		2010	2009	2008	2007	2006
Net sales	**MCHF**	1,900.0	1,931.0	2,178.9	2,206.4	1,935.1
Change on previous year	**%**	-1.6	-11.4	-1.2	+14.0	+12.6
Operating profit (EBIT)[2]	**MCHF**	486.2	526.7	563.4	553.8	482.2
Margin in % of net sales[2]	**%**	25.6	27.3	25.9	25.1	24.9
Net income[2]	**MCHF**	406.8	397.5	466.3	463.3	355.0
Margin in % of net sales[2]	**%**	21.4	20.6	21.4	21.0	18.3
Operating cashflow (EBITDA)[2]	**MCHF**	573.7	611.0	649.1	637.9	569.1
Margin in % of net sales[2]	**%**	30.2	31.6	29.8	28.9	29.4
Free cashflow	**MCHF**	493.8	349.7	407.9	362.7	355.5
Margin in % of net sales	**%**	26.0	18.1	18.7	16.4	18.4
Financial results, net[2]	**MCHF**	-14.3	-13.5	5.4	-11.4	-16.3
Capital expenditures	**MCHF**	80.5	106.4	152.5	103.5	81.3
Research and development expenses	**MCHF**	44.2	45.6	46.0	48.1	44.3
In % of net sales	**%**	2.3	2.4	2.1	2.2	2.3
Earnings per share[1,2]	**CHF**	10.32	10.18	11.90	11.67	8.86
Employees						
Number of employees (31.12)		5,820	5,608	5,697	5,344	5,269
Annual average		5,793	5,634	5,684	5,360	5,199
Net sales per employee	**TCHF**	328.0	342.7	383.3	411.6	372.2

Balance sheet		**31.12.2010**	**31.12.2009**	**31.12.2008**	**31.12.2007**	**31.12.2006**
Total assets	**MCHF**	2,171.2	2,212.2	2,054.1	2,298.3	2,010.7
Liquid funds and marketable securities	**MCHF**	586.6	406.5	302.6	450.1	182.4
Net working capital	**MCHF**	108.5	180.9	156.5	168.7	131.9
Property, plant and equipment	**MCHF**	514.3	576.2	555.5	529.3	533.9
Goodwill and intangible assets	**MCHF**	658.8	753.1	756.2	828.8	825.1
Total debt	**MCHF**	73.4	110.9	152.3	273.9	323.1
Equity	**MCHF**	1,520.9	1,509.2	1,311.9	1,404.4	1,065.9
Equity ratio	**%**	70.0	68.2	63.9	61.1	53.0
Gearing	**%**	-33.7	-19.6	-11.5	-12.5	13.2

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

[2] 2015: Adjusted for costs in connection with the Sanitec acquisition (transaction, integration and one-off financing costs as well as amortization of intangible assets and one-off costs resulting from the inventory revaluation)

Consolidated Balance Sheets

	Note	31.12.2015 MCHF	31.12.2014 MCHF
Assets			
Current assets			
Cash and cash equivalents		459.6	749.7
Trade accounts receivable	6	130.6	125.3
Other current assets and current financial assets	7	90.7	55.9
Inventories	8	279.9	205.7
Total current assets		**960.8**	**1,136.6**
Non-current assets			
Property, plant and equipment	9	715.4	550.9
Deferred tax assets	18	95.7	76.3
Other non-current assets and non-current financial assets	10	24.8	22.4
Goodwill and intangible assets	11	1,757.1	645.3
Total non-current assets		**2,593.0**	**1,294.9**
Total assets		**3,553.8**	**2,431.5**
Liabilities and equity			
Current liabilities			
Short-term debt	12	3.7	3.9
Trade accounts payable		105.5	62.3
Tax liabilities and tax provisions		108.5	78.3
Other current liabilities	13	217.0	224.3
Current provisions	13	31.6	2.0
Total current liabilities		**466.3**	**370.8**
Non-current liabilities			
Long-term debt	14	1,135.5	6.6
Accrued pension obligations	16	300.8	256.5
Deferred tax liabilities	18	128.0	48.4
Other non-current liabilities	19	10.1	7.6
Non-current provisions	19	30.9	24.5
Total non-current liabilities		**1,605.3**	**343.6**
Equity			
Capital stock	21	3.8	3.8
Reserves		1,912.5	1,944.0
Cumulative translation adjustments		-434.1	-230.7
Total equity		**1,482.2**	**1,717.1**
Total liabilities and equity		**3,553.8**	**2,431.5**

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

Consolidated Income Statements

	Note	2015 MCHF	2014 MCHF
Net sales	29	**2,593.7**	**2,089.1**
Cost of materials		784.4	604.2
Personnel expenses		671.6	483.9
Depreciation	9	95.9	77.0
Amortization of intangible assets	11	37.5	3.2
Other operating expenses, net	23	506.0	343.9
Total operating expenses, net		2,095.4	1,512.2
Operating profit (EBIT)		**498.3**	**576.9**
Financial expenses	24	-20.1	-4.0
Financial income	24	1.2	2.1
Foreign exchange loss (-) /gain	24	-4.6	0.2
Financial result, net		-23.5	-1.7
Profit before income tax expenses		**474.8**	**575.2**
Income tax expenses	25	52.4	76.6
Net income		**422.4**	**498.6**
- Attributable to shareholders of Geberit AG		422.4	498.6
EPS (CHF)	22	11.33	13.28
EPS diluted (CHF)	22	11.31	13.26

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

Consolidated Statements of Comprehensive Income

	Note	2015 MCHF	2014 MCHF
Net income according to the income statement		**422.4**	**498.6**
Cumulative translation adjustments[1]		-203.7	-4.8
Taxes		0.3	0.0
Cumulative translation adjustments, net of tax		**-203.4**	**-4.8**
Cashflow hedge accounting	15	71.5	-71.5
Taxes		-10.2	10.2
Cashflow hedge accounting, net of tax		**61.3**	**-61.3**
Total other comprehensive income to be reclassified to the income statement in subsequent periods, net of tax		**-142.1**	**-66.1**
Remeasurements of pension plans	16	-14.8	-82.3
Taxes		2.7	17.2
Remeasurements of pension plans, net of tax		**-12.1**	**-65.1**
Total other comprehensive income not to be reclassified to the income statement in subsequent periods, net of tax		**-12.1**	**-65.1**
Total other comprehensive income, net of tax		**-154.2**	**-131.2**
Total comprehensive income		**268.2**	**367.4**
- Attributable to shareholders of Geberit AG		268.2	367.4

[1] The Swiss National Bank abandoned the minimum exchange rate of CHF 1.20 per euro on January 15, 2015. This decision triggered currency fluctuations and led to an appreciation of the Swiss franc against all other key currencies. As Geberit is exposed to currency risks on both the assets and liabilities side, this contributed significantly to the negative translation effect of MCHF 203.7.

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

Consolidated 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 31.12.2013	**3.8**	**2,013.0**	**-40.5**	**-86.3**	**0.0**	**-225.9**	**1,664.1**
Net income		498.6					498.6
Other comprehensive income				-65.1	-61.3	-4.8	-131.2
Distribution		-282.0					-282.0
Share buyback program			-37.4				-37.4
Purchase (-) /Sale of treasury shares		8.8	-0.4				8.4
Management option plans		-3.4					-3.4
Balance at 31.12.2014	**3.8**	**2,235.0**	**-78.3**	**-151.4**	**-61.3**	**-230.7**	**1,717.1**
Net income		422.4					422.4
Other comprehensive income				-12.1	61.3	-203.4	-154.2
Distribution		-310.7					-310.7
Share buyback program			-167.6				-167.6
Purchase (-) /Sale of treasury shares		7.6	-30.6				-23.0
Management option plans		-1.8					-1.8
Balance at 31.12.2015	**3.8**	**2,352.5**	**-276.5**	**-163.5**	**0.0**	**-434.1**	**1,482.2**

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

Consolidated Statements of Cashflows

	Note	2015 MCHF	2014 MCHF
Cash provided by operating activities			
Net income		422.4	498.6
Depreciation and amortization	9/11	133.4	80.2
Financial result, net	24	23.5	1.7
Income tax expenses	25	52.4	76.6
Other non-cash income and expenses		22.6	18.1
Operating cashflow before changes in net working capital and taxes		654.3	675.2
Income taxes paid		-82.6	-64.5
Changes in trade accounts receivable		20.8	-2.6
Changes in inventories		9.7	-35.0
Changes in trade accounts payable		-17.2	0.5
Changes in other positions of net working capital		27.1	1.9
Net cash from/used (-) in operating activities		**612.1**	**575.5**
Cash from/used (-) in investing activities			
Acquisitions of subsidiaries, net	2	-1,185.4	0.0
Purchase of property, plant & equipment and intangible assets	9/11	-147.3	-104.8
Proceeds from sale of property, plant & equipment and intangible assets		6.3	2.5
Marketable securities, net		0.0	73.1
Interest received		1.3	3.2
Other, net		-0.1	-0.3
Net cash from/used (-) in investing activities		**-1,325.2**	**-26.3**
Cash from/used (-) in financing activities			
Proceeds from borrowings	2/14	1,985.5	0.0
Repayments of borrowings	2/14	-1,033.6	-4.2
Interest paid		-3.5	0.0
Distribution		-310.7	-282.0
Share buyback program		-159.8	-37.4
Purchase (-) /Sale of treasury shares		-44.5	-4.5
Financing cost paid		-14.5	0.0
Other, net		-1.2	-8.9
Net cash from/used (-) in financing activities		**417.7**	**-337.0**
Effects of exchange rates on cash and cash equivalents		5.3	-0.6
Net increase/decrease (-) in cash and cash equivalents		**-290.1**	**211.6**
Cash and cash equivalents at beginning of year		749.7	538.1
Cash and cash equivalents at end of year		**459.6**	**749.7**

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

For further cashflow figures see → **Note 28**

Notes to the Consolidated Financial Statements

1. Basic information and principles of the report

The Geberit Group is an international company that focuses on the sanitary industry and, specifically, the areas of sanitary technology and bathroom ceramics. The Group's product range consists of the Sanitary Systems, Piping Systems and Sanitary Ceramics product areas. Worldwide, the vast majority of its products are sold through the wholesale channel. Geberit sells its products in more than 113 countries. The Group is present in 44 countries with its own sales employees.

The consolidated financial statements include Geberit AG and all 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 euros, "MGBP" refers to millions of British pounds sterling and "MUSD" refers to millions of US dollars. The term "shareholders" refers to the shareholders of Geberit AG.

Main sources of estimation uncertainty
The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, 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 11)
- Capitalization of development costs (see → Note 27)
- Assumptions for the recognition of defined benefit pension plans (see → Note 16)
- Valuation of deferred tax assets and liabilities (see → Note 3)

2. Changes in Group structure

2015:
Acquisition of the Sanitec Group

On October 14, 2014, Geberit AG submitted a takeover bid to the shareholders of Sanitec Oyj, Helsinki, Finland (Sanitec) to acquire all Sanitec shares at a price of SEK 97 per share in cash. The Sanitec shares were listed on the NASDAQ Stockholm stock exchange. Sanitec is a leading European producer and supplier of bathroom ceramics. The Group achieved net sales of MEUR 689 and an EBIT margin of 11.4% in 2014. The company employs 6,200 people in 18 production facilities and 24 sales units. Sanitec sells its products primarily in Europe under 14 leading brands that are firmly established in their local markets. For Geberit, the acquisition of Sanitec represents an expansion of its product range. Its portfolio will be enhanced with the addition of the Sanitary Ceramics area. The new company will be the European market leader for sanitary products and will, in particular, strengthen its position in those European markets in which Geberit had not yet gained a firm foothold, i.e. the Nordic Countries, France, UK and Eastern Europe. It combines technical know-how in sanitary technology "behind the wall" with design expertise "in front of the wall". The acquisition also bolsters the Group's key sales and earnings drivers.

The relevant competition authorities granted all the required approvals in late January 2015. At the end of the acceptance period on February 2, 2015, 99.27% of the Sanitec shares had been tendered to Geberit. The purchase/sale of these shares was effected on February 10, 2015 and was financed by Geberit using its own funds as well as new debt. Following an extended offer period, Geberit held 99.77% of the shares, with a squeeze-out process instigated for the remaining shares and completed successfully in September 2015.

The purchase price for the Sanitec Group in cash amounted to MCHF 1,203.5 plus additional transaction costs of MCHF 22. Of the latter, MCHF 10 is attributable to consultation fees (of which MCHF 3 was already incurred in 2014) and MCHF 12 was incurred in connection with the financing. Of the financing costs, MCHF 6 is recognised in the 2015 income statement and a further MCHF 6 is being amortized over the term of the financing instruments. In addition debt of MCHF 184 had to be refinanced.

The acquisition was financed by means of bond issues, bank loans and from own funds. Geberit has issued the following three bonds: a bond for MCHF 150 with a term of four years and a coupon of 0.05%, a bond for MCHF 150 with a term of eight years and a coupon of 0.3% and a bond for MEUR 500 with a term of six years and a coupon of 0.688%. A bridge facility in the form of a syndicated bank loan amounting to MCHF 900 was available for the period between the closing of the transaction and the issue of the bonds. In addition, a second syndicated bank loan ("term loan facility") amounting to MEUR 325 was drawn on and existing funds of MCHF 247 were used.

The instruments for hedging the foreign exchange risks were released on the closing and reflected in the acquisition price. The corresponding effect is contained in the "Cashflow hedge accounting" item in the consolidated statements of comprehensive income.

The following assets and liabilities were incorporated at fair value into the consolidated balance sheet of the Geberit Group when the Sanitec Group was consolidated for the first time on February 10, 2015:

	Note	Sanitec Group MCHF
Cash and cash equivalents		18.1
Trade accounts receivable		36.2
Other current assets and current financial assets		40.5
Inventories		128.7
Property, plant and equipment	9	165.2
Deferred tax assets	18	20.0
Other non-current assets and non-current financial assets		1.0
Intangible assets	11	367.1
Total assets		**776.8**
Short-term debt		152.7
Trade accounts payable		64.7
Tax liabilities and tax provisions		31.2
Other current liabilities and provisions	13	85.5
Accrued pension obligations	16	40.3
Deferred tax liabilities	18	88.7
Other non-current provisions and liabilities	19	10.5
Total liabilities		**473.6**
Acquisition price		1,203.5
Acquired net assets		303.2
Goodwill		**900.3**

The "Intangible assets" item largely contains the Sanitec trademarks (MCHF 229.1) and technology know-how (MCHF 129.2). The trademarks were assigned an indefinite term and are therefore not being amortised. Technology know-how is being amortised over four years.

The goodwill largely results from the following synergy potential:

- Cost reduction in administrative and corporate functions
- Sales promotion in the complementary markets
- New product combination opportunities
- Joint development of products

Any possible amortization of goodwill is not tax effective.

The cashflow from this transaction is as follows:

	MCHF
Acquisition price	1,203.5
Existing cash and cash equivalents	-18.1
Cash used in investing activities	**1,185.4**

From the time of its acquisition, Sanitec has contributed from the ordinary business (without one-off and recurring acquisition costs) net sales for the reporting period of MCHF 649.0 and net profit of MCHF 51.3 to the Geberit Group. If the acquisition had already taken place on January 1, 2015, net sales for the reporting period would have amounted to MCHF 709.1 and net income to MCHF 55.5.

In addition, the changes in the Group structure are as follows:

2015:

- Geberit Service AB, Bromölla (newly founded)
- Keramag Service GmbH & Co. KG, Pfullendorf (newly founded)
- Contura Steel AB, Bromölla (sold)

2014:

- Geberit RUS LLC, Moscow (newly founded)
- Geberit Finanz AG, Rapperswil-Jona (newly founded)
- Geberit Investment Oy, Vantaa (Helsinki) (newly founded)

3. Summary of significant accounting policies

New or revised IFRS standards and interpretations 2015 and their adoption by the Group

Standard/Interpretation	Enactment	Relevance for Geberit	Adoption
No new or revised IFRS standards have been put into effect this year.			
The Group has applied the amendments of the annual improvements to IFRS of the 2010 - 2012 and 2011 - 2013 cycles for 2015. They did not have any significant impact on the consolidated financial statements.			

New or revised IFRS standards and interpretations as from 2016 and their adoption by the Group

Standard/Interpretation	Enactment	Relevance for Geberit	Planned adoption
IFRS 9 – Financial Instruments	1.1.2018	The complete version of IFRS 9 'Financial Instruments' includes requirements on the classification and measurement of financial assets and liabilities; it defines three classification categories for debt instruments: amortized cost, fair value through other comprehensive income ('FVOCI') and fair value through profit or loss ('FVPL'). Classification for investments in debt instruments is driven by the entity's business model for managing financial assets and their contractual cash flows. Investments in equity instruments are always measured at fair value. However, management can make an irrevocable election to present changes in fair value in other comprehensive income, provided the instrument is not held for trading. This amendment has no material impact on the consolidated financial statements.	1.1.2018
IFRS 10 – Consolidated Financial Statements; IAS 28 – Investments in Associates and Joint Ventures	1.1.2016	These amendments address an inconsistency between the requirements in IFRS 10 and those in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. These amendments have no impact on the consolidated financial statements.	1.1.2016
IFRS 10 – Consolidated Financial Statements; IFRS 12 – Disclosure of Interests in Other Entities; IAS 28 – Investments in Associates and Joint Ventures	1.1.2016	The amendments address issues that have arisen in the context of applying the consolidation exception for investment entities. These amendments have no impact on the consolidated financial statements.	1.1.2016
IFRS 11 – Joint Arrangements	1.1.2016	The additional guidance clarifies that the acquisition of an interest in a joint operation that meets the definition of a business under IFRS 3 is not a business combination as the acquiring party does not obtain control. This amendment has no impact on the consolidated financial statements.	1.1.2016
IFRS 15 – Revenue from Contracts with Customers	1.1.2018	The new standard on the recognition of revenue from contracts with customers is based on a five step approach: 1) Identify the contract with the customer 2) Identify the separate performance obligations in the contract 3) Determine the transaction price 4) Allocate the transaction price to separate performance obligations 5) Recognize revenue when a performance obligation is satisfied. These amendments will have an impact on the consolidated financial statements. According to the ongoing assessment, no material impact is expected.	1.1.2018
IFRS 16 - Leases	1.1.2019	Under IAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. These amendments will mainly have an impact on the consolidated balance sheet.	1.1.2019
IAS 16 – Property, Plant and Equipment; IAS 38 – Intangible Assets	1.1.2016	Clarifies which principle for the basis of depreciation and amortization can be used. The objective of the amendments is to ensure that preparers do not use revenue-based methods to calculate charges for the depreciation or amortization of items of property, plant and equipment or intangible assets. This amendment has no impact on the consolidated financial statements.	1.1.2016

New or revised IFRS standards and interpretations as from 2016 and their adoption by the Group

IAS 27 – Separate Financial Statements	1.1.2016	The amendment restores the option to use the equity method to account for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements. This amendment has no impact on the consolidated financial statements.	1.1.2016
Annual improvements of IFRS and interpretations (IFRIC)	various	The ordinary annual clarifications and minor amendments of various standards and interpretations have no material impact on the consolidated financial statements.	various

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 to 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 the income statement. 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 recorded 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 change in value. The carrying amount of cash and cash equivalents approximates to their fair value due to the short-term maturities of these instruments.

Inventories
Inventories are stated at the lower of historical or manufacturing costs, or net realizable value. The manufacturing costs comprise all directly attributable costs of material and manufacture 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. Allowances are made for obsolete and slow-moving inventories.

Property, plant and equipment
Property, plant and equipment are carried at historical or manufacturing costs less accumulated depreciation. Betterment that increases the useful lives of the assets, substantially 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 and furnishings (4–25 years) and vehicles (5–10 years). Properties are not regularly depreciated. Repair and maintenance related to investments in property, plant and equipment is charged to the income statement as incurred.

Borrowing costs of all material qualifying assets are capitalized during the construction 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 a capitalization 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 capitalized trademarks are an inherent element of the business model of the Geberit Group and are therefore used over an indefinite time period, they are assigned an indefinite useful life. Impairments are recorded immediately as expenses in the consolidated income statements, 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 (4–10 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, at least. 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.

For the impairment tests of intangible assets with an indefinite useful life and goodwill, the Group applies the most recent business plans (period of four years) and the assumptions therein concerning development of prices, markets and the 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 11.

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 provisions for such warranties at the time of sale based on estimated claims. Actual warranty costs are charged against the accrued provisions when incurred.

Net sales

Net sales are recognized when the risks and rewards are transferred, which normally happens when the products are shipped, i.e. when they are handed over to the carrier at the ramp of a Geberit logistics centre. Net sales include the invoiced amounts after deduction of the rebates shown on the customer's invoice. Customer bonuses and cash discounts granted subsequently are deducted as well.

Customer bonuses are sales deductions linked to the achievement of predefined sales targets. Cash discounts are sales deductions recognized on receipt of timely payments.

Marketing expenses

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

Taxes

The consolidated financial statements include current income taxes based on the taxable earnings of the Group companies and are calculated according to national 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 only for non-refundable taxes at source and other earning distribution-related taxes for subsidiaries for which available earnings are intended to be remitted and of which the parent company controls the dividend policy (see → Note 18).

Leasing

Property, plant and equipment that is acquired on a lease and deemed to be owned in respect of its risks and rewards is classified under finance leasing. Leased property, plant and equipment is capitalized and depreciated over its estimated economic useful life. The corresponding lease obligations are recognized as liabilities. Payments under operating leases are reported as operating expenses on a straight-line basis and charged directly to the income statement accordingly.

Research and development expenditures

The majority of the expenses are incurred in relation to basic research, product and product range management, customer software development and R&D support/overheads, and these are charged directly to the income statement. The residual expenses relate to development costs for new products. If these concern major development projects, they are reviewed at each balance sheet date in order to verify if the capitalization criteria of IAS 38.57 are fulfilled. In the case that all criteria are fulfilled, the expenses are capitalized and amortized over a period of six years (see → Note 27).

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 and the expected salary and pension trends. 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 when buying Geberit shares under share purchase plans are charged to the income statement in the year the programs are offered.

The fair value of the options allotted as part of the management long term incentive and the management share purchase plan is determined at the grant date and charged on a straight-line basis to personnel expenses over the vesting period. The values are determined using the binomial model.

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 accounts payable and other payables are carried at amortized cost. The carrying amount of such items virtually corresponds to their fair value.

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 15).

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. Changes in value resulting from cashflow hedges recognized in equity through the consolidated statements of comprehensive income are recorded in the income statement in the period in which the cashflow from the hedged transaction is recognized in the income statement.

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 and evaluated concerning the likelihood of occurrence and magnitude, and risk-control measurements are determined. Each member of 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 financial system. Management believes that the risk of losses from the existing contracts is remote.

In general, liquid funds are invested for less than three months. Part of the liquid funds may be 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. 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 that 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 risks are 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 limit for the key figure 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:

	2015 MCHF	2014 MCHF
Value-at-risk +/- unrealized gains/losses	5.6	3.0
Equity	1,482.2	1,717.1
(Value-at-risk +/- unrealized gains/losses)/equity	**0.4%**	**0.2%**

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 internal limits, it is decided whether any hedging measures 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:

	2015 MCHF	2014 MCHF
EBITDA	631.7	657.1
Financial result, net + CfaR	12.7	0.9
EBITDA/(Financial result, net + CfaR)	**50x**	**730x**

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.

	2015 MCHF	2014 MCHF
Combined foreign exchange rate and interest rate risk	19.1	4.1

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 516.8 (PY: MCHF 864.7).

Management of credit risk

Major credit risks to the Group mainly result from the sale of its products (debtor risk). Products are sold throughout the world, but primarily within continental Europe. Ongoing evaluations of the 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. Actual losses 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 2015, the average balance of receivables is about 176% 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 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	2015	2014
Foreign exchange rate risk	(VaR +/- unrealized gains/losses)/equity	0.4%	0.2%
Interest rate risk	EBITDA/(financial result, net + CfaR)	50x	730x
Liquidity risk	(Deficit)/excess of liquidity reserve	MCHF 516.8	MCHF 864.7

5. Management of capital

The objectives of the Group regarding 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 can be taken in a timely manner.

The relevant values as of December 31 are outlined below:

	2015 MCHF	2014 MCHF
Gearing		
Debt	1,139.2	10.5
Liquid funds and marketable securities	459.6	749.7
Net debt	679.6	-739.2
Equity	1,482.2	1,717.1
Net debt/equity	**45.9%**	**-43.0%**
Return on equity (ROE)		
Equity (rolling)	1,530.2	1,706.7
Net income	422.4	498.6
ROE	**27.6%**	**29.2%**
Return on invested capital (ROIC)		
Invested capital (rolling)	2,504.9	1,404.5
Net operating profit after taxes (NOPAT)	425.6	497.9
ROIC	**17.0%**	**35.5%**

6. Trade accounts receivable

	2015 MCHF	2014 MCHF
Trade accounts receivable	145.4	135.1
Allowances	-14.8	-9.8
Total trade accounts receivable	**130.6**	**125.3**

Of trade accounts receivable, MCHF 4.8 was denominated in CHF, MCHF 70.3 in EUR, MCHF 10.4 in USD, MCHF 16.6 in GBP, MCHF 5.9 in SEK, MCHF 3.9 in DKK, MCHF 6.9 in NOK and MCHF -0.3 in PLN.

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

	2015 MCHF	2014 MCHF
Allowances for trade accounts receivable		
January 1	**9.8**	**8.2**
Changes in scope of consolidation	6.6	0.0
Additions	0.8	2.4
Used	-0.5	-0.5
Reversed	-0.9	-0.2
Translation differences	-1.0	-0.1
December 31	**14.8**	**9.8**

	2015 MCHF	2014 MCHF
Maturity analysis of trade accounts receivable		
Not due	95.5	106.4
Past due < 30 days	33.5	14.1
Past due < 60 days	4.2	5.7
Past due < 90 days	0.9	1.3
Past due < 120 days	1.0	0.6
Past due > 120 days	10.3	7.0
Allowances	-14.8	-9.8
Total trade accounts receivable	**130.6**	**125.3**

7. Other current assets and current financial assets

	2015 MCHF	2014 MCHF
Value-added tax receivables	53.7	38.3
Income tax refunds receivable	15.6	2.2
Short-term derivative financial instruments (see →Note 15)[1]	0.5	0.8
Prepaid expenses	6.8	9.3
Other current assets	14.1	5.3
Total other current assets and current financial assets	**90.7**	**55.9**

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

8. Inventories

	2015 MCHF	2014 MCHF
Raw materials, supplies and other inventories	92.0	69.6
Work in progress	48.8	45.5
Finished goods	130.3	79.7
Merchandise	8.8	10.8
Prepayments to suppliers	0.0	0.1
Total inventories	**279.9**	**205.7**

As of December 31, 2015, inventories included allowances for slow-moving and obsolete items of MCHF 44.3 (PY: MCHF 21.7).

9. Property, plant and equipment

	Total MCHF	Land and buildings MCHF	Machinery and equipment MCHF	Office equipment MCHF	Assets under constr. / advance payments MCHF
2015					
Cost at beginning of year	1,392.1	396.2	883.9	56.9	55.1
Changes in scope of consolidation	724.4	236.0	482.3		6.1
Additions	133.3	5.2	45.9	7.2	75.0
Disposals	-62.7	-9.6	-49.8	-3.3	
Transfers	0.0	2.7	41.6	1.0	-45.3
Translation differences	-64.9	-16.1	-42.7	-3.1	-3.0
Cost at end of year	**2,122.2**	**614.4**	**1,361.2**	**58.7**	**87.9**
Accumulated depreciation at beginning of year	841.2	159.8	637.5	43.9	0.0
Changes in scope of consolidation	559.2	159.0	400.2		
Depreciation	95.9	15.0	75.7	5.2	
Disposals	-58.5	-7.2	-48.0	-3.3	
Translation differences	-31.0	-2.2	-26.3	-2.5	
Accumulated depreciation at end of year	**1,406.8**	**324.4**	**1,039.1**	**43.3**	**0.0**
Carrying amounts at end of year	**715.4**	**290.0**	**322.1**	**15.4**	**87.9**

	Total	Land and buildings	Machinery and equipment	Office equipment	Assets under constr. / advance payments
	MCHF	MCHF	MCHF	MCHF	MCHF
2014					
Cost at beginning of year	1,315.1	376.4	834.5	56.8	47.4
Additions	94.2	12.8	40.3	4.4	36.7
Disposals	-12.6	-1.3	-6.7	-4.6	
Transfers	0.0	8.5	20.2	0.2	-28.9
Translation differences	-4.6	-0.2	-4.4	0.1	-0.1
Cost at end of year	**1,392.1**	**396.2**	**883.9**	**56.9**	**55.1**
Accumulated depreciation at beginning of year	778.7	150.3	585.3	43.1	0.0
Depreciation	77.0	10.9	61.1	5.0	
Disposals	-11.8	-1.2	-6.2	-4.4	
Translation differences	-2.7	-0.2	-2.7	0.2	
Accumulated depreciation at end of year	**841.2**	**159.8**	**637.5**	**43.9**	**0.0**
Carrying amounts at end of year	**550.9**	**236.4**	**246.4**	**13.0**	**55.1**

As of December 31, 2015, buildings were insured at MCHF 872.6 (PY: MCHF 440.0) and equipment at MCHF 1,518.2 (PY: MCHF 955.2) against fire, which amounts to a total fire insurance value for property, plant and equipment of MCHF 2,390.8 (PY: MCHF 1,395.2).

As of December 31, 2015, there were no qualified assets for which borrowing costs were capitalized during the production phase. As of December 31, 2015, the Group had entered into firm commitments for capital expenditures of MCHF 23.3 (PY: MCHF 9.0).

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

	2015	2014
	MCHF	MCHF
Reinsurance policies for pension obligations (see → Note 16)	17.2	16.2
Assets from defined benefit plans (see → Note 16)	1.4	0.0
Deposits	2.1	1.4
Capitalized financing costs	0.6	3.3
Other	3.5	1.5
Total other non-current assets and non-current financial assets	**24.8**	**22.4**

11. Goodwill and intangible assets

	Total	Goodwill	Patents and technology	Trademarks	Other intangible assets[1]
	MCHF	MCHF	MCHF	MCHF	MCHF
2015					
Cost at beginning of year	1,086.5	765.8	127.2	144.4	49.1
Changes in scope of consolidation	1302.8	900.3	129.2	229.1	44.2
Additions	14.0				14.0
Disposals	-2.9				-2.9
Translation differences	-144.0	-158.1	4.5	8.0	1.6
Cost at end of year	**2,256.4**	**1,508.0**	**260.9**	**381.5**	**106.0**
Accumulated amortization at beginning of year	441.2	225.9	127.2	59.8	28.3
Changes in scope of consolidation	35.4				35.4
Amortization	37.5		30.8		6.7
Disposals	-2.5				-2.5
Translation differences	-12.3	-12.7	0.5		-0.1
Accumulated amortization at end of year	**499.3**	**213.2**	**158.5**	**59.8**	**67.8**
Carrying amounts at end of year	**1,757.1**	**1,294.8**	**102.4**	**321.7**	**38.2**
2014					
Cost at beginning of year	1,092.8	775.9	127.2	144.4	45.3
Additions	10.6				10.6
Disposals	-7.6				-7.6
Translation differences	-9.3	-10.1			0.8
Cost at end of year	**1,086.5**	**765.8**	**127.2**	**144.4**	**49.1**
Accumulated amortization at beginning of year	447.3	227.9	127.2	59.8	32.4
Amortization	3.2				3.2
Disposals	-7.6				-7.6
Translation differences	-1.7	-2.0			0.3
Accumulated amortization at end of year	**441.2**	**225.9**	**127.2**	**59.8**	**28.3**
Carrying amounts at end of year	**645.3**	**539.9**	**0.0**	**84.6**	**20.8**

[1] Others: mainly software and capitalized product development costs (see → **Note 27: Research and development cost**)

Goodwill and intangible assets with an indefinite useful life resulting from acquisitions are analyzed for impairment on an annual basis. As of December 31, 2015, 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 also shows the parameters used in the impairment analysis.

	Carrying amount 31.12.2015	Carrying amount 31.12.2014	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 rate pretax	Discount rate posttax
	MCHF	MCHF		%	%	%
Goodwill from LBO Geberit	221.8	238.0	U	2.10 (2.80)	8.00 (7.60)	7.10 (6.90)
Goodwill from Mapress acquisition	254.8	283.5	U	2.50 (2.70)	9.40 (8.80)	7.30 (7.00)
Goodwill from Sanitec acquisition	800.9	0.0	U	2.10	8.60	7.30
Geberit trademarks	84.6	84.6	U	2.10 (2.80)	8.20 (7.90)	7.10 (6.90)
Various trademarks	237.1	0.0	U	2.10	6.10 - 9.30	6.00 - 7.80

The growth rates beyond the planning period are based on Euroconstruct estimates and on history-based internal assumptions about price and market share development. All trademarks are tested on the basis of the relief of royalty method. The position "Various trademarks" contains mainly the trademarks Ifö, Keramag, Kolo, IDO, Twyford, Allia and Sphinx. 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 amounts would not lead to an impairment. The scenarios used to support this assumption are based specifically on decreases in both, the operating margins and the growth rate beyond the planning periods.

12. Short-term debt

	2015	2014
	MCHF	MCHF
Other short-term debt	3.7	3.9
Total short-term debt	**3.7**	**3.9**

Short-term credit lines

The Group maintains credit lines of MCHF 45.6 (PY: MCHF 47.8) 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. As of December 31, 2015 and 2014, the Group did not have any outstanding drawings on the above-mentioned credit lines.

Financing of the acquisition of Sanitec is described in detail in → Note 2.

Other short-term debt

As of December 31, 2015, the Group had MCHF 3.7 in other short-term debt (PY: MCHF 3.9). This debt incurred an effective interest rate of 5.6% (PY: 5.5%).

Currency mix

Of the short-term debt outstanding as of December 31, 2015, MCHF 3.7 was denominated in EUR (PY: MCHF 3.9).

13. Other current liabilities and provisions

	2015 MCHF	2014 MCHF
Compensation-related liabilities	88.6	55.4
Customer-related liabilities	58.0	60.5
Value added tax payables	28.3	19.5
Short-term derivative financial instruments (see → Note 15)	0.0	71.5
Short-term interest payables	5.1	0.1
Other current liabilities	37.0	17.3
Total other current liabilities	**217.0**	**224.3**
Current provisions	15.4	2.0
Provisions for restructuring	16.2	0.0
Total current provisions	**31.6**	**2.0**
Total other current liabilities and provisions	**248.6**	**226.3**

The movements of current provisions for 2015 and 2014 are shown in the following table:

	2015 MCHF	2014 MCHF
Current provisions		
January 1	**2.0**	**5.1**
Changes in scope of consolidation	12.6	0.0
Additions	4.0	1.1
Used	-2.3	-1.4
Reversed	-1.2	-2.7
Translation differences	0.3	-0.1
December 31	**15.4**	**2.0**

The movements of provisions for restructuring for 2015 and 2014 are shown in the following table:

	2015 MCHF	2014 MCHF
Provisions for restructuring		
January 1	**0.0**	**0.0**
Changes in scope of consolidation	13.5	0.0
Additions	4.0	0.0
Used	-1.9	0.0
Reversed	0.0	0.0
Translation differences	0.6	0.0
December 31	**16.2**	**0.0**

The restructuring provisions and the current provisions generated in 2015 relate primarily to the integration of the Sanitec Group into the functional organisational structure of the Geberit Group.

14. Long-term debt

	2015 MCHF	2014 MCHF
Bonds	831.4	0.0
Syndicated bank loan (term loan facility)	295.7	0.0
Credit facility (revolving facility)	0.0	0.0
Other long-term debt	8.4	6.6
Total long-term debt	**1,135.5**	**6.6**

Bonds
Geberit has the following three bonds outstanding: a bond for MCHF 150 (fair value as of 31 December 2015: MCHF 150.3) with a term of four years and a coupon of 0.05%, a bond for MCHF 150 (fair value as of 31 December 2015: MCHF 151.2) with a term of eight years and a coupon of 0.3%, and a bond for MEUR 500 (fair value as of 31 December 2015: MCHF 498.0) with a term of six years and a coupon of 0.688%.

Syndicated bank loan (term loan facility)
MEUR 325 of the syndicated bank loan (term loan facility) initially of MEUR 400 had been drawn down. The not required part of MEUR 75 was canceled in 2015. The term loan facility is used for medium-term financing and has a term of three years. Its variable interest rate is based on the LIBOR plus a margin that depends on the ratio of net debt to EBITDA. MEUR 50.0 were repaid early as of 17 November 2015 and MEUR 275.0 of the loan had been drawn on as of 31 December 2015. Its fair value of MCHF 297.6 was calculated by discounting all future cashflows at the current interest rate (swap rate for residual term plus credit spread).

Credit facility (revolving facility)
The firmly committed credit line ("revolving facility") of MCHF 300 is intended to ensure the Group's financial flexibility and has a term of five years. The interest rate is variable and is based on the LIBOR plus a fixed margin. An additional fee is charged if this credit line is drawn down. None of this credit facility was drawn down in 2015. A commitment fee is charged in respect of the portion not drawn down.

The syndicated bank loan and the credit facility are secured by guarantees from Geberit AG and contain covenants and conditions typical for syndicated financing, including compliance with the following financial ratio:

- Net debt/EBITDA: max. 2.50x

This ratio was 0.97x in the reporting period.

Other long-term debt
As of December 31, 2015, the Group had MCHF 8.4 of other long-term debt (PY: MCHF 6.6). This debt incurred an effective interest rate of 6.0% (PY: 6.0%).

Currency mix
Of the total long-term debt outstanding as of December 31, 2015, MCHF 839.1 was denominated in EUR (PY: MCHF 6.6) and MCHF 296.4 in CHF (PY: MCHF 0).

15. Financial instruments

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, 2015 and 2014, the following derivative financial instruments were outstanding.

a) Contingent FX Forward Transactions
The following instruments were used to hedge foreign exchange rate risks arising from the acquisition of the Sanitec Group (purchase price hedging):

2014	Maturity	Strike price	Contract amount buy	Contract amount sell	Fair value 31.12.	Calculation method
			MSEK	MCHF/MEUR	MCHF	
SEK buy/CHF sell	31.08.2015	7.3560	3'900	-530.2	-33.7	Mark-to-Market
SEK buy/EUR sell	31.08.2015	8.9263	4'830	-541.1	-34.9	Mark-to-Market

These two instruments were released as of February 10, 2015 on conclusion of the Sanitec acquisition.

These instruments were designated as a cash flow hedge according to IAS 39.86 et seq. The change in fair value is recognized in the Consolidated Statements of Comprehensive Income.

b) Interest rate swaps

The following instruments were used to hedge interest rate risks arising from the financing of the Sanitec Group acquisition (fixation of the interest rate up to the point of bond take-out):

2014	Trade date	Effective date	Termination date	Notional amount	Fixed rate (payer Geberit)	Floating rate (receiver Geberit)	Fair value 31.12.	Calculation method
				MCHF/ MEUR	%	%	MCHF	
Interest rate swap CHF	20.11.2014	29.01.2015	29.01.2019	150	0.1020	6 M CHF-LIBOR	-0.8	DCF[1]
Interest rate swap EUR	20.11.2014	29.01.2015	29.01.2021	250	0.5622	6 M EUR-EURIBOR	-2.1	DCF[1]

When the bonds were issued, these instruments were released as planned as of March 19, 2015 (interest rate swap EUR) and March 20, 2015 (interest rate swap CHF) or, as appropriate, recognised as liabilities. Instruments are released in the income statement based on the terms of the underlying bonds.

These instruments were designated as a cash flow hedge according to IAS 39.86 et seq. The change in fair value is recognized in the Consolidated Statements of Comprehensive Income.

c) Cross Currency Interest Rate Hedges

The following instrument was used to hedge foreign exchange rate risks arising from the intercompany financing of subsidiaries:

2015	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	18.12.2016	1.03345	12.4	-12.0	0.4	0.00	2.22	DCF[1]

The cross currency interest rate swap (CHF buy/USD sell) for MUSD 12.0 was not designated as a 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.

2014	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	18.12.2015	1.03345	17.6	-17.0	0.8	0.00	0.80	DCF[1]

[1] Discounted Cash Flow

The cross currency interest rate swap (CHF buy/USD sell) for MUSD 17.0 was not designated as a 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.

d) Forward foreign exchange contracts and foreign exchange options

	Contract values					Fair value 31.12.	Calculation method
2015	MCZK	MEUR	MGBP	MPLN	MDKK	MCHF	
Foreign exchange contracts	-5.0	-10.0	0.0	-2.0	0.0	0.1	Mark-to-Market
2014	MCZK	MEUR	MGBP	MPLN	MDKK	MCHF	
Foreign exchange contracts	-7.6	0.0	-1.2	0.0	-3.0	0.0	Mark-to-Market

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

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 inputs for determining the assets and liabilities that are not based on observable market data.

	Carrying amount as of 31.12.2015 MCHF	Loans and receivables MCHF	Financial assets at fair value MCHF	Fair value measurement hierarchy
Financial assets				
Cash and cash equivalents	459.6	459.6	0.0	
Trade accounts receivable	130.6	130.6	0.0	
Other current assets	90.2	90.2	0.0	
Other non-current assets	5.2	5.0	0.2	Level 2
Derivative financial instruments	0.5	0.0	0.5	Level 2
Total	**686.1**	**685.4**	**0.7**	

	Carrying amount as of 31.12.2015 MCHF	Financial liabilities at amortized cost MCHF	Financial liabilities at fair value MCHF	Fair value measurement hierarchy
Financial liabilities				
Short-term debt	3.7	3.7	0.0	
Trade accounts payable	105.5	105.5	0.0	
Bonds	831.4	831.4	0.0	
Syndicated bank loan	295.7	295.7	0.0	
Other financial liabilities	8.4	8.4	0.0	
Derivative financial instruments	0.0	0.0	0.0	
Total	**1,244.7**	**1,244.7**	**0.0**	

	Carrying amount as of 31.12.2014 MCHF	Loans and receivables MCHF	Financial assets at fair value MCHF	Fair value measurement hierarchy
Financial assets				
Cash and cash equivalents	749.7	749.7	0.0	
Trade accounts receivable	125.3	125.3	0.0	
Other current assets	55.1	55.1	0.0	
Other non-current assets	6.2	5.9	0.3	Level 2
Derivative financial instruments	0.8	0.0	0.8	Level 2
Total	**937.1**	**936.0**	**1.1**	

	Carrying amount as of 31.12.2014 MCHF	Financial liabilities at amortized cost MCHF	Financial liabilities at fair value MCHF	Fair value measurement hierarchy
Financial liabilities				
Short-term debt	3.9	3.9	0.0	
Trade accounts payable	62.3	62.3	0.0	
Other financial liabilities	6.6	6.6	0.0	
Derivative financial instruments	71.5	0.0	71.5	Level 2
Total	**144.3**	**72.8**	**71.5**	

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 31.12.2015	Maturity				
		2016	2017	2018	2019	2020 and later
	MCHF	MCHF	MCHF	MCHF	MCHF	MCHF
Short-term debt	3.7	3.9	0.0	0.0	0.0	0.0
Trade accounts payable	105.5	105.5	0.0	0.0	0.0	0.0
Bonds	831.4	4.2	4.2	4.2	154.2	700.2
Syndicated bank loan (term loan facility)	295.7	2.2	2.2	297.8	0.0	0.0
Other financial liabilities	8.4	0.5	2.7	2.1	1.7	3.1
Total non-derivative financial liabilities	**1,244.7**	**116.3**	**9.1**	**304.1**	**155.9**	**703.3**
Derivative financial liabilities	0.0	0.0	0.0	0.0	0.0	0.0
Derivative financial assets	-0.5	23.9	0.0	0.0	0.0	0.0
Total derivative financial instruments	**-0.5**	**23.9**	**0.0**	**0.0**	**0.0**	**0.0**
Total	**1,244.2**	**140.2**	**9.1**	**304.1**	**155.9**	**703.3**

	Carrying amount 31.12.2014	Maturity 2015	2016	2017	2018	2019 and later
	MCHF	MCHF	MCHF	MCHF	MCHF	MCHF
Short-term debt	3.9	4.1	0.0	0.0	0.0	0.0
Trade accounts payable	62.3	62.3	0.0	0.0	0.0	0.0
Other financial liabilities	6.6	0.4	2.6	2.1	1.3	1.5
Total non-derivative financial liabilities	**72.8**	**66.8**	**2.6**	**2.1**	**1.3**	**1.5**
Derivative financial liabilities	71.5	1,183.7	0.0	0.0	0.0	0.0
Derivative financial assets	-0.8	19.7	0.0	0.0	0.0	0.0
Total derivative financial instruments	**70.7**	**1,203.4**	**0.0**	**0.0**	**0.0**	**0.0**
Total	**143.5**	**1,270.2**	**2.6**	**2.1**	**1.3**	**1.5**

16. Retirement benefit plans

The Geberit Group manages defined benefit plans for its employees in various countries. The Swiss pension plans and the UK pension plan are the major funded plans, which hold their assets in legally separate pension funds. Even after integrating the defined benefit plans of the newly acquired Sanitec Group, the biggest plans are still managed in Switzerland and Germany, which together account for 92% (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.

	2015	2014
	MCHF	MCHF
Switzerland		
Benefit obligation (for funded retirement benefit plans)	554.9	504.3
Plan assets at fair value	496.1	471.0
Funded status	**-58.8**	**-33.3**
Germany		
Benefit obligation (for unfunded retirement benefit plans)	210.6	208.6
Plan assets at fair value	0.0	0.0
Funded status	**-210.6**	**-208.6**
Reimbursement rights	10.8	10.3
Other plans		
Benefit obligation (for funded retirement benefit plans)	39.6	0.0
Benefit obligation (for unfunded retirement benefit plans)	29.1	14.6
Plan assets at fair value	38.7	0.0
Funded status	**-30.0**	**-14.6**
Reimbursement rights	6.4	5.9
Total		
Benefit obligation (for all retirement benefit plans)	834.2	727.5
Plan assets at fair value	534.8	471.0
Funded status	**-299.4**	**-256.5**
Reimbursement rights	17.2	16.2

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 and 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 115% as of December 31, 2015 (December 31, 2014: 116.6%).

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 "Gemeinschaftsstiftung". 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.

The acquisition of the Sanitec Group added another pension plan in Switzerland. For the purpose of providing occupational benefits, Bekon-Koralle AG is affiliated with Swiss Life, a collective foundation under the Swiss Federal Law on Occupational Retirement, Survivors' and Disability Pension Plans (BVG), as well as with the Swiss Life collective foundation for supplementary provision. All regulatory benefits are fully reinsured by Swiss Life AG under a corresponding agreement.

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 acquisition of the Sanitec Group also added various pension plans in Germany. In respect of Keramag Keramische Werke GmbH, Ratingen, there exists a benefit obligation arising from certain pension commitments made as well as a benefit obligation with reinsurance assets.

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

	2015 MCHF	2014 MCHF
Current service cost	31.1	24.7
Contributions of employees	-8.9	-8.8
Net interest cost for retirement benefit plans	4.2	4.2
Net periodic pension cost	**26.4**	**20.1**

The service cost for the Swiss retirement benefit plans was MCHF 21.5 in 2015 (PY: MCHF 16.0) and for the German retirement benefit plans MCHF 8.6 (PY: MCHF 8.1). The net interest cost for the Swiss retirement benefit plans was MCHF 0.3 in 2015 (PY: MCHF -1.0) and for the German retirement benefit plans MCHF 3.6 (PY: MCHF 5.1).

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

	2015 MCHF	2014 MCHF
Actuarial gains (-) / losses:	21.8	121.5
- of which from changes in demographic assumptions	-0.3	0.0
- of which from changes in financial assumptions	22.2	109.1
- of which from experience adjustments	-0.1	12.4
Return on plan assets (excluding interest based on discount rate)	-6.9	-26.0
Return on reimbursement rights (excluding interest based on discount rate)	-0.1	0.0
Asset ceiling adjustment	0.0	-13.2
Total pre-tax remeasurements recognized in other comprehensive income	**14.8**	**82.3**

The remeasurements recognized in other comprehensive income in the Consolidated Statements of Comprehensive Income in 2015 for the Swiss retirement benefit plans amounted to MCHF 15.6 (PY: MCHF 54.3) and for the German retirement benefit plans MCHF 2.7 (PY: MCHF 26.5).

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

	2015 MCHF	2014 MCHF
Benefit obligation		
At beginning of year	727.5	590.6
Changes in scope of consolidation	87.6	0.0
Current service cost	31.1	24.7
Interest cost	11.9	15.2
Actuarial gains (-) / losses	21.8	121.5
New plans / plan adjustments	0.1	0.5
Benefits paid	-26.8	-21.7
Translation differences	-19.0	-3.3
Benefit obligation at end of year	**834.2**	**727.5**

	2015 MCHF	2014 MCHF
Plan assets at fair value		
At beginning of year	471.0	434.4
Changes in scope of consolidation	47.3	0.0
Interest income (based on discount rate)	7.2	10.4
Return on plan assets (excluding interest based on discount rate)	6.9	26.0
Contributions of employees	8.5	8.3
Contributions of employers	9.3	8.3
New plans / plan adjustments	-0.1	0.0
Benefits paid	-17.2	-16.4
Translation differences	1.9	0.0
Plan assets at fair value at end of year	**534.8**	**471.0**
Funded status at end of year	**-299.4**	**-256.5**
Asset ceiling adjustment	0.0	0.0
Assets from defined benefit plans (→ Note 10)	-1.4	0.0
Net funded status at end of year	**-300.8**	**-256.5**

	2015 MCHF	2014 MCHF
Fair value of reimbursement rights		
At beginning of year	16.2	13.7
Changes in scope of consolidation	0.0	0.0
Interest income (based on discount rate)	0.5	0.6
Return on reimbursement rights (excluding interest based on discount rate)	0.1	0.0
Contributions of employers	1.3	1.4
Contributions of employees	0.4	0.5
Benefits paid	-0.3	-0.3
Translation differences	-1.0	0.3
Fair value of reimbursement rights at end of year	**17.2**	**16.2**

As of December 31, 2015, the fair value of the reinsurance policies for the German retirement benefit plans was MCHF 10.7 (PY: MCHF 10.3).

	2015 MCHF	2014 MCHF
Asset ceiling		
At beginning of year	0.0	-13.2
Change	0.0	13.2
Translation differences	0.0	0.0
Asset ceiling at end of year	**0.0**	**0.0**

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

			2015			2014
	Listed on an active market MCHF	Other MCHF	Total MCHF	Listed on an active market MCHF	Other MCHF	Total MCHF
Equity instruments	184.4	8.8	193.2	154.8	11.3	166.1
Bonds and other debt instruments	109.7	36.0	145.7	97.7	37.9	135.6
Real estate property	50.7	114.8	165.5	38.1	93.1	131.2
Cash and cash equivalents	15.4	0.0	15.4	34.9	0.0	34.9
Other	2.8	12.2	15.0	1.4	1.8	3.2
Total	**363.0**	**171.8**	**534.8**	**326.9**	**144.1**	**471.0**

The plan asset of the Swiss retirement benefit plans (excluding the benefit plan of Bekon Koralle AG) was MCHF 486.7 as of December 31, 2015 and the effective income on the plan assets was +2.6% in 2015 and +7.3% in 2014. As of the end of 2015, the plan assets included MCHF 5.2 (PY: MCHF 5.2) 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:

				2015				2014
	Active members	Deferred members	Pensioners	Total	Active members	Deferred members	Pensioners	Total
Plan members (number)								
Swiss retirement benefit plans	1,248	4	487	1,739	1,154		478	1,632
German retirement benefit plans	4,065	500	371	4,936	4,006	437	328	4,771
Total plan members	**5,313**	**504**	**858**	**6,675**	**5,160**	**437**	**806**	**6,403**
Benefit obligation (in MCHF)								
Swiss retirement benefit plans	335.6	0.7	218.6	554.9	302.1		202.2	504.3
German retirement benefit plans	147.7	22.9	40.0	210.6	156.8	20.7	31.1	208.6
Total benefit obligation	**483.3**	**23.6**	**258.6**	**765.5**	**458.9**	**20.7**	**233.3**	**712.9**
Share in %	63.1	3.1	33.8	100.0	64.4	2.9	32.7	100.0

The weighted average duration of the benefit obligation for the Swiss retirement benefit plans is approx. 16 years (PY: approx. 15 years) and for the German retirement benefit plans approx. 12 years (PY: approx. 12 years).

Employer contributions of MCHF 8.5 are expected for the Swiss retirement benefit plans in 2016. In Switzerland, an employer contribution reserve of MCHF 19.5 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 %):

	2015		2014	
	CH	DE	CH	DE
Discount rate	0.8	1.8	1.2	1.9
Salary increase rate	1.2	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	-7.5%	-5.5%
Reduced by 50 basis points	+8.6%	+6.3%
Salaries		
Increased by 25 basis points	+0.45%	+0.03%
Reduced by 25 basis points	-0.44%	-0.03%

In addition, the Group's income statement for 2015 includes expenses for defined contribution plans of MCHF 10.0 (PY: MCHF 2.5).

17. Participation plans

Share plans

In 2015, employees were able to purchase a limited number of shares at a discount of 45% (PY: 45%) compared to the market price ("Employee share purchase plan 2015"). Geberit management was entitled to draw the previous year's variable remuneration partly or entirely in shares valued at market price ("Management share purchase plan 2015"). For each of these shares, management participants received one option (see part 2: "Option plans"). As part of the "Directors program 2015", non-executive members of the Board of Directors received their compensation for 2014 in shares of Geberit AG (measured at current market value). All share plans are subject to blocking periods valid beyond the period of employment.

The share plans introduced in 2015 are summarized below:

	End of blocking period	Number of participants	Number of shares issued	Issuing price CHF
Employee share purchase plan 2015 (ESPP)	2017	2,077	17,928	192.03
Management share purchase plan 2015 (MSPP)	2018	74	12,616	349.15
Directors program 2015 (DSPP)	2019	5	2,610	349.15
Total			**33,154**	

The 33,154 shares required for these plans were taken from the stock of treasury shares.

As of December 31, 2015, the Board of Directors, the Group Executive Board and the employees owned a combined total of 357,850 (PY: 340,295) shares, i.e. 0.9% (PY: 0.9%) of the share capital of Geberit AG.

Option plans

The management has the opportunity to invest part or all of their variable remuneration in shares of the company through the management share purchase 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 management to participate in the program, a free 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 of the Geberit shares 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 2015:

	End of vesting period	Maturity	Number of participants	Number of options allocated	Exercise price CHF
Management share purchase plan 2015 (MSPP)	2016 - 2019	2022	74	12,616	349.15
Option plan 2015 (MSOP) / Group Executive Board	2017 - 2019	2022	5	44,871	349.15
Option plan 2015 (MSOP) / Other management	2016 - 2019	2022	62	40,260	349.15
Total				**97,747**	

The fair value of the options granted in 2015 amounted to CHF 34.06 (PY: CHF 23.65), CHF 33.48 (PY: CHF 23.65) respectively (MSOP / Group Executive Board) 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 Ø volatility %	Expected Ø dividend yield %	Contractual period Years	Riskfree Ø interest rate %
Management share purchase plan 2015 (MSPP)	349.15	15.95	2.65	7	-0.35
Option plan 2015 (MSOP)	349.15	15.95	2.65	7	-0.35

[1] The exercise price corresponds to the average price of Geberit shares for the period from 3. – 16.3.2015.

The following table summarizes all option plans in place as of December 31, 2015:

End of vesting period	Maturity	Number of options outstanding	Ø exercise price CHF	Number of options in the money	Ø exercise price CHF
Vested	2016 - 2021	49,223	232.22	49,223	232.22
2016	2017 - 2022	109,962	254.97	96,743	242.10
2017	2020 - 2022	91,060	288.83	62,884	261.81
2018	2021 - 2022	68,663	311.27	40,486	281.95
2019	2022	28,176	349.15	0	0
Total		**347,084**	**279.07**	**249,336**	**251.59**

The following movements took place in 2015 and 2014:

	MSOP		MSPP		Total 2015		Total 2014	
	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	**274,454**	**248.26**	**28,460**	**245.33**	**302,914**	**247.98**	**263,893**	**213.39**
Granted options	85,131	349.15	12,616	349.15	97,747	349.15	140,395	281.95
Forfeited options	1,111	247.29	15	221.23	1,126	246.95	16,784	249.89
Expired options	0	0	0	0	0	0	0	0
Exercised options	46,263	232.60	6,188	217.77	52,451	230.85	84,590	196.08
Outstanding December 31	**312,211**	**278.09**	**34,873**	**287.80**	**347,084**	**279.07**	**302,914**	**247.98**
Exercisable at December 31	41,440	232.93	7,783	228.46	49,223	232.22	30,847	208.06

The 347,084 options outstanding represent 0.9% of the outstanding shares of Geberit AG. In principle, the Group hedges this exposure with treasury shares.

The options outstanding at December 31, 2015 had an exercise price of between CHF 192.85 and CHF 349.15 and an average remaining contractual life of 4.6 years.

Costs resulting from participation plans amounted to MCHF 3.0 in 2015 (PY: MCHF 2.9); those for option plans totaled MCHF 3.0 (PY: MCHF 2.5).

18. Deferred tax assets and liabilities

	2015	Movements 2015					2014
	Total	(Charged) / credited to income	Through equity	Through OCI[1]	Changes in scope of consolidation	Translation differences	Total
	MCHF	MCHF	MCHF	MCHF	MCHF	MCHF	MCHF
Deferred tax assets							
Loss carryforwards	4.2	-2.6	0.0	0.0	3.8	-0.2	3.2
Accrued pension obligations	33.7	0.2	0.0	3.5	3.8	-2.2	28.4
Property, plant and equipment	6.2	0.4	0.0	0.0	3.1	-0.1	2.8
Goodwill and intangible assets	28.6	11.8	0.0	0.0	0.4	0.0	16.4
Other	23.0	-1.7	0.7	-10.2	8.9	-0.2	25.5
Total deferred tax assets	**95.7**	**8.1**	**0.7**	**-6.7**	**20.0**	**-2.7**	**76.3**
Deferred tax liabilities							
Inventories	-4.7	6.0	0.0	0.0	-4.6	0.0	-6.1
Property, plant and equipment	-29.8	-0.3	0.0	0.0	-2.1	1.2	-28.6
Intangible assets	-88.4	5.3	0.0	0.0	-81.7	-3.7	-8.3
Employer contribution reserve	-1.0	-0.1	0.0	-0.8	-0.1	0.0	0.0
Other	-4.1	0.5	0.0	0.3	-0.2	0.7	-5.4
Total deferred tax liabilities	**-128.0**	**11.4**	**0.0**	**-0.5**	**-88.7**	**-1.8**	**-48.4**

[1] Recorded directly in other comprehensive income

	2014	Movements 2014					2013
	Total	(Charged) / credited to income	Through equity	Through OCI[1]	Changes in scope of consolidation	Translation differences	Total
	MCHF	MCHF	MCHF	MCHF	MCHF	MCHF	MCHF
Deferred tax assets							
Loss carryforwards	3.2	-0.1	0.0	0.0	0.0	0.1	3.2
Accrued pension obligations	28.4	0.7	0.0	13.8	0.0	-0.3	14.2
Property, plant and equipment	2.8	-0.5	0.0	0.0	0.0	0.0	3.3
Goodwill and intangible assets	16.4	-5.1	0.0	0.0	0.0	0.0	21.5
Other	25.5	0.8	0.6	10.2	0.0	0.3	13.6
Total deferred tax assets	**76.3**	**-4.2**	**0.6**	**24.0**	**0.0**	**0.1**	**55.8**
Deferred tax liabilities							
Inventories	-6.1	-0.5	0.0	0.0	0.0	-0.2	-5.4
Property, plant and equipment	-28.6	2.0	0.0	0.0	0.0	-0.2	-30.4
Intangible assets	-8.3	-1.1	0.0	0.0	0.0	-0.1	-7.1
Employer contribution reserve	0.0	0.0	0.0	3.4	0.0	0.0	-3.4
Other	-5.4	-0.6	0.0	0.0	0.0	0.1	-4.9
Total deferred tax liabilities	**-48.4**	**-0.2**	**0.0**	**3.4**	**0.0**	**-0.4**	**-51.2**

[1] Recorded directly in other comprehensive income

In general, deferred tax liabilities are recorded for non-refundable withholding taxes or other taxes on unremitted earnings in Group companies if earnings are planned to be remitted. As of December 31, 2015 and 2014, there were no such earnings, except for the Chinese subsidiaries. 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 0.2.

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:

	2015	Without deferred tax asset	With deferred tax asset	2014	Without deferred tax asset	With deferred tax asset
	MCHF	MCHF	MCHF	MCHF	MCHF	MCHF
Maturity						
1 year	0.7	0.0	0.7	0.0	0.0	0.0
2 years	0.6	0.0	0.6	0.0	0.0	0.0
3 years	0.9	0.0	0.9	0.6	0.0	0.6
4 years	20.3	16.1	4.2	1.0	0.0	1.0
5 years	6.0	5.4	0.6	0.3	0.0	0.3
6 years	6.7	6.2	0.5	0.7	0.3	0.4
> 6 years	130.8	119.6	11.2	7.4	0.0	7.4
Total loss carryforwards	**166.0**	**147.3**	**18.7**	**10.0**	**0.3**	**9.7**

19. Other non-current liabilities and provisions

	2015 MCHF	2014 MCHF
Accrued investment grants	3.6	3.7
Other non-current liabilities	6.5	3.9
Total other non-current liabilities	**10.1**	**7.6**
Provisions for operating risks	28.6	22.9
Other non-current provisions	2.3	1.6
Total non-current provisions	**30.9**	**24.5**
Total other non-current liabilities and provisions	**41.0**	**32.1**

Provisions for operating risks mainly include provisions for warranties. Movements for 2015 and 2014 are shown in the following table.

	2015 MCHF	2014 MCHF
Provisions for operating risks		
January 1	**22.9**	**21.6**
Changes in scope of consolidation	6.7	0.0
Additions	7.6	7.9
Used	-6.0	-6.2
Reversed	-0.9	-0.3
Translation differences	-1.7	-0.1
December 31	**28.6**	**22.9**

The provisions for operating risk are on average due for payment within 3.9 years.

	2015 MCHF	2014 MCHF
Other non-current provisions		
January 1	**1.6**	**1.8**
Changes in scope of consolidation	0.7	0.0
Additions	0.0	0.0
Used	0.0	-0.1
Reversed	0.0	-0.1
Translation differences	0.0	0.0
December 31	**2.3**	**1.6**

20. Contingencies

The Group is involved in several 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 dispute that either individually or in the aggregate is likely to have a material adverse effect on the Group's financial position or operating results.

21. Capital stock and treasury shares

	2015 pcs.	2014 pcs.
Issued shares		
January 1	**37,798,427**	**37,798,427**
Capital reduction	0	0
December 31	**37,798,427**	**37,798,427**

The share buyback program, which had been suspended since August 2014 in the wake of the Sanitec acquisition, was resumed in April 2015. As originally announced at its launch, the program was to repurchase shares totaling a maximum of 5% of the share capital recorded in the Commercial Register over a period of two years and then retire them by means of a capital reduction. The lengthy suspension has led the Group Executive Board to conclude that this target can no longer be met (see → Note 32). The share buyback is being conducted via a separate trading line on the SIX Swiss Exchange. By December 31, 2015, 634,600 shares, corresponding to around 34% of the entire program, had been acquired at a sum of CHF 205.0 million.

As of December 31, 2015, the Group held a total of 877,880 (PY: 302,060) treasury shares with a carrying amount of MCHF 276.5 (December 31, 2014: MCHF 78.3), meaning that the Group increased its net number of treasury shares by 575,820 in 2015. Treasury shares are deducted at cost from equity.

	2015 pcs.	2014 pcs.
Stock of treasury shares		
From share buyback programs	634,600	123,000
Other treasury shares	243,280	179,060
Total treasury shares	**877,880**	**302,060**

For transactions in connection with the participation plans, see → Note 17.

22. 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.

	2015	2014
Attributable net income according to income statement (MCHF)	422.4	498.6
Weighted average number of ordinary shares (thousands)	37,279	37,544
Total earnings per share (CHF)	**11.33**	**13.28**

For 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.

	2015	2014
Attributable net income according to income statement (MCHF)	422.4	498.6
Weighted average number of ordinary shares (thousands)	37,279	37,544
Adjustments for share options (thousands)	59	53
Weighted average number of ordinary shares (thousands)	37,338	37,597
Total diluted earnings per share (CHF)	**11.31**	**13.26**

23. Other operating expenses, net

	2015 MCHF	2014 MCHF
Outbound freight costs and duties	89.9	68.2
Energy and maintenance expenses	107.9	74.0
Marketing expenses	97.7	83.8
Administration expenses	64.2	44.2
Other operating expenses	161.3	86.2
Other operating income	-15.0	-12.5
Total other operating expenses, net	**506.0**	**343.9**

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

In 2015, costs of MCHF 14.6 (PY: MCHF 15.3) were capitalized as property, plant and equipment or intangible assets. This includes in particular tools and assembly lines that are part of the production process, as well as capitalized product development costs. The amount was deducted pro-rata from “personnel expenses”, “cost of materials” and “other operating expenses, net”.

24. Financial result, net

	2015 MCHF	2014 MCHF
Interest expenses	-9.0	-0.9
Amortization of deferred financing fees	-8.7	-0.3
Other financial expenses	-2.4	-2.8
Total financial expenses	**-20.1**	**-4.0**
Interest income	1.2	2.1
Total financial income	**1.2**	**2.1**
Foreign exchange loss (-) /gain	-4.6	0.2
Total financial result, net	**-23.5**	**-1.7**

“Interest expenses” mainly includes the interest for the bonds and for the syndicated bank loan. The main part of the position “Amortization of deferred financing fees” belongs to the amortization of the cost related to the installation of the bridge facility. “Other financial expenses” includes commitment fees and other fees.

25. Income tax expenses

	2015 MCHF	2014 MCHF
Current taxes	71.9	72.2
Deferred taxes	-19.5	4.4
Total income tax expenses	**52.4**	**76.6**

The differences between income tax expenses computed at the weighted-average applicable tax rate of the Group of 19.3% (PY: 13.7%) and the effective income tax expenses were as follows:

	2015 MCHF	2014 MCHF
Income tax expenses, at applicable rate	91.6	78.7
Operating losses with no current tax benefit	11.9	0.1
Offsetting of current profits against loss carryforwards without tax assets	-30.2	0.0
Changes in future tax rates	0.5	-0.1
Taxable goodwill amortization	-3.2	-4.6
Non-deductible expenses and non-taxable income, net	-23.0	1.4
Other	4.8	1.1
Total income tax expenses	**52.4**	**76.6**

All material deviations to previous year figures have to be considered as one-off effects and resulted from the Sanitec acquisition (transaction) or from subsequent integration projects (e.g. transfer of IP rights). The tax rate adjusted by one off effects in 2015 amounted to about 14%.

26. Operative Leasing

	2015 MCHF	2014 MCHF
Minimum lease payments		
Under 1 year	16.6	6.1
1-5 years	31.5	12.3
Over 5 years	19.9	3.4
Total minimum lease payments	**68.0**	**21.8**

The lease expenses for 2015 were MCHF 18.5 (PY: MCHF 7.2). The acquisition of the Sanitec Group added various operating lease agreements in 2015. The leasing agreements are mainly for rent of buildings and equipment.

27. Research and development cost

	2015 MCHF	2014 MCHF
Research and development expenses	63.4	55.8
Capitalized development expenses	-7.8	-5.9
Amortization of capitalized development expenses	1.1	0.2
Research and development cost	**56.7**	**50.1**

Geberit spends around 2.4% of net sales on research and development (R&D) every year. The expenses have remained relatively constant over the years.

In 2015, research and development expenses totaling MCHF 63.4 (PY: MCHF 55.8) were included in the items "Personnel expenses", "Depreciation" and "Other operating expenses, net".

For five major development projects, the capitalization criteria according to IAS 38.57 were met and expenses of MCHF 7.8 (PY: MCHF 5.9) were capitalized.

28. Cashflow figures

Net cashflow is calculated as follows:

	2015 MCHF	2014 MCHF
EBITDA[1]	631.7	657.1
Financial result, net	-23.5	-1.7
Income tax expenses	-52.4	-76.6
Deferred taxes charged/credited (-) to net income (→ Notes 18 and → 25)	-19.5	4.4
Changes in non-current provisions	23.9	25.8
Non-cash effective depreciation of the Sanitec inventory revaluation	28.4	0.0
Changes in non-current assets and other	7.7	-0.7
Net cashflow	**596.3**	**608.3**

[1] 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 non-current assets and other" mainly includes the changes in prepaid pension assets booked to net income, gains from the disposal of property, plant and equipment and the amortization of deferred financing costs.

Free cashflow is calculated as follows:

	2015 MCHF	2014 MCHF
Net cashflow	596.3	608.3
Purchase of property, plant and equipment and intangible assets, net	-141.0	-102.3
Changes in net working capital	40.4	-35.2
Payments charged to non-current provisions	-11.7	-10.4
Free cashflow	**484.0**	**460.4**

As per the 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.

29. 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 plumbers, who resell the products to the end users. Products are produced by plants that specialize in particular production processes. As a general rule, one specific article is produced at only one location. Distribution is carried out by country or regional distribution subsidiaries, which sell to wholesalers. A distribution subsidiary is always responsible for the distribution of the whole range of products in its sales area. The main task of the distribution subsidiary is local market development, which comprises as a main focus the support of plumbers, 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, marketing & brands, 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.

The acquisition of the Sanitec Group has no effect on segment reporting. The Sanitec activities will be fully integrated into the Geberit business model which means that all Sanitec companies will be fully integrated into the functional organisational structure of the Geberit Group. Sales activities will be pooled in a single local sales company for each country or region. Geberit International AG will assume responsibility for the Sanitec Group's development activities. The Group's financial management remains unchanged.

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 net sales is based on the domicile of customers.

The information is as follows:

	2015 MCHF	2014 MCHF
Net sales by product lines		
Installation Systems	724.1	769.0
Cisterns and Mechanisms	221.2	240.1
Faucets and Flushing Systems	117.9	113.0
Waste Fittings and Traps	82.7	86.0
Sanitary Systems	**1,145.9**	**1,208.1**
Building Drainage Systems	286.1	300.9
Supply Systems	512.7	580.1
Piping Systems	**798.8**	**881.0**
Bathroom Ceramics	478.1	0.0
Ceramics Complementary Products	170.9	0.0
Sanitary Ceramics	**649.0**	**0.0**
Total net sales	**2,593.7**	**2,089.1**

	2015 MCHF	2014 MCHF
Net sales by markets		
Germany	798.2	717.7
Switzerland	275.7	273.5
Nordic Countries	253.3	95.7
Central/Eastern Europe	238.2	155.4
Benelux	195.8	165.3
Italy	172.6	160.2
France	153.1	92.4
Austria	129.8	136.4
United Kingdom/Ireland	126.1	74.6
Iberian Peninsula	17.3	15.6
Other markets	233.6	202.3
Total net sales	**2,593.7**	**2,089.1**

	2015 MCHF	2014 MCHF
Share of net sales by customers		
Customers with more than 10% of net sales: customer A	376.2	333.3
Total > 10%	**376.2**	**333.3**
Remaining customers with less than 10% of net sales	2,217.5	1,755.8
Total net sales	**2,593.7**	**2,089.1**

	2015 MCHF	2014 MCHF
Property, plant and equipment by markets		
Germany	232.8	196.0
Switzerland	169.3	171.0
Nordic Countries	43.7	1.7
Central/Eastern Europe	102.9	44.2
Benelux	3.4	3.6
Italy	45.3	33.9
France	10.7	0.5
Austria	38.0	41.2
United Kingdom/Ireland	1.7	1.8
Iberian Peninsula	11.2	0.4
Other markets	56.4	56.6
Total property, plant and equipment	**715.4**	**550.9**

30. Related party transactions

In 2015 and 2014, total booked compensation for the Group Executive Board and the Board of Directors was as follows:

	2015 MCHF	2014 MCHF
Remuneration and salary fixed	4.9	3.7
Remuneration and salary variable	1.5	2.5
Options	1.6	1.5
Expenditure on pensions	0.9	0.9
Other	0.1	0.1
Total	**9.0**	**8.7**

Further information regarding compensation and investments of the Group Executive Board and the Board of Directors is disclosed in the Remuneration Report.

In 2015 and 2014, there were no further material related party transactions.

31. Foreign exchange rates

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

			2015		2014	
	Currency		Balance sheet	Income statement	Balance sheet	Income statement
European Currency Union	EUR	1	1.0819	1.0675	1.2024	1.2155
United Kingdom	GBP	1	1.4682	1.4726	1.5408	1.5074
USA	USD	1	0.9900	0.9618	0.9891	0.9158
Poland	PLN	100	25.3800	25.5470	28.1400	29.0510
China	CNY	100	15.2400	15.3510	15.9400	14.9410
Denmark	DKK	100	14.4990	14.3290	16.1510	16.2950
Australia	AUD	1	0.7231	0.7224	0.8110	0.8274
Czech Republic	CZK	100	4.0040	3.9030	4.3360	4.4170
Hungary	HUF	100	0.3453	0.3450	0.3811	0.3940
Norway	NOK	100	11.2630	11.9640	13.3690	14.5670
Sweden	SEK	100	11.7660	11.4270	12.8150	13.3660
Singapore	SGD	1	0.7003	0.6991	0.7483	0.7227
South Africa	ZAR	100	6.3700	7.6090	8.5500	8.4310
Turkey	TRY	100	33.9460	35.2940	42.4880	41.8410
Russia	RUB	100	1.3440	1.5760	1.6850	2.4199
Ukraine	UAH	100	4.1300	4.4630	6.2500	7.8760
India	INR	100	1.5000	1.5030	1.5700	1.5040

32. Subsequent events

Early termination of the share buyback program
The current share buyback program (see → Note 21) was terminated as of February 29, 2016. In total 757,000 shares (2% of shares outstanding) have been bought back under the program. The Board of Directors will propose to the General Meeting to cancel the shares.

Approval for publication of the consolidated financial statements
The consolidated financial statements are subject to approval by the General Meeting and were released for publication by the Board of Directors on March 8, 2016.

33. Group companies as of December 31, 2015

Switzerland	Ownership in %
Geberit AG, Rapperswil-Jona	
Geberit Holding AG, Rapperswil-Jona	100
Geberit International AG, Rapperswil-Jona	100
Geberit International Sales AG, Rapperswil-Jona	100
Geberit Verwaltungs AG, Rapperswil-Jona	100
Geberit Vertriebs AG, Rapperswil-Jona	100
Geberit Marketing e Distribuzione SA, Rapperswil-Jona	100
Geberit Produktions AG, Rapperswil-Jona	100
Geberit Apparate AG, Rapperswil-Jona	100
Geberit Fabrication SA, Givisiez	100
Geberit Finanz AG, Rapperswil-Jona	100
Bekon Koralle AG, Dagmersellen	100
Australia	
Geberit Pty Ltd., North Ryde NSW	100
Austria	
Geberit Vertriebs GmbH & Co. KG, Pottenbrunn	100
Geberit Produktions GmbH & Co. KG, Pottenbrunn	100
Geberit Beteiligungsverwaltung GmbH, Pottenbrunn	100
Geberit Huter GmbH, Matrei	100
Baduscho Dusch- und Badeeinrichtungen Produktions- und Vertriebsgesellschaft mbH, Margarethen am Moos	100
Belgium	
Geberit N.V., Machelen	100
Channel Islands	
Geberit Finance Ltd., Jersey	100
Geberit Reinsurance Ltd., Guernsey	100
China	
Geberit Flushing Technology Co. Ltd., Daishan	100
Geberit Plumbing Technology Co. Ltd., Shanghai	100
Geberit Shanghai Trading Co. Ltd., Shanghai	100
Geberit Shanghai Investment Administration Co. Ltd., Shanghai	100
Sanitec Trading (Zhongshan) Co. Ltd., Zhongshan	100
Czech Republic	
Geberit spol. s.r.o., Brno	100
Sanitec s.r.o., Tabor	100
Denmark	
Geberit A/S, Lystrup	100

Finland	Ownership in %
Geberit Oy, Helsinki	100
Geberit Investment Oy, Vantaa (Helsinki)	100
Sanitec Oyj, Helsinki	100
Sanitec Europe Oy, Helsinki	100
IDO Kylpyhuone Oy, Tammisaari	100
Sanitec Russia Oy, Helsinki	100
France	
Geberit S.a.r.l., Rungis Cedex	100
Geberit Holding France S.A., Samoreau	100
Varicor S.A.S., Wisches	100
Allia S.A.S., Samoreau	100
Alliages Céramiques S.A.S., Limoges	100
Leda Holdings S.A.S., Samoreau	100
Produits Céramiques de Touraine S.A.S., Samoreau	100
Germany	
Geberit Verwaltungs GmbH, Pfullendorf	100
Geberit Service GmbH & Co. KG, Pfullendorf	100
Geberit Vertriebs GmbH, Pfullendorf	100
Geberit Produktions GmbH, Pfullendorf	100
Geberit Logistik GmbH, Pfullendorf	100
Geberit Mapress GmbH, Langenfeld	100
Geberit RLS Beteiligungs GmbH, Langenfeld	100
Geberit Lichtenstein GmbH, Lichtenstein	100
Geberit Weilheim GmbH, Weilheim	100
Allia Holding GmbH, Pfullendorf	100
Sanitec Beteiligungs- und Service GmbH, Vlotho	100
Keramag Service GmbH & Co. KG, Pfullendorf	100
Koralle Sanitärprodukte GmbH, Vlotho	100
Keramag Keramische Werke GmbH, Ratingen	100
Varicor GmbH, Gaggenau	100
Ceravid GmbH, Essen	100
Koralle International GmbH, Vlotho	100
Servico Gesellschaft für Sanitärtechnik mbH, Weissenburg	100
Hungary	
Geberit Kft, Budapest	100
India	
Geberit Plumbing Technology India Pvt. Ltd., Bangalore	100
Geberit India Manufacturing Pvt. Ltd., Bangalore	100
Italy	
Geberit Produzione S.p.a., Villadose	100
Geberit Service S.p.a., Spilimbergo	100
Pozzi Ginori S.p.a., Spilimbergo	100

Netherlands	Ownership in %
Geberit B.V., Nieuwegein	100
Geberit International B.V., Nieuwegein	100
Lincoln Land Fünfte B.V., Amsterdam	100
Sphinx IP B.V., Maastricht	100
B.V. de Sphinx Maastricht, Maastricht	100
Norway	
Geberit AS, Lysaker	100
Sanitec Holdings Norway AS, Porsgrunn	100
Poland	
Geberit Sp. z o.o., Warsaw	100
Sanitec SSC Sp. z o.o., Lodz	100
Geberit Ozorków Sp. z o.o., Ozorkow	100
Sanitec Kolo Sp. z o.o., Kolo	100
Portugal	
Geberit Tecnologia Sanitária S.A., Lisbon	100
Eurocer Industria de Sanitarios S.A. Alenquer, Carregado	100
Russia	
Geberit RUS LLC., Moscow	100
Sanitec Trading LLC, Moscow	100
Sanitec LLC, Moscow	100
Singapore	
Geberit South East Asia Pte. Ltd., Singapore	100
Slovakia	
Geberit Slovensko s.r.o., Bratislava	100
Slovenia	
Geberit Sanitarna tehnika d.o.o., Ruše	100
Geberit prodaja d.o.o., Ruše	100
South Africa	
Geberit Southern Africa (Pty.) Ltd., Sandton	100
Spain	
Geberit S.A.U., Barcelona	100
Sweden	
Geberit AB, Malmö	100
Sanitec Holdings Sweden AB, Stockholm	100
Geberit Service AB, Bromölla	100
Ifö Sanitär AB, Bromölla	100
Royal Sanitec AB, Bromölla	100
Turkey	
Geberit Tesisat Sistemleri Ticaret Ltd., Istanbul	100
Ukraine	
Slavuta Holdings LLC, Kiev	100
PJSC Slavuta Plant "Budfarfor", Slavuta	100
Sanitec Ukraine LLC, Kiev	100
Sanitec Trading LLC, Kiev	100

United Kingdom	Ownership in %
Geberit Sales Ltd., Warwick	100
Sanitec UK Ltd., Alsager	100
Twyford Holdings Ltd., Alsager	100
Geberit Service, Alsager	100
Twyford Pension Trustees Ltd., Alsager	100
Twyford Ltd., Alsager	100
Twyfords Ltd., Alsager	100
USA	
Duffin Manufacturing Co., Elyria	100
The Chicago Faucet Company, Des Plaines	100

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, 2015.

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, 2015 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

Beat Inauen Audit expert Auditor in charge	Martin Knöpfel Audit expert

Zurich, March 8, 2016

Geberit AG

Balance Sheets

	31.12.2015 MCHF	31.12.2014 MCHF
Assets		
Current assets		
Cash	5.7	0.2
Other current receivable		
- Third parties	4.4	3.8
- Group companies	58.6	237.8
Prepaid expenses	3.6	1.4
Total current assets	**72.3**	**243.2**
Non-current assets		
Loan to group companies	300.0	0.0
Investments	920.8	920.8
Total non-current assets	**1,220.8**	**920.8**
Total assets	**1,293.1**	**1,164.0**
Liabilities		
Current liabilities		
- Third parties	10.6	2.0
- Group companies	3.6	4.1
Total current liabilities	**14.2**	**6.1**
Long term interest-bearing liabilities		
Bonds	300.0	0.0
Total long term interest-bearing liabilities	**300.0**	**0.0**
Shareholders' equity		
Capital stock	3.8	3.8
Legal capital reserves		
- General reserves, share premium	0.8	0.8
- Reserves from capital contributions	25.7	25.7
Legal reserves from retained earnings		
- Reserves for treasury shares held by group companies	71.5	78.3
Free reserves from retained earnings		
- Free reserves	777.1	770.3
- Retained earnings	305.0	316.4
Treasury shares	-205.0	-37.4
Total shareholders' equity	**978.9**	**1,157.9**
Total liabilities and shareholders' equity	**1,293.1**	**1,164.0**

Income Statements

	2015 MCHF	2014 MCHF
Income		
Dividends from Group companies	300.0	300.0
Other financial income	7.5	3.9
Other operating income	0.5	0.4
Total income	**308.0**	**304.3**
Expenses		
Administrative expenses	3.8	2.6
Financial expenses	3.2	0.2
Direct tax expenses	0.1	0.1
Total expenses	**7.1**	**2.9**
Net income	**300.9**	**301.4**

Notes to the Financial Statements

1. Standards

1.1 General
The financial statements were prepared in accordance with the provisions on commercial accounting of the Swiss Code of Obligations. The significant valuation principles, which are not statutory, are described below.

1.2 Treasury shares
The treasury shares are recorded at cost and are shown as a minus position in equity. For the shares of Geberit AG, held by the subsidiary Geberit Holding AG reserves for own shares are recorded in the equity of Geberit AG.

1.3 Long term interest-bearing liabilities
The interest-bearing liabilities are stated at their nominal value. Costs incurred in the context of the placement of bonds are capitalized in the prepaid expenses and amortized linearly over the term.

1.4 Derivatives
Derivative instruments used for hedging purposes are valued together with the underlying transaction. Positive or negative fair market values will not be recognized during the lifetime of the contract but at settlement date.

1.5 Waiver of cash flow statement and additional information in the notes
As the Geberit group prepares a consolidated financial statement in accordance with a recognized standard for financial reporting (IFRS), Geberit AG waived in the actual financial statements, in accordance with the statutory provisions, to present separate notes to interest-bearing liabilities and auditing fees and the presentation of a cash flow statement.

2. Other statutory disclosures

2.1 Guarantees, assets pledged in favor of third parties

	31.12.2015 MCHF	31.12.2014 MCHF
Guarantee Bridge Facility	0.0	900.0
Guarantee Term Loan Facility	297.5	481.0
Guarantee Revolving Facility	300.0	300.0
Guarantee foreign currency hedging (MEUR 100)	0.0	120.2
Guarantee interest rate hedging	0.0	25.0

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

2.2 Significant investments

	2015 Ownership in %	2015 capital stock	2014 Ownership in %	2014 capital stock
Geberit Holding AG, Rapperswil-Jona	100	TCHF 39 350	100	TCHF 39 350
Geberit Finance Ltd., Jersey[1]	76	TEUR 382	80	TEUR 461
Geberit Reinsurance Ltd., Guernsey	100	TEUR 2	100	TEUR 2

[1] The remaining 24,0% (PY 19,9%) are hold by Geberit Companies.

The investments are stated separately at the respective acquisition costs, less any adjustments required. The indirect investments are shown in the Notes to the Consolidated Financial Statements in the → Note 33.

2.3 Share capital

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

	2015	2014
Number of shares issued	**pcs.**	**pcs.**
January 1	**37,798,427**	**37,798,427**
December 31	**37,798,427**	**37,798,427**

2.4 Capital contribution reserves

From the total of MCHF 25.7 shown as at 31.12.2015 the amount of MCHF 4.2 was confirmed by the Swiss tax authorities and is therefore available for withholding tax free distribution.

2.5 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, 2014	**302,060**			
Purchases, share buyback program 2014	511,600	370.92	327.67	293.64
Other Purchases	150,000	368.51	348.68	316.24
Sales	-85,780	370.00	349.80	292.30
Balance at December 31, 2015	**877,880**			
Number of treasury shares held by Geberit AG	634,600			

The Board of Directors of Geberit AG decided in March 2014 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 and retired by means of a capital reduction. As at December 31, 2015, 634’600 shares were bought back. The program was terminated as of February 29, 2016. In total 757’000 shares (2% of shares outstanding) have been bought back under the program. The Board of Directors will propose to the General Meeting to cancel the shares.

The legal reserves for treasury shares were recorded at cost.

2.6 Bonds

Geberit has the following Bonds outstanding:
- a bond of MCHF 150 with a term of four years and a coupon of 0.05%
- a bond of MCHF 150 with a term of eight years and a coupon of 0.3%.

2.7 Shareholdings of members of the board of directors and of the group executive board

As of the end of 2015 and 2014, members of the Board of Directors held the following shares in the company:

	A. Baehny Chairman	R. Spoerry Vice Chairman	F. Ehrat	T. Hübner	H. Reuter	J. Tang-Jensen	Total
2015							
Shareholdings Board of Directors							
Shares	46,969	8,479	1,251	10	7,004	1,715	65,428
Options	63,688	0	0	0	0	0	63,688
Share of voting rights	0.12%	< 0.1%	< 0.1%	< 0.1%	< 0.1%	< 0.1%	0.17%

	A. Baehny Chairman	R. Spoerry Vice Chairman	F. Ehrat	H. Reuter	J. Tang-Jensen	Total
2014						
Shareholdings Board of Directors						
Shares	see Group Executive Board	7,606	706	6,336	1,284	15,932
Share of voting rights		< 0.1%	< 0.1%	< 0.1%	< 0.1%	< 0.1%

As of December 31, 2015, there were no outstanding loans or credits between the company and members of the Board of Directors

As of the end of 2015 and 2014, the Group Executive Board held the following shares in the company:

	Maturity	Average exercise price in CHF	C. Buhl CEO	R. Iff CFO	M. Reinhard	E. Renfordt-Sasse	K. Spachmann	R. van Triest	Total
2015									
Shareholdings Group Executive Board									
Shares			3,480	31,300	2,000	1,665	7,462	0	45,907
Percentage voting rights shares			0.12%	< 0.1%	< 0.1%	< 0.1%	< 0.1%	0.0%	0.12%
Call options[1]									
End of blocking period:									
Lapsed	2016-2018	194.50	0	0	0	1,208	0	0	1,208
2016	2017-2019	205.50	525	1,417	1,542	583	1,330	0	5,397
2017	2018	231.20	2,008	4,676	4,844	1,244	5,620	0	18,392
2015-2018	2021	281.00	2,172	10,419	10,559	1,872	9,592	0	34,614
2016-2019	2022	349.15	13,696	10,029	10,474	5,860	9,040	0	49,099
Total options			**18,401**	**26,541**	**27,419**	**10,767**	**25,582**	**0**	**108,710**
Percentage potential share of voting rights options			< 0,1%	< 0.1%	< 0.1%	< 0.1%	< 0.1%	0.0%	0.29%

[1] Purchase ratio 1 share for 1 option

	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]							
End of blocking period:							
Lapsed	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

As of December 31, 2015, there were no outstanding loans or credits between the company and members of the Group Executive Board

2.8 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:

	31.12.2015	31.12.2014
Black Rock, New York	5.11%	9.72%
Capital Group Companies, Inc., Los Angeles	4.94%	3.23%
MFS Investment Management, Boston	< 3.00%	3.03%

2.9 Employees

In Geberit AG no employees are employed.

3. Profit distribution

Proposal for the Appropriation of Available Earnings

Proposal by the Board of Directors to the General Meeting:

Appropriation of available earnings

	2015 CHF	2014 CHF
Available earnings		
Net income	300,924,316	301,351,042
Withdrawal from free reserves	10,000,000	0
Balance brought forward	4,036,493	15,092,694
Total available earnings	**314,960,809**	**316,443,736**
Proposed/paid dividend	312,176,147	312,407,243
Balance to be carried forward	2,784,662	4,036,493
Total appropriation of available earnings	**314,960,809**	**316,443,736**

Dividend payments

The Board of Directors proposes a dividend of CHF 8.40 per share (PY: CHF 8.30). 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 therefore 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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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, 2015.

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, 2015 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

Beat Inauen
Audit expert
Auditor in charge

Martin Knöpfel
Audit expert

Zurich, March 8, 2016

GEBERIT

Sus-
tain-
ability

Geberit Group 2015

Sustainability Performance Report

Geberit's sustainability reporting is fully integrated in the online Annual Report, as it has been for some years. 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 made available at different levels:

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

Since 2007, a sustainability performance review has been published annually in accordance with the guidelines of the Global Reporting Initiative (GRI). In this regard, the switch from the GRI G3 to the new GRI G4 guidelines was made in 2014.

The information disclosed within the scope of this report fulfils the "comprehensive" transparency grade set out in the GRI G4 guidelines, as has been verified by GRI, see → **formal GRI Content Index**. The Report is available in German and English. The German version is binding.

As prescribed by the GRI, a → **process to determine the material aspects of sustainability** based on the aspects defined by the GRI was the strategic starting point. An external stakeholder panel was consulted in September 2014 as part of a comprehensive materiality analysis. Its mandate consisted of scrutinising the results of the internal materiality analysis and providing feedback on the sustainability strategy and sustainability communication. The results were summarised in a panel statement. The response from Geberit to the panel statement illustrates how the recommendations are being taken into consideration in the further development of the sustainability strategy and reporting:

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

The next stakeholder panel is planned for 2016.

CEO statement on sustainability

"We have been setting standards in the area of sustainability for over 20 years – and will continue to do so in the future. In 2015, we therefore began systematically extending our tried-and-tested and ambitious sustainability strategy to the acquired Sanitec Group."
Christian Buhl, CEO

The term sustainability encompasses a wide range of topics – even in public perception. An indisputable aspect of this is the related long-term perspective. For companies, it's about their future viability in an increasingly complex world. Our strategy is geared towards sustainability and is an important compass for our development. This is particularly the case when looking at the challenges associated with the integration of the Sanitec Group. The goal here is to extend Geberit's proven standards for production, product development and management systems as well as its high ethical standards to almost twice the number of employees and production plants. To achieve this, we require know-how, commitment from all employees and time. I am proud of the great deal of progress that has already been made in 2015 with regard to the integration – and that our plan is being systematically implemented.

Lean manufacturing for 35 sites

With the 18 new production plants from Sanitec, the Geberit Group has also acquired new processes and know-how. Our aim is to establish the principle of business excellence and continuous improvements at the new plants right from the outset. A central building block in this regard is the Geberit Production System (GPS 2.0), which comprises the main elements of "lean manufacturing" and can be universally applied to all Geberit plants. Because of the processes involved, the manufacture of sanitary ceramics – a new addition at Geberit – is resource- and energy-intensive. This results in an almost fivefold energy consumption in the Geberit Group and therefore in a significant rise in environmental impact and CO_2 emissions. At the same time, the potential to organise resource and energy consumption more efficiently is also increasing. As a result, Geberit is sticking to its ambitious goals of improving eco-efficiency by 5% per year and reducing relative CO_2 emissions by 5% per year. This can only be achieved through optimised processes, investments in energy-efficient production, intensive exchanges on best practice and an integrated management system. By the end of 2018, all new plants are to satisfy the requirements of the standards ISO 9001 (quality), ISO 14001 (environmental management) and OHSAS 18001 (occupational health and safety).

Responsibility for over 12,000 employees

Following the completion of the acquisition of the Sanitec Group in February 2015, the planning of the integration work took centre stage. Initially, the focus was on defining the organisational structure and naming the key personnel within the Geberit Group, including the managing directors in the local sales companies. The goals for 2015 at an organisational level – such as the integration in the sales area – were achieved. We want to offer our over 12,000 employees worldwide outstanding working conditions and a high level of training. The health and safety of employees continues to have the highest priority and is guided by concrete long-term objectives. We will continue to realise our corporate social responsibility within the scope of global social projects relating to the topic of water and sanitary facilities, as well as in cooperation with partners.

Water conservation continues to make a major contribution

Water scarcity, which was classified as a top risk by the World Economic Forum (WEF), shows that water management is a key issue for sustainable development. The biggest environmental contribution by Geberit products still lies in the conservation of water. Nine product groups – or over 500 products – already carry the water efficiency label "WELL", accounting for over 17% of Group sales.

Sustainable system solutions – also in front of the wall

The construction sector is dominated globally by more and more sustainability standards and labels. The rapidly growing number of green building reference projects involving Geberit products attest to the great importance of this issue. Investors, project developers, owners and tenants are looking for system providers with holistic know-how 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 – now in front as well as behind the wall. In 2015, the development of green building expertise within the Geberit Group was advanced in a targeted manner. In the long term, product catalogues and online information will be supplemented with the relevant data on green building.

Statement of continued support for the UN Global Compact

Geberit has been a member of the UN Global Compact since October 2008 as a sustainability leader in the area of environmental protection, responsible labour practices, human rights and the prevention of corruption. We provide customers, employees, investors and other stakeholders with information on our sustainability goals and performances in a transparent manner. Since 2007, our sustainability reporting has been based on the implementation of the GRI guidelines in their most comprehensive form. The Communication on Progress UN Global Compact (COP) on 2015 can be found at → **www.geberit.com > Company > Sustainability > UN Global Compact**.

Christian Buhl, CEO

Materiality analysis

The materiality analysis was reviewed as part of the integration of Sanitec in 2015. There were no major changes in the material aspects. The results are shown in the following dynamic chart. Material aspects are deemed material if they are significant from the internal perspective of the company or the external perspective of stakeholders. The aspects were divided into four categories: most material, material, less material and not material or not requiring any action.

	Less material	Material	Most material
Economy	- Market Presence	- Indirect Economic Impacts	- Economic Performance
Environment	- Effluents and Waste	- Materials - Emissions - Compliance Environment - Transport	- Energy - Water - Products and Services
Labor Practices	- Diversity and Equal Opportunity - Equal Renumeration for Women and Men - Labor Practices Grievance Mechanisms	- Employment	- Occupational Health and Safety - Training and Education
Human Rights	- Investments - Non-discrimination - Freedom of Association and Collective Bargaining - Human Rights Assessment	- Child Labor - Forced or Compulsory Labor	
Society		- Anti-Corruption - Compliance	- Anticompetitive Behaviour
Product Responsibility		- Product and Service Labeling - Compliance Product Respon-sibility	- Customer Health and Safety
Suppliers	- Supplier Assesment for Impacts on Society - Supplier Environmental Assess-ment - Supplier Assessment for Labor Practices	- Supplier Human Rights Assess-ment	

The following aspects were identified as not material or as not requiring any action:

Procurement Practices	Collaboration with local suppliers has no strategic significance for Geberit. Criteria such as reliability and price, quality and sustainability etc. are material, whereas the supplier's proximity to the production site is not (except in a handful of individual cases). As a result, there is no preferential treatment of local suppliers or special criteria for them. For comprehensive information on the subject of the supply chain, see → chapter Suppliers.
Biodiversity	Geberit production sites do not endanger biodiversity in protected areas. The impact on biodiversity through the use of raw materials for the newly acquired ceramics production must be clarified further.
Investments Environment	Geberit plans holistically and integrates the aspect of environmental protection in the development of its products and production sites. In the context of integrated, sustainable planning, it makes no sense for Geberit to report investments in environmental protection separately.
Environmental Grievance Mechanisms	Any risks or problems cited by stakeholders are addressed and resolved directly. Formal grievance mechanisms are not relevant for Geberit.
Labor/Management Relations	Geberit cultivates transparent internal communication and a close dialogue between → Employees and management.
Security Practices	Geberit is not active in any countries where special security precautions have to be taken.
Indigenous Rights	Geberit is not active in any countries or regions where the rights of indigenous people are endangered.
Human Rights Grievance Mechanisms	The risks of human rights violations by Geberit are low in general. Any risks or problems cited by stakeholders are addressed and resolved directly. Formal grievance mechanisms are not relevant for Geberit.
Local Communities	Geberit production sites do not entail special risks for local communities or adverse effects on the neighborhood. As a good corporate citizen, Geberit cultivates good relations with its neighbors.
Public Policy	No support is given to political parties or politicians. Participation in the political process is confined to membership in certain associations and is therefore limited.
Social Grievance Mechanisms	Any risks or problems cited by stakeholders are addressed and resolved directly. Formal grievance mechanisms are not relevant for Geberit.
Marketing Communications	Owing to its marketing strategy, Geberit is little exposed to risks from aggressive advertising or marketing. All external means of communication are checked for correctness and appropriateness.
Customer Privacy	Geberit does not possess sensitive data on end users. Data on customers and end users are safeguarded as required by statutory requirements.

Sustainability strategy

Sustainability means meeting today's needs without limiting the options and resources available to future generations. Specifically, the objective is to combine economic growth and long-term business success with environmentally friendly action and social commitment.

The "Sustainability landscape" groups the current modules into four areas: Procurement and Logistics, Production, People as well as Products. The modules bundle current or future projects, initiatives or activities that aim to make a substantial contribution to sustainability. Each module contains clear responsibilities with measurable objectives, derived measures and quantified key figures for effective monitoring.

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

The following pages provide an overview of the sustainability modules with important facts and achievements for 2015 as well as the outlook for 2016 to 2018.

The current sustainability strategy covers the entire Geberit Group, including the Sanitec Group, which was acquired at the beginning of 2015. Although the ecological footprint and the number of employees increased significantly due to the integration of 18 additional production plants, the Geberit Group is sticking to its strategic approaches and ambitious goals. Geberit aims to be a pioneer and leader in the sanitary industry in the area of sustainability. The terms "organic" and "organically" refer to facts and figures that relate solely to the former Geberit.

Procurement & Logistics

Modules and goals	Important Facts and Achievements 2015	Outlook 2016-2018
Green Procurement Suppliers demonstrably comply with Geberit's high standards for eco-friendly and socially responsible production.	▪ As of the end of 2015, 868 suppliers have signed the Code of Conduct for Suppliers (previous year 728 suppliers). This equates to over 90% of the total procurement value (previous year 95%). Among the top 200 suppliers, the share of companies that have signed is 93.1% (previous year 98.3%). ▪ Sanitec integration: Training of the new purchasing team, awareness rising among the top suppliers with regard to Geberit standards and processes (incl. sustainability), commencement of the signing of the Code of Coduct, among the top 100 suppliers, 52% have signed as of the end of 2015. ▪ In 2012, the planning system for the performance of systematic audits was developed further. In addition to consistent quality audits, EHS audits (environment, health and safety) are performed in the highest risk class in particular. When a purchasing agent from Geberit next visits a supplier, they check to ensure that the corrective measures agreed with the supplier have been implemented. ▪ A Group-wide portfolio analysis with regard to sustainability risks showed a higher risk for 42 existing suppliers (previous year 39), which is less than 5% of the total procurement value. 33 of these 42 suppliers have already been audited. ▪ In 2015, five third-party audits were carried out at suppliers in China for the fourth time.	▪ All new suppliers have to sign the Code of Conduct, which is to be extended to all existing suppliers of the former Sanitec. ▪ Additional third-party audits of suppliers are to be carried out and the required corrective measures checked as part of re-audits. ▪ Sustainability risks in the supply chain of the suppliers of the former Sanitec are to be analysed.
Green Logistics Geberit optimizes its logistics with regard to energy consumption, emissions and packaging.	▪ In 2010, a logistics calculator was developed to measure the key transport and environmental figures for the most important transport service providers in Europe. The system scope was maintained compared to the previous year and does not yet include the former Sanitec Group. ▪ In 2015, the transport service providers handled 183.0 million tonne-kilometres (previous year 181.0 million tonne-kilometres), resulting in 29,671 tonnes of CO2 emissions (previous year 29,526 tonnes). ▪ At 84.5%, the share handled by Euro 5 trucks remained high (previous year 83%). The share handled by state-of-the-art Euro 6 vehicles came to 11.7% (previous year 8.4%). ▪ Compared to the previous year, the number of mega-trailer trips between the production sites increased by 20 trips to a total of 2,200 in 2015. The use of mega-trailers enhances efficiency, as they can carry a load that is around 15% greater, or 50% more pallets. ▪ At the beginning of 2015, work began on the expansion of the logistics centre in Pfullendorf (DE). This is expected to commence operations in 2017 and facilitates further enhancements in efficiency, including with regard to the environment. In mid-2015, Logistics was also certified according to OHSAS 18001 for the first time. ▪ Sanitec integration: As part of the integration, the organisation, reporting and essential core processes were reviewed and adapted.	▪ Continuation of the environmental monitoring and formulation of suitable measures in close collaboration with the transport service providers. ▪ Increased use of mega-trailers and optimisation of loading capacity with technical equipment and organisational changes. ▪ Discontinuation of Euro 1, Euro 2 and Euro 3 trucks and more intensive use of Euro 6 trucks. ▪ Review of use of trucks with alternative drive technologies on further routes. ▪ Focus on intercompany transportation of the newly acquired plants: Implementation of Geberit processes and standards, including sustainability aspects.

Production

Modules and goals	Important Facts and Achievements 2015	Outlook 2016-2018
Enviromental management Geberit operates environmentally friendly, energy- and resource-efficient as well as economical production plants.	▪ The absolute environmental impact increased in 2015 due to the acquisition by 279%; however, organically, it reduced by 2.1%. The environmental impact per net sales (organic, currency-adjusted) dropped by 4.7%. Given that the long-term target is 5% per year, Geberit is on track in organic terms. ▪ 16 of the 17 Geberit production plants and 13 of the 18 former Sanitec plants are certified to ISO 14001 – the Group certificate is valid until 2018. ▪ Continued roll-out of the integrated Geberit management system for quality, environment, occupational safety and energy (selective) at all plants.	▪ Improvement of eco-efficiency: The environmental impact per net sales (currency-adjusted) shall continue to be improved by 5% per year on average. ▪ As before, same improvement in relative water consumption as for eco-efficiency, i.e. 5% per year on average. ▪ Integration of all new plants into the Geberit management system and certification according to ISO 9001/14001 and OHSAS 18001 by the end of 2018. ▪ Roll-out of approval process for hazardous substances in all new plants.
CO_2 strategy Geberit actively contributes to the protection of the climate and consistently reduces CO_2 emissions.	▪ In 2015, CO_2 emissions increased by 296% to 251,430 tonnes as a result of the acquisition; organically, however, they decreased by 3.1%. CO_2 emissions per net sales (organic, currency-adjusted) declined by 5.6%. This confirms that Geberit is on track with its long-term CO_2 strategy. ▪ The share of purchased green electricity increased by 17.6 GWh to 41 GWh in 2015. In total, the share of renewable electricity accounted for 36.5%. ▪ 3.7 GWh of green electricity was produced in 2015 – 0.5 GWh from the PV installation in Givisiez (CH) and 3.2 GWh from the block heating station in Pfullendorf (DE). ▪ Implementation of the European Energy Efficiency Directive 2012/27/EU at all Geberit companies – three plants with an energy management system according to ISO 50001.	▪ Revision of the long-term objectives as a result of the Sanitec acquisition: Reduction of absolute CO_2 emissions and increase in the share of renewable energy sources in electricity and combustibles. ▪ Continued reduction of relative CO_2 emissions (in relation to net sales, currency-adjusted) by 5% per year on average. ▪ Purchase of an additional 3 GWh of green electricity in 2016. ▪ Continuation of the fuel-reduction plan: Reduce emissions of new vehicles to 100 grams of CO_2/km by 2020. ▪ Further certifications to ISO 50001 at selected locations.
Infrastructure Geberit procures and operates durable and high-quality infrastructures such as buildings, equipment and tools.	▪ Opening of production plant in Slovenia with the highest energy standards and operation without fossil fuels. ▪ Demolition and safe disposal of infrastructure and systems that were obsolete and no longer required. ▪ Number of injection moulding machines with energy-efficient drive technology increased from 109 to 137. ▪ Ordering of the first fully electrically driven production line for fitting bends in Langenfeld – increases process stability while reducing the set-up time, electricity consumption and lubricant quantities needed. ▪ Process optimisation for the manufacture of the Mepla multilayer pipe in Givisiez (CH) with a planned reduction in water and natural gas consumption of around 50%. ▪ A new cooling system in Villadose (IT) reduces electricity consumption by 1.3 GWh per year – a saving of 8%.	▪ Consistent renewal of machine fleet with energy-efficient drive technology. Further increase in the number of injection moulding machines with energy-efficient drive technology (hybrid, fully electrical, standby) from 137 to 150 machines. ▪ Process optimisation for the manufacture of Mapress fittings in Langenfeld (DE) with a reduction in electricity and natural gas consumption, reduced use of lubricants and lower quantities of hazardous waste. ▪ Retrofitting of nine tunnel kilns for ceramic production with EnerVit technology at six European plants, cutting NO_x emissions, reducing gas consumption by around 27 GWh/a and saving some 6,500 tonnes of CO_2 emissions.
Occupational safety Geberit operates safe production plants and promotes a safety culture at a high level.	▪ Further implementation of the Geberit Safety System, including integration into the Geberit management system and certification according to OHSAS 18001. ▪ The accident frequency rate (AFR) increased to 11.4 as a result of the acquisition; organically, the AFR was 10.4. The accident severity rate (ASR) increased to 206.2 as a result of the acquisition; organically, the ASR was 127.2.	▪ Long-term objective: AFR and ASR to be reduced by 50% between 2015 and 2025, targets AFR = 5.5 and ASR = 90. ▪ Integration of the Geberit Safety System into the Geberit management system and certification of all production plants to OHSAS 18001 by the end of 2018.

People

Modules and goals	Important Facts and Achievements 2015	Outlook 2016-2018
Code of Conduct Geberit complies with all laws, guidelines, norms and standards. Geberit checks the effectiveness of its internal monitoring systems and guidelines and implements appropriate measures in the event of misconduct.	■ Roll-out of the Geberit Code of Conduct, which was revised in terms of content at the end of 2014. ■ Update to the Geberit Compass, which contains key company values. ■ Compliance with the Code of Conduct has been checked with a binding Group-wide survey every year since 2008; compliance at the former Sanitec companies has been checked since 2015. The Internal Audit Department carries out special interviews with the managing directors on the topics in the Code of Conduct. No significant breaches of the Code of Conduct were identified in 2015. ■ No significant incidents were reported via the Geberit Integrity Line, which was launched in 2013 and extended to the former Sanitec in 2015. ■ Training events on antitrust legislation for managing directors of the European sales companies and for new sales employees in Germany. ■ The guidelines on antitrust legislation and donations were updated and communicated via the managing directors of all companies and the Geberit intranet (GIN). ■ Communication of the Geberit compliance programme to the managing directors of all companies and via the GIN. ■ Comprehensive review of the compliance programme at the former Sanitec companies and analysis of the Sanitec bonus and discount system in certain countries.	■ Further promotion of the Geberit Integrity Line. ■ Identification and analysis of compliance risks with respect to the collaboration of sales companies with agents to be carried out in 2016. ■ Renewed survey of the practice regarding donations at all Geberit companies (previous surveys carried out in 2009 and 2012). ■ Training in antitrust legislation via a revised eLearning programme to be carried out in 2016.
Employer responsibility Geberit is committed to providing attractive jobs. Geberit supports disadvantaged employees and apprentices.	■ Expansion of the standardised global Performance Assessment, Development and Compensation process (PDC), including to the new companies of the former Sanitec. 1,900 employees were integrated at the end of 2015. ■ Uniform re-evaluation of the majority of jobs of former Sanitec employees in accordance with the HAY method. ■ In 2015, Geberit employed 255 apprentices. The transfer rate to a permanent employment relationship was 64%. ■ In 2015, the Geberit production plants supported a number of workshops for disabled persons where simple assembly and packaging work in the amount of CHF 6.2 million was carried out.	■ Continued roll-out of the Performance Assessment, Development and Compensation process (PDC). ■ Targeted support for transfer of apprentices to a permanent position: Target rate is 75%. ■ Next Group-wide employee survey planned for 2016. ■ Conducting of a volunteering project with Geberit employees in cooperation with Helvetas in Nepal in autumn 2016.
Social engagement Geberit fulfills social responsibilities in society.	■ Geberit employees contributed 1,657 hours of charitable work as part of social projects. ■ Continuation of the partnership with Helvetas on the topic of drinking water and sanitary facilities in developing countries by a further two years. ■ Social project carried out in Durban (ZA) with apprentices. Construction of a new sanitary facility at Cottonlands Primary School and volunteering work with children in “LIV Village”. ■ Review of the effectiveness of social projects reveals good results. ■ Good overall ranking in the “GemeinwohlAtlas der Schweiz” (Common Good Atlas of Switzerland), which measures the contribution of companies to the common good of society.	■ Continuation of the partnership with Helvetas. Access to clean drinking water and sanitary facilities for people in developing countries. ■ Implementation of a larger social project in Poland with apprentices in 2016. ■ Review of the effectiveness of social projects two to three years after their implementation.

Products

Modules and goals	Important Facts and Achievements 2015	Outlook 2016-2018
Eco-design During the development process, all Geberit products are optimized with regard to their environmental friendliness, resource efficiency and durability. Environmental aspects are already considered during technology development.	■ Eco-design workshops have been part of the development process for all new products since 2007, and since 2010 they have also been part of product modifications and technology projects. ■ The successful continuation of this approach resulted in a number of ecological improvements to products, such as - New Geberit urinal system fulfils the most stringent water and energy consumption standards while minimising life-cycle costs - New shower channel with optimal user friendliness and ease of installation while reducing the resources used - Plastic components in the technical cistern and Monolith now made of approximately 50% regranulate - New concealed cistern Omega with the highest water efficiency class A, Home ■ Comprehensive product life cycle assessment of the urinal system Preda, including creation of an Environmental Product Declaration (EPD).	■ Systematic continuation of eco-design workshops for product development, including in the area Bathroom Ceramics and Ceramics Complementary Products. ■ Creation of additional Environmental Product Declarations (EPD) in accordance with the European standard EN 15804. ■ Expansion of the green building product portfolio.
Green building Geberit has in-depth expertise in the fields of water conservation, quality of drinking water, sound insulation and green building. Geberit is the leading partner in the planning and implementation of first-class sanitary solutions for green buildings.	■ Geberit products are exemplary when it comes to water and energy consumption and sound insulation. A broad range of Geberit products help with the implementation of green building concepts and standards such as Minergie, DGNB, BREEAM and LEED. ■ Member of various green building associations in CH, DE, ES, USA, ZA and AU. ■ Nine Geberit product groups – a total of over 500 sales products – carry the water efficiency label WELL. Eight of these nine product groups carry the top A class label and account for more than 17% of Group sales. ■ Collaboration with FECS (European Federation of Ceramic Sanitary Ware Manufacturers) on a new standard for assessing the sustainability of ceramic sanitary appliances (EN 16578). ■ Internal workshops on and analysis of the topic green building – opportunity and risks. ■ Support of the NEST project (Next Evolution in Sustainable Building Technologies) at EMPA in Dübendorf (CH).	■ Use of the existing product portfolio and ex-pansion of the green building area of competence. ■ Targeted search for green building reference projects in the European core markets and the Asia/Pacific region. ■ Continuously expand the share of FSC-certified bathroom furniture. ■ Classification of selected Ifö products according to the sustainability standard EN 16578.

1. Strategy and analysis

G4-1 CEO Statement

For the statement of Christian Buhl (CEO), see → **CEO Statement on sustainability**.

G4-2 Key impacts, risks and opportunities with regard to sustainability

A corporate culture in which sustainability is implemented in a measurable way enhances the value of the company and minimises the risks to its further development. Geberit has a decades-long commitment to sustainability and is a leader in this area, setting standards for customers, employees, suppliers and other partners. Various awards and rankings serve to confirm Geberit's role as a leader in sustainability in various stakeholder groups' perceptions. The "GemeinwohlAtlas für die Schweiz" (Common Good Atlas of Switzerland), for example, published a ranking of over 80 companies in 2015. Geberit performed well here, with 4.56 points on a scale from 1 (poor contribution to common good) to 6 (outstanding contribution to common good) and belongs to the leading group of exemplary companies.

Throughout the process of integrating the former Sanitec Group, Geberit aims to uphold these high sustainability standards and to expand upon them in the medium term. This is an ambitious goal, the achievement of which will make a significant contribution to long-term value creation for shareholders, customers, staff, suppliers and business partners, as well as for communities in numerous regions around the globe. The near doubling in the number of employees and production sites has led to a considerably larger ecological footprint. Because of the processes involved, the manufacture of sanitary ceramics – a new addition at Geberit – is resource- and energy-intensive. This almost results in a fivefold energy consumption in the Geberit Group and a nearly fourfold increase in environmental impact and CO_2 emissions, which illustrates how great these challenges are. However, against this backdrop in particular, Geberit is able to benefit from sophisticated production and management systems to leverage previously untapped potential for improvement, with initial results beginning to show in 2015 (see area → **Employees** and area → **Production**).

Supplementary to the established → **Sustainability Strategy** and based on the GRI guidelines, the → **Materiality analysis** carried out prioritises the key topics for Geberit: 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 12,000 employees worldwide. The corporate social responsibility is realised among other things within the scope of global social projects relating to the core competencies of water and sanitary facilities, and is intensified through memberships such as that with the non-profit organisation "Swiss Water Partnership" aimed at promoting international dialogue on water. There is also a long-term partnership with the Swiss development organisation Helvetas.

Sustainability means satisfying the needs of today's generation in a manner that will ensure a solid basis for the livelihoods of future generations. The external challenges and objectives associated with this primarily pose an opportunity for Geberit. In September 2015, the United Nations defined the follow-up programme to the millennium development goals from the year 2000: the Sustainable Development Goals (SDGs) define concrete targets and indicators for 17 different themes which the states are required to implement by 2030. Integration of the economy plays a pivotal role in implementing these targets and indicators. Goal number six states that access to clean drinking water and basic sanitation must be available to all people around the world, under fair conditions. Improving resource efficiency when handling water plays an important role in this. The importance of the subject of water management for sustainable development is still undisputed. A growing world population, migration, urbanisation, climate change and natural disasters can lead to regions that are currently well supplied with water becoming problem regions in future. These global trends will have a major impact on future sanitary technology: water-saving and resource-efficient products are becoming ever more important. The EU is increasingly putting water conservation and sustainability on its political agenda and has for example developed ecolabels for efficient toilets, urinals, washbasin taps and showers.

The biggest environmental contribution by Geberit products also lies in the conservation of water. The analysis of the entire value chain (excluding products of the former Sanitec Group) 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, all dual-flush and flush-stop cisterns installed since 1998 have so far saved around 20,200 million cubic metres of water in comparison with traditional flushing systems. In 2015 alone, the water saved amounted to around 2,280 million cubic metres. 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. They impress with their quality, durability, resource efficiency, good environmental compatibility and high recyclability. Since 2007, Geberit has been consistently focussing on → **eco-design**, meaning new products are systematically examined and optimised in terms of environmental and safety aspects. This takes place along the entire value chain – from the selection of raw materials and utilisation right through to disposal. Thanks to this pioneering work, Geberit is well positioned in terms of EU requirements. The eco-design approach will also be applied gradually to the new product areas Bathroom Ceramics and Ceramics Complementary Products.

→ **Green building** has become the standard in recent years in both the public and private construction sector. European standards are thus prescribing the use of sustainable products and systems in buildings. At the same time, more and more buildings are being constructed in accordance with sustainability standards such as DGNB, Minergie, BREEAM and LEED. Investors, project developers, owners and tenants are demanding system providers with holistic know-how regarding green building in order to satisfy the relevant standards. Geberit is addressing these issues with water and energy-saving, low-noise and durable products, consistently positioning itself in the frontline with regard to green building. (For reference projects, see the → **reference magazine View** In a next step, Geberit plans to create an internal area of competence as well as raising awareness among, and training, the technical advisors. In the long term, product catalogues and online information will be supplemented with the relevant data on green building.

Geberit combats risks posed by increasing regulation and changing framework conditions with an effective → **compliance system** that focusses on compliance in the five key topic areas of antitrust legislation, corruption, employee rights, product liability and environmental protection.

2. Organizational profile

G4-3 Name of the organization

Geberit Group.

G4-4 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.

The product area Sanitary Systems comprises all sanitary technology found in buildings (with the exception of pipelines) and is divided into four product lines: Installation Systems, Cisterns and Mechanisms, Faucets and Flushing Systems and Waste Fittings and Traps. The product area Piping Systems comprises all piping technology found in buildings for drinking water, heating, gas and other media and is divided into the product lines Building Drainage Systems and Supply Systems. The product area Sanitary Ceramics comprises nearly all relevant equipment in the bathroom and is divided into the product lines Bathroom Ceramics and Ceramics Complementary Products.

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

For 2015 net sales by product area and product line, see → **Business Report > Business and financial review > Financial Year 2015 > Net sales**.

G4-5 Headquarters location

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

G4-6 Countries with business operations

Geberit has its own representatives in 44 countries. The products are sold in over 113 countries throughout the world. Following the integration of the former Sanitec Group, the company has 35 specialised production companies in 14 different countries close to the most important sales markets and a central logistics centre in Pfullendorf (DE).

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

G4-7 Ownership and legal form

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

G4-8 Markets served

In terms of market cultivation, Geberit relies on a three-stage distribution channel. Numerous 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 planners with intensive support through training and advice, which in turn leads to increased demand for Geberit products from wholesalers.

With the takeover of Sanitec, the number of advisors employed in the sales force in Europe was increased by around 200, and now totals more than 800. They are in daily contact with customers and decision-makers. When aligning the future sales organisation, the focus was on meeting the specific needs of wholesalers, plumbers, planners, architects, building owners and end users. In other words: a clear focus on the key customer groups in the respective markets takes precedence over advisors specialising in particular product groups such as ceramic appliances or piping systems.

For net sales by markets and regions as well as by product areas and product lines, see → **Business Report > Business and financial review > Financial Year 2015 > Net sales**.

G4-9 Scale of the reporting organization

As a result of the acquisition, greater changes were seen in the key figures compared with the previous year.

The Geberit Group's market capitalisation reached CHF 12,859 million as of the end of 2015 (previous year CHF 12,791 million). For the consolidated balance sheet with details of current assets, non-current assets, equity and liabilities, see → **Financial Report > Consolidated financial statements Geberit Group > Balance sheet**. In 2015, net sales amounted to CHF 2,593.7 million (previous year CHF 2,089.1 million).

At the end of 2015, the Group had 12,126 employees (previous year 6,247 employees). For the number of business sites, see → **G4-6**.

G4-10 Total number of employees by employment type, employment contract, region and gender

The number of employees nearly doubled as a result of the acquisition. At the end of 2015, the Geberit Group employed 12,126 staff worldwide, which equates to an increase of 5,879 people or 94.1% year on year.

For key figures on the workforce by employment type, employment contract, region and gender, see → **Key figures sustainability > Employees and society**.

G4-11 Employees covered by collective bargaining agreements

Approximately 7,120 employees, and thus over one-half of the workforce (57%), are currently covered by collective agreements (e.g. collective labour agreements, wage agreements). The percentage is especially high in Germany, Austria, Switzerland, France, Italy, Ukraine, Finland and Sweden, where over 95% of employees are subject to a collective labour or wage agreement. There are no collective agreements with employees in the USA and China.

G4-12 Description of the organization's supply chain

See → **chapter Suppliers**.

G4-13 Significant changes regarding size, structure or ownership

There were significant changes as a result of the acquisition of the Sanitec Group, see → **Sanitec acquisition**. Their impact has been noted individually for each theme and the associated key figures.

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

G4-14 Precautionary approach

The precautionary approach plays an important role for Geberit as a production company. This approach is described in the → **Code of Conduct**.

The Geberit Group has a →**Group certificate** in accordance with ISO 9001 (quality), ISO 14001 (environment) and OHSAS 18001 (health and safety) that is valid until the end of 2018. 16 of the 17 Geberit production plants and 13 of the 18 former Sanitec plants are certified to ISO 14001. By the end of 2018, all new plants will be integrated into the Geberit management system and certified according to ISO 9001 and 14001, as well as OHSAS 18001. Three plants have already been certified according to ISO 50001. Furthermore, all Geberit companies implemented the European Energy Efficiency Directive 2012/27/EU in 2015.

In the environmental area, the company remains committed to its ambitious goals of improving the relative environmental impact and relative CO_2 emissions by 5% annually. The long-term target values defined at the end of 2012 for absolute CO_2 emissions and the share of renewable energy sources must be adjusted in 2016 owing to the acquisition of Sanitec. In the area of occupational safety, the aim is to halve the frequency and severity of accidents based on the reference year 2015 by 2025.

The European production plants are gradually implementing a uniform Geberit Production System (GPS) 2.0. Best-practice standards in production will be uniformly implemented using methods such as SMED (Single Minute Exchange of Dies), TPM (Total Production Maintenance), 5S (Workplace Organisation Methodology) and CIP (Continuous Improvement Process).

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 Groupe Excecutive Board**.

G4-15 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 organisation since June 2000 and supports its objectives for combating corruption. Since 2007, Geberit has voluntarily applied the comprehensive guidelines of the Global Reporting Initiative (GRI) for sustainability reporting and has thereby made an active contribution towards ensuring transparency and comparability in this reporting.

Furthermore, the company became a member of the non-profit organisation “Swiss Water Partnership” in 2012. The goal of this platform is to bring together all stakeholders 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 dialogue on water.

G4-16 Membership in associations and organizations

Geberit is involved in various associations and organisations 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**.

3. Material Aspects and Boundaries

G4-17 Reporting boundaries in the consolidated financial statements

In general, the report covers the entire Geberit Group and the 12 months of the 2015 reporting year. With regard to the net sales figures, it must be noted that these only contain 11 months of business figures from the former Sanitec.

If only part of the company is meant as an example or due to the availability of data, this is clearly indicated.

For the reporting limits in the consolidated financial statements, see → **Financial Report > Consolidated financial statements Geberit Group > Notes > Note 33**.

G4-18 Process for defining report content

The GRI G4 guidelines serve as the basis for this report for the second time. Geberit implements the report option “comprehensive” and adheres closely to the GRI guidelines regarding the determination of material aspects and boundaries. The starting point is a comprehensive → **Materiality analysis** based on the sustainability topics described in the GRI aspects.

For the materiality analysis, these efforts were able to build on the substantial basis that has been created in recent years. Material sustainability topics and related measures are already presented in compact form within the → **Sustainability Strategy**. Also material are the 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**.

An internal materiality analysis was first developed on this basis from June to August 2014. The GRI aspects to be reviewed were divided into seven areas. They were then analysed, assessed and prioritised in detail in seven workshops, each with one member of the Group Executive Board and further specialists from the respective area present. The total results from all workshops were consolidated, then examined and approved by the Group Executive Board. An external stakeholder panel was consulted in September 2014. This was the second such consultation following the first in 2012. Its mandate consisted of scrutinising the results of the internal materiality analysis. The majority of these results showed a high degree of consensus between the internal standpoint of the company and the assessment of the stakeholder panel, → **Panel statement**.

The results of the materiality analysis were reviewed as part of the integration of Sanitec in 2015. There were no major changes in the material aspects.

G4-19 Material aspects

Material aspects are deemed material if they are significant from the internal perspective of the company and/or the external perspective of stakeholders. No differentiation was made between internal and external dimensions. The aspects were divided into four categories: most material, material, less material and not material or not requiring any action. The GRI aspects that Geberit identified as material in the economic, environmental and social dimensions can be seen in a → **dynamic chart**.

The results of the internally conducted materiality analysis were reviewed by the external stakeholder panel and approved, see → **Panel statement**.

The following aspects were identified as not material or as not requiring any action:

GRI aspects that are not material or that require no action	Reason
Procurement practices (in the narrower sense in connection with local suppliers)	Collaboration with local suppliers has no strategic significance for Geberit. Criteria such as reliability and price, quality and sustainability etc. are material, whereas the supplier's proximity to the production site is not (except in a handful of individual cases). As a result, there is no preferential treatment of local suppliers or special criteria for them. For comprehensive information on the subject of the supply chain, see → chapter Suppliers.
Biodiversity	Geberit production sites do not endanger biodiversity in protected areas. The impact on biodiversity through the use of raw materials for the newly acquired ceramics production must be clarified further.
Investments environment	Geberit plans holistically and integrates the aspect of environmental protection in the development of its products and production sites. In the context of integrated, sustainable planning, it makes no sense for Geberit to report investments in environmental protection separately.
Environmental grievance mechanisms	Any risks or problems cited by stakeholders are addressed and resolved directly. Formal grievance mechanisms are not relevant for Geberit.
Labour/Management relations (in the narrower sense of formal notice periods)	Geberit cultivates transparent internal communication and a close dialogue between → employees and management. There are no formally binding agreements on communication in case of severe measures.
Security practices	Geberit is not active in any countries where special security precautions have to be taken.
Indigenous rights	Geberit is not active in any countries or regions where the rights of indigenous people are endangered.
Human rights grievance mechanisms	The risks of human rights violations by Geberit are low in general. Any risks or problems cited by stakeholders are addressed and resolved directly. Formal grievance mechanisms are not relevant for Geberit.
Local communities	Geberit production sites do not entail special risks for local communities or adverse effects on the neighbourhood. As a good corporate citizen, Geberit cultivates good relations with its neighbours.
Public policy	No support is given to political parties or politicians. Participation in the political process is confined to membership in certain associations and is therefore limited.
Social grievance mechanisms	Any risks or problems cited by stakeholders are addressed and resolved directly. Formal grievance mechanisms are not relevant for Geberit.
Marketing communications	Owing to its marketing strategy, Geberit is little exposed to risks from aggressive advertising or marketing. All external means of communication are checked for correctness and appropriateness.
Customer privacy	Geberit does not possess sensitive data on end users. Data on customers and end users are safeguarded as required by statutory requirements.

G4-20/21 Material aspects and report boundaries outside and within the organization

The GRI aspects determined to be material pertain to different internal areas and external players. The table below shows which areas and players are primarily covered in this report. They therefore determine the reporting limits.

Material GRI aspects	Reporting limits inside the organisation			Reporting limits outside the organisation			
	Company, total	Employees	Production/ logistics	Customers	Suppliers, partners	Society	Others
Economic performance	x	x				x	Shareholders
Market presence		x				x	
Indirect economic impacts		x		x	x	x	Regional economy
Materials			x	x	x		
Energy	x			x		x	
Water			x	x		x	
Emissions			x	x		x	
Effluents and waste			x			x	
Products and services	x			x	x	x	
Compliance environment			x			x	
Transport			x		x	x	
Supplier environmental assessment					x		
Employment		x				x	Regional economy
Occupational health and safety		x				x	Regional economy
Education and further training		x				x	Regional economy
Diversity and equal opportunity		x					
Equal remuneration for women and men		x					
Supplier assessment for labour practices					x		
Labour practices grievance mechanisms		x				x	
Investments	x					x	
Non-discrimination		x					
Freedom of association and right to collective bargaining		x					Unions
Child labour		(x)			x	x	
Forced or compulsory labour		(x)			x	x	
Human rights assessment	x				x	x	
Supplier human rights assessment					x	x	
Anti-corruption	x			x	x	x	
Anti-competitive behaviour	x			x		x	Competitors
Compliance	x					x	
Supplier assessment on impacts on society					x	x	
Customer health and safety	x			x			
Product and service labelling	x			x			
Compliance Product Responsibility	x			x			

G4-22 Effects of any restatements of information provided in earlier reports

For the financial year 2015 sales was changed to net sales as the relevant sales figure. The net sales contain, in comparison to sales, no bonus nor discounts. If, in individual cases, a new form of presentation, calculation method or optimised data collection has led to other results for the previous years, then this is noted as a restatement under the respective indicator.

G4-23 Changes from previous reporting periods in scope, boundary or measurement methods

The annual sustainability reporting for the 2006 to 2013 financial years is based on the GRI G3 guidelines in force since October 2006. The 2014 financial year was the first time the GRI G4 guidelines were followed, and they were applied in turn to the 2015 financial year. In this way, Geberit has developed a consistent reporting system in which individual indicators are further developed each year.

With the exception of the updated calculation for the environmental impact and CO_2 emissions, there were no significant changes during the reporting period for topics identified as material (GRI aspects). If, in individual cases, a new measuring method is used, this is noted under the respective indicator. With regard to the change to reporting limits, see → G4-17.

4. Stakeholder engagement

G4-24 Relevant stakeholder groups

Significant stakeholder groups for Geberit are customers, shareholders and analysts, banks, the media, employees and trade unions, neighbours, research institutes, suppliers, transport companies, competitors, associations, non-government organisations and the general public, as well as regulators. Details on stakeholder engagement can be found under → G4-26.

G4-25 Basis for selection of stakeholders

Systematic guided dialogue 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 organisations and institutions in the respective countries that direct requests and suggestions to the company. The stakeholders listed under → G4-24 have been identified as important for systematic stakeholder dialogue as they fulfil 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. An → external Stakeholder Panel helps Geberit to review its assessment of important stakeholder groups and their concerns.

G4-26 Approaches to stakeholder engagement

As part of sustainability reporting on the financial year 2014, Geberit consulted a panel of external stakeholders for the second time in the second half of 2014. Its mandate consisted of scrutinising the results of the internal materiality analysis from the standpoint of external stakeholders and providing feedback on the sustainability strategy and sustainability communication. The results 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.

A stakeholder analysis is performed at all production plants as part of environmental management in accordance with ISO 14001. 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:

Customers:

- More than 800 technical advisors working in the field are in daily contact with plumbers, planners and architects in particular.
- 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 centres in Europe and overseas.
- "Geberit On Tour": Mobile exhibition that presented the advantages of Geberit products at more than 1,000 events in 18 countries in 2015. More than 31,000 visitors were registered at the events in total.
- For trade fairs and customer services, see → Business Report > Business and financial review > Financial Year 2015 > Customers.
- A trend study entitled "Changes in Body Awareness and Hygiene" was carried out by Zukunftsinstitut GmbH in Frankfurt (DE).

Shareholders, analysts:

- For the participatory rights of the 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 and Investor Relations.

Media:

- Regular conference calls, bilateral meetings/interviews with the relevant media for Geberit
- Sustainability issues and in particular the proof of performance of Geberit in this area play an important role in Geberit's media relations.

Employees, trade unions:

- Regular meetings of the employee representatives of the European sites with a member of the Group Executive Board and the Head Corporate Human Resources as part of the Geberit Europe Forum. Meetings with the European works council of former Sanitec took place in parallel with this. Merging of the two committees from 2016 to create a new Europe Forum with employee representatives from all European countries, during which a member of the Group Executive Board and the Head Corporate HR meet with the delegates.
- Training and feedback opportunities on topics regarding the Code of Conduct.
- Group-wide Geberit Integrity Line in place since 2013 to enable all employees across the world to report internal irregularities anonymously. As of 2015, this already includes all employees of the former Sanitec Group.
- Employee survey every four years, with the next one in 2016.

Neighbors, municipalities:

- Consultation with and inclusion of the neighbours of production plants in larger construction projects.
- Open days at various production sites.

Research institutes:

- Partner of the → **research platform NEST** (Next Evolution in Green Building Technologies) at EMPA in Dübendorf (CH).
- Cooperation with Tongji University (CN) on technological trends and developments directly related to sanitary technology.

Suppliers:

- Initial contact within the scope of the assessment procedure and implementation of the Code of Conduct for Suppliers, see → **chapter Suppliers**.
- Regular discussions between buyers and suppliers on site.
- On-site audits (quality, environment, safety) carried out by Geberit and since 2012 also by certified third-party specialists.
- Cooperation with manufacturers of infrastructure equipment, e.g. pilot project for the use of waste heat for the preheating of granulate in Pfullendorf (DE).

Transport companies:

- Discussions with transport service providers concerning the results of the environmental monitoring, see → **G4-EN29**.

Associations:

- Collaboration with FECS (European Federation of Ceramic Sanitary Ware Manufacturers) on a new voluntary European standard for assessing the sustainability of ceramic sanitary appliances (EN 16578).
- Involvement in various → **associations and organisations** with participation in corresponding management bodies and programmes.

Non-government organizations, general public:

- Partnership with the Swiss development organisation Helvetas.

Feedback from stakeholder dialogues is incorporated into the → **Materiality analysis** and into the → **Sustainability Strategy**

G4-27 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:

- Transparency for employees with regard to the integration of the former Sanitec Group, see → **Business Report > Business and financial review > Financial Year 2015 > Employees**.
- Geberit standards for production plants of the former Sanitec Group: see → **Business Report > Business and financial review > Financial Year 2015 > Production**.
- Expansion of the portfolio of water-saving products: see → **G4-EN27**. → **Water footprint** , which covers the entire Geberit value chain (excluding former Sanitec products).
- Transparency with "WELL" in the selection of water-saving products: see → **Business Report > Business and financial review > Financial Year 2015 > Sustainability**.
- Uniform sales organisation: see → **Business Report > Business and financial review > Financial Year 2015 > Customers**.
- Customer training: see → **Business Report > Business and financial review > Financial Year 2015 > Customers**.
- Transparency of the remuneration system: see → **Business Report > Remuneration report**.
- Long-term CO_2 strategy: see → **Management Approach Emissions**.
- Transparency in the environmental impact of logistics: see → **Management Approach Transport**.
- "Best-in-class" approach to occupational safety: see → **Business Report > Business and financial review > Financial Year 2015 > Employees**.
- Implementation of social projects: see → **Business Report > Business and financial review > Financial Year 2015 > Social engagement**.

5. Report profile

G4-28 Reporting period

2015 reporting year.

G4-29 Date of most recent previous 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 was published annually for the financial years 2006 to 2013. Reports were prepared in accordance with the GRI G4 guidelines with the report option "comprehensive" for the first time for the financial year 2014. The → **last report** for 2014 is still available online; for reports from previous years, see → **www.geberit.com > Downloadcenter > Publications**.

G4-30 Reporting cycles

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

G4-31 Contact point for questions regarding the report or its contents

Should you have any questions concerning sustainability at Geberit, please contact:

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G4-32 Reporting option chosen

The reporting implements the GRI G4 reporting option "comprehensive". For the formal GRI index, see → **formal GRI-Index**.

G4-33 External assurance for the report

There is no external review of the sustainability reporting in its entirety. Instead, individual processes, results and indicators are inspected in detail by external parties:

- The → **Stakeholder Panel** examined the selection of material aspects (see → **G4-18** and → **G4-19**), see → **Panel statement** and → **Response from Geberit to the Panel statement**.
- Financial reporting is audited by an external auditor, see → **Financial Report > Financial statements Geberit AG > Report of the statutory auditor**.
- Reporting on the energy and greenhouse gas balance sheet is submitted as part of the Carbon Disclosure Project (CDP) and reviewed and assessed as part of the usual evaluation. In this, the world's largest climate protection ranking, Geberit has achieved the status of "Sector Leader Industrials" in reporting, meaning that it is one of the ten best companies in the sector in Germany, Austria and Switzerland.
- The Geberit Group has a → **Group certificate** in accordance with ISO 9001 (quality), ISO 14001 (environment) and OHSAS 18001 (health and safety) that is valid until the end of 2018. 16 of the 17 Geberit production plants and 13 of the 18 former Sanitec plants are certified to ISO 14001. By the end of 2018, all new plants will be integrated into the Geberit management system and will be certified according to ISO 9001 and 14001, as well as OHSAS 18001.
- In 2015, all Geberit companies implemented the European Energy Efficiency Directive 2012/27/EU, with three production plants already certified to ISO 50001.
- On-site audits (quality, environment, safety) are carried out by Geberit and since 2012 also by certified third-party specialists as part of on-site supplier auditing, see → **chapter Suppliers**.

6. Governance

G4-34 Governance structure, committees under the Board of Directors

The Board of Directors determines the strategic objectives and the general resources for achieving these, and decides on major business transactions. For details about the internal organisation of the Board of Directors and its committees, see → Business Report > Corporate governance > Board of directors > Internal organisational structure.

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

- CEO division
- Sales Europe
- Sales International
- Marketing and Brands
- Products
- Finance

The assignment of clearly distinguished responsibilities minimises the number of interfaces. For more details about the organisational structure, see → Business Report > Management structure.

G4-35 Delegation of authority on economic, environmental and social matters

The Board of Directors determines the overall strategy. This includes the corporate strategy, see → Business Report > Business and financial review > Strategy and goals > Strategy and the → Sustainability Strategy. To the extent legally permissible and in accordance with the Organisation Regulations, the Board of Directors has assigned the operational management and the implementation of the strategy to the Chief Executive Officer. Within the operational management structure, responsibility for specific economic, environmental and social issues is delegated further, see → Business Report > Management structure.

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.

G4-36 Responsibility for economic, environmental and social matters

The Board of Directors determines the strategic objectives and the general resources for achieving these, and decides on major business transactions. Within the operational management structure, responsibility is determined for specific economic, environmental and social issues, see → Business Report > Management structure. The responsible individuals report either directly to the CEO (including Corporate Human Resources, Corporate Communications and Investor Relations, Marketing, Strategic Planning), or to other members of the Group Executive Board.

The way in which the topic of sustainability is approached has been regularly reviewed within the company. For over 20 years, Geberit has had an Environment and Sustainability department, which has been reporting directly to the CEO for more than a decade. 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.

G4-37 Consultation process between stakeholders and the Board

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 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. This was the case for the former sites as part of the Europe Forum in 2015. There was a similar forum for the former Sanitec companies. From 2016, the two forums are to be merged to form one organisation.

G4-38 Independent members of the Board of Directors

The Board of Directors consisted of six members at the end of 2015. Albert M. Baehny is Chairman of the Board of Directors. All of the committees formed by the Board of Directors are comprised exclusively of independent members. For further details, see → Business Report > Corporate governance > Board of directors.

G4-39 Separation of chair of Board of Directors and Executive Management

Christian Buhl has been Chief Executive Officer (CEO) since the start of 2015. Albert M. Baehny is Chairman of the Board of Directors. For further details, see → Business Report > Corporate governance > Board of directors.

G4-40 Nomination and selection process of the Board of Directors

With regard to the election and terms of office of members of the Board of Directors, see → **Business Report > Corporate governance > Board of directors > Elections and terms of office**.

G4-41 Processes in place for the Board of Directors to avoid conflicts of interest

Detailed information on all members of the Board of Directors, including their memberships in other organisations, can be found in → **Business Report > Corporate governance > Board of directors**.

The Articles of Incorporation and the → **organisational regulations of the board of directors** stipulate how conflicts of interest of members of the Board of Directors are avoided. The members of the Board of Directors are obliged to refrain from involvement in the handling of matters affecting either their personal interests or those of a company with which they have an affiliation. This obligation to refrain from involvement has no influence on the requirements for a quorum when passing resolutions. Business dealings between the company and members of the executive or governing bodies or related parties are subject to the principle of conclusion at conditions as with independent third parties.

G4-42 Role of top management and Board of Directors in development of guiding principles and strategies

Geberit's long-standing success is based on the fact that, together with the Board of Directors, the Group Executive Board pursues a long-term perspective. The Board of Directors and Group Executive Board have defined and adopted key mission statements and principles such as the Geberit Compass and the Geberit Code of Conduct, see → **G4-56**. The → **Sustainability Strategy** is examined and approved by the Group Executive Board and the Board of Directors, see → **G4-45**.

G4-43 Measures to further enhance the top management's and Board of Directors' related know-how on economic, ecological, and social topics

Internal business processes are designed to ensure continuous improvement and innovation. These values are closely associated with the Geberit brand. At the same time, stakeholder concerns are taken seriously, and the Group Executive Board and Board of Directors receive feedback and input for the continued development of the sustainability strategy as part of the stakeholder panel, for example.

Every year, the Board of Directors undertakes at least one assessment of the way in which it works together. This includes an assessment of how well-informed the members of the Board of Directors are about the Group and its business performance, see → **organisational regulations of the board of directors**.

G4-44 Processes for evaluation of the sustainability performance of the Board of Directors

Geberit's long-standing 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 including sustainability. There is no formal procedure for assessing the performance of the Board of Directors from an integrated sustainability perspective. As part of the annual review of the sustainability strategy, findings are discussed and areas where action is needed are determined, see → **G4-45**.

Geberit's remuneration policy states that remuneration programmes must be balanced between the reward of short-term success and long-term value creation. For information about the remuneration of the management bodies, see → **Business Report > Remuneration report**.

G4-45 Board level procedures for overseeing sustainability performance

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.

In the second half of 2014, Geberit consulted an → **external Stakeholder Panel**. for the second time. Its mandate consisted of providing feedback on the sustainability strategy and sustainability communication, as well as the associated risks and opportunities. This input is used for the strategic review and continued development of the company. A third external stakeholder panel is planned for 2016.

G4-46 Assessment of the effectiveness of sustainability related risk management procedures

Based on the Organisation 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 risk identification, analysis, control and reporting.

Operationally, the Group Executive Board is responsible for controlling 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 an overview of the Geberit compliance system, see → **Business Report > Business and financial review > Financial Year 2015 > Compliance**.

G4-47 Frequency of review of risks and chances in the area of sustainability

The impacts, risks and opportunities are discussed by the Group Executive Board and Board of Directors annually in connection with the sustainability reporting and the → **Sustainability Strategy**.

G4-48 Review and approval of sustainability reporting

Sustainability reporting is examined and approved by the Board of Directors and Group Executive Board as part of the integrated annual report.

G4-49 Procedure for communicating crucial concerns to the Board

The Board of Directors is available at any time to address the concerns of stakeholders and shareholders.

G4-50 Nature and total number of critical concerns communicated to the Board

Matters brought by shareholders before the General Meeting will be dealt with in accordance with the Articles of Incorporation. Only a very small number of matters were submitted directly to the Board of Directors in 2015. It proved possible to discuss and to settle these matters directly with the individuals concerned. There are no significant matters outstanding at the present time.

G4-51 Renumeration policies for highest governance body's

Geberit publishes a detailed annual Remuneration Report, which discloses the precise points of its remuneration policy, see → **Business Report > Remuneration report**.

G4-52 Process for determining remuneration

Geberit publishes a detailed annual Remuneration Report, which discloses the precise points of remuneration to the Board of Directors and Group Executive Board, see → **Business Report > Remuneration report**.

G4-53 Handling of stakeholder views on remuneration

The remuneration to the Board of Directors and Group Executive Board disclosed in the detailed Remuneration Report (see → **Business Report > Remuneration report**) addresses the concerns of stakeholders and shareholders.

G4-54 Annual total compensation ratios

The ratio of the annual remuneration paid to the highest-paid employee to the level of annual remuneration for all employees (excluding the highest-paid employees) was (excluding the former Sanitec) 10.2 in Switzerland, 4.3 in Germany, 3.6 in Austria and 2.8 in Italy.

G4-55 Annual compensation related percentage increase ratios

The ratio of the percentage increase in annual remuneration paid to the highest-paid employee to the level of the percentage increase in annual remuneration for all employees (excluding the highest-paid employee) for 2015 cannot be reproduced as a figure. This is because the salaries of the highest-paid employees decreased whereas the annual remuneration paid to the rest of the workforce slightly increased.

7. Ethics and Integrity

G4-56 General principles and code of conduct

Geberit aims to act as a role model for ethically unimpeachable, environmentally friendly and socially responsible operations. In this regard, the → **Geberit Compass** (what we do, what motivates us, how we work together, what is responsible for our success) and the → **Geberit Code of Conduct for Employees** serve as the applicable guidelines. At the end of 2015, a physical copy of the Compass, together with a letter from the CEO, was delivered to the homes of all our employees. Furthermore, the Compass was also explained by the CEO in the Employee Magazine. The revised Code of Conduct was communicated to employees at the start of 2015.

Other specific guidelines that are important to Geberit are the:

- → **Geberit safety policy and principles**
- → **Geberit Code of Conduct for suppliers**
- → **SQS and IQNet certificate ISO 9001/14001 and OHSAS 18001**
- UN Guiding Principles on Business and Human Rights

G4-57 Mechanisms for securing ethical and lawful behavior

Geberit has established an effective compliance system to ensure that its conduct is both ethical and in compliance with the law. Action on compliance focuses on the following five key topics: antitrust legislation, corruption, employee rights, product liability and environmental protection, see → **Business Report > Business and financial review > Financial Year 2015 > Compliance**.

Conformity with the Code of Conduct for Employees is subject to binding controls each year. All Geberit Group companies - including the new companies from the former Sanitec Group - receive 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 accordance with the guidelines of the Global Reporting Initiative (GRI) in this report.

G4-58 Mechanisms for reporting concerns regarding unethical or unlawful behavior

The Board of Directors and Group Executive Board are available at any time to address the concerns of stakeholders.

Employees who openly address irregularities which represent breaches of applicable law, ethical standards or this Code of Conduct are acting correctly and in accordance with the Geberit Code of Conduct. As a general rule, employees should seek a personal meeting with their supervisor. The Geberit Integrity Line is available to all employees – and, since 2015, also to employees from the former Sanitec companies – as a whistleblower hotline. This service is intended to enable employees to anonymously report cases such as sexual harassment or when a corrupt payment is being covered up. The Integrity Line is operated by an external company with experience in this area, and is available around the clock seven days a week.

8. Economy (EC)

8.1 Economic Performance (EC)

Management Approach - Economic Performance

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).

With its innovative solutions for sanitary products, Geberit aims to achieve sustained improvement in the quality of people's lives. Its proven, focused strategy for doing so is based on four pillars: Focus on sanitary products, Commitment to innovation and design, Selective geographic expansion and Continuous optimisation of business processes.

For detailed explanations of the four strategic pillars, see → **Business Report > Business and financial review > Strategy and goals**.

For a discussion of the economic position of the Geberit Group, see → **Business Report > Business and financial review**.

G4-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

- Net 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 engagement, see → **G4-EC7**.

Retained Economic Values

- Investments in and divestments of property, plants and equipment, see → **Financial Report > Consolidated financial statements Geberit Group > Income statements**.
- Share buyback, see → **Financial Report > Consolidated financial statements Geberit Group > Notes > Note 22**.

G4-EC2 Financial implications of climate change

The UN climate change conference in Paris (COP21) and the agreement reached by its participants to limit global warming to well below 2 °C – and to 1.5 °C if possible – represent far-reaching goals for limiting climate change. Now, there is a growing need to take action to minimise climate change and its consequences. One of the most visible effects of climate change that we are already experiencing is the limited availability of water resources in many areas, which is becoming a major issue in the eyes of the public. In the 2015 Global Risks Report published by the World Economic Forum (WEF), water scarcity was classified as the top risk in terms of impact for the first time. Consequently, one of the Sustainable Development Goals drawn up by the UN in September 2015 focuses on ensuring the availability and sustainable management of water and sanitation for all.

By 2010, the World Bank had already 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. Around a third of the global population is already living in regions in which water resources are scarce. Europe is increasingly affected, especially the southern and eastern Mediterranean region where, according to the European Commission's Green Book, available water resources will halve within the next 50 to 100 years. For people in economically weak regions in particular, this trend is often associated with a lack of drinking water, hygiene problems caused by waste water and slower economic growth. 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.

Compared to these relatively high chances of success, 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 are particularly at risk in this respect, however.

As Geberit does not operate in the classically energy-intensive industries, there are currently no special CO_2 regulations such as statutory emission limitations. However, the acquisition of the former Sanitec Group increases the company's exposure to such regulations, meaning that their future development must be carefully monitored.

In addition, 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, the targeted introduction of the ISO 50001 energy management system, and the measures related to its CO_2 strategy, see → **aspect emissions**), Geberit is reacting proactively and is working continuously on saving energy, improving its energy efficiency and reducing its 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**).

G4-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 USA. For further details on pension and benefit plans, see → **Financial Report > Consolidated financial statements Geberit Group > Notes > Note 3 > Retirement benefit plans** and → **Financial Report > Consolidated financial statements Geberit Group > Notes > Note 17**.

G4-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**.
- Investment subsidies for new investments to promote the respective business location and secure jobs: CHF 0.88 million (Slovenia: CHF 0.8 million, remainder in Germany and Austria)
- Contributions received to support training and part-time employment prior to retirement: CHF 1.2 million
- Support for apprentices and subsidies for severely disabled persons: CHF 0.07 million

The public sector is not represented on the Board of Directors of the Geberit Group.

8.2 Market Presence (EC)

Management Approach - Market Presence

Geberit has grown from a family-run firm into a listed global company that has proven its ability to adapt to a rapidly changing environment. Within its core strategy, see → **Management approach economic performance**, Geberit's aim is to ensure that production plants and sales companies alike function well as units which enjoy a high degree of autonomy. A high level of acceptance among the local workforce is a fundamental part of this, thanks in part to an attractive pay structure and the involvement of local know-how at the management level.

G4-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. In accordance with their qualifications, the majority of Geberit employees at the 35 production sites and at the sales companies are paid well above the minimum wage range. Stability and a high level of motivation among employees are important to Geberit. This is being encouraged at the new site in India, for example, by means of a comparatively attractive pay structure. The applicable requirements on minimum wages are well met.

G4-EC6 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 organisations. However, Geberit would like to establish organisations at its production and sales sites that function on a local basis, which is why it often integrates locally appointed managers. For example, the sales companies in India and China are both headed by managing directors who have been recruited locally.

8.3 Indirect Economic Impacts (EC)

Management Approach - Indirect Economic Impacts

Indirect economic impacts arise primarily due to positive side-effects from direct economic action. Geberit aims to achieve sustained improvement in the quality of people's lives through innovative solutions in sanitary technology. The economy benefits from this in several respects: through the contribution to a durable, resource-efficient sanitary infrastructure, through know-how transfer in the sanitary industry, via impetus for the economy in regional economic areas, and through orders with suppliers. There is no management approach to indirect economic impacts in the narrower sense. Instead, the company works with the stakeholders concerned to identify the best solutions in each case.

Geberit pursues a clear strategy as part of its social engagement, and therefore supports social projects each year that exhibit a relationship to the topic of water and sanitary facilities, as well as to Geberit's core competencies and corporate culture. Equally important is the aspect of personal and professional education: by getting actively involved in the social projects in developing regions across the world, apprentices become familiar with other cultures as well as acquiring new social, linguistic and professional competencies. Furthermore, the Group's social engagement in the form of social projects makes a tangible contribution to implementing the follow-up programme to the United Nations millennium development goals, which seeks to give all humans access to clean drinking water and basic sanitation by 2030.

The "GemeinwohlAtlas" (Common Good Atlas), which was initiated by the University of St. Gallen in 2014, was also used in 2015 to systematically investigate and represent with transparency the social benefits of Swiss organisations and companies. Geberit once again had a good overall ranking in the survey and even placed first among the private companies.

G4-EC7 Investments in infrastructure and services primarily for public benefit

Donations and financial contributions, including product donations, totalling CHF 2.6 million (previous year CHF 3.3 million) were made during the reporting year. In addition, Geberit employees contributed 1,657 hours of charitable work (previous year 2,770 hours). Geberit also supports facilities for disabled persons and long-term unemployed, where simple assembly and packaging work in the amount of around CHF 6.2 million was carried out in 2015 (previous year CHF 5.5 million), see also → **Key figures Sustainability > Employees and society**.

The focus was on the following projects and partnerships in 2015:

- Conducting a **social project** near Durban in South Africa: renovation of the sanitary installations at Cottonlands Primary School – a school attended by around 1,000 children, plus voluntary work for supporting orphan children in the neighbouring "Liv Village" by the team of Geberit apprentices.
- Renewal of the partnership with Helvetas on projects relating to clean drinking water and sanitary facilities for a further two years, and supporting the Helvetas campaign for clean drinking water and latrines with a substantial contribution.
- Cooperation with the charitable organisation "Swiss Water Partnership" to promote international dialogue on the topic of water.
- Various local initiatives and collection campaigns in Poland, England, France, Germany and Switzerland round off the Geberit Group's social engagement at the local level.
- The volunteering project in Nepal that was planned for 2015 in cooperation with Helvetas and with the involvement of Geberit employees was postponed by one year due to the earthquake in the spring of 2015.

G4-EC8 Indirect economic impacts

Geberit forms part of the value chain in the construction industry. It has significant indirect economic impacts "downstream" on the customer side at planners, plumbers and end users, as well as "upstream" at suppliers and transport companies. Continuous investment in 35 production plants in Europe, China, India and the USA, as well as the logistics centre in Germany, will strengthen these individual economic areas.

Geberit know-how and products significantly reduce the burden on water and waste water systems. According to one model calculation, all dual-flush and flush-stop cisterns installed since 1998 have so far saved around 20,200 million cubic metres of water in comparison with traditional flushing systems. In 2015 alone, the water saved amounted to 2,280 million cubic metres. This is more than half of the annual consumption of all German households.

Geberit is committed to sustainable sanitary systems which, as elements in construction, help to shape the infrastructure as a whole. 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 WELL (Water Efficiency Label), a product classification system for water-saving and resource-efficient sanitary products that was introduced in 2011. Similar to its work in the field of waste water hydraulics, Geberit also played a major part in ensuring that topics such as noise insulation and fire protection, as well as hygiene in drinking water and sanitary areas, have been developed to the benefit of the end user and laid down in standards and recommendations.

Geberit lends impetus to the sanitary industry with innovation and new products that are sold and implemented worldwide by wholesalers, plumbers and planners. In 2015 alone, around 30,000 customers were provided with education and further training on Geberit products and software tools in the 25 information centres in Europe and overseas, see → **Business Report > Business and financial review > Financial Year 2015 > Customers**. Education and training for 255 apprentices and students continues to be supported, as does research on sanitary technology and green building through cooperation with Tongji University (CN).

The indirect economic impacts on suppliers and transport companies are also significant. The Group's cost of materials in 2015 was CHF 755.0 million (previous year CHF 646.0 million). Geberit has relations with a total of approximately 2,200 suppliers. The company does not have its own transport fleet and contracts external transport companies for logistics services.

9. Environment (EN)

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 optimised 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 centre stage. This is the remit of Corporate Environment and Sustainability. Guidelines and measures pertaining to all aspects of the GRI guidelines are coordinated here. A network of environmental managers practises active environmental protection at the production plants, thus ensuring that the targets and measures laid down in the → **Sustainability Strategy** are implemented worldwide.

In June 2015, all environmental and occupational safety managers from the production plants of the former Sanitec Group were invited to a kick-off workshop in Rapperswil-Jona (CH) for the first time, where they learned about Geberit's existing processes and standards and found out about the activities relating to the sustainability strategy that are planned for the future. The first important measure was to establish a comprehensive reporting structure in the areas of environment and occupational safety so that useful key figures could already be collected for 2015. On this basis, it was then possible to identify potential areas for improvement for the new plants and to implement these improvements within a framework that is comparable to that of the network of existing plants.

The Geberit Group has a → **Group certificate** in accordance with ISO 9001 (quality), ISO 14001 (environment) and OHSAS 18001 (health and safety) that is valid until the end of 2018. Out of 35 production plants, 29 were certified to ISO 14001, 18 to OHSAS 18001 and three to ISO 50001 at the end of 2015. By the end of 2018, all new plants will be integrated into the Geberit management system and will be certified according to ISO 9001 and 14001 as well as OHSAS 18001. Furthermore, the European Energy Efficiency Directive 2012/27/EU was implemented at all Geberit companies in 2015.

The annual preparation of a corporate eco-balance has been an established part of Geberit's environmental strategy since 1991. It covers the existing 17 production plants worldwide, the logistics centre in Pfullendorf (DE), the largest sales companies and, for the first time, the 18 new European production plants of the former Sanitec Group. The corporate eco-balance permits an overall assessment of environmental impact in terms of eco-points. For the reporting in 2015, new basic data from the internationally recognised Ecoinvent database (version 3.1) and the latest version of the method of ecological scarcity (version 2013) were used, while the national electricity mix was used instead of the continental electricity mix. This meant that the figures from the previous year had to be adjusted.

The acquisition of Sanitec – in particular the twelve ceramics plants – has a significant impact on Geberit's ecological footprint. Because of the processes involved, the manufacture of ceramic sanitary appliances is very resource- and energy-intensive, with the result that Geberit's energy consumption for 2015 increased almost fivefold due to the acquisition. Its environmental impact and CO_2 emissions also increased significantly. Its absolute environmental impact increased due to the acquisition by 279%; however, organically, it reduced by 2.1%. The environmental impact per net sales (organic, currency-adjusted) dropped by 4.7%.

Detailed key figures on the environmental impact are provided at → **Key figures Sustainability > Environment.**.

9.1 Materials (EN)

Management Approach - Materials

The use of raw materials, semi-finished products and finished products with a global procurement value of CHF 755.0 million is a significant production factor for Geberit. At around 11,500 TJ (previous year 12,200 TJ) – based on the updated basic data from Ecoinvent (version 3.1) – the consumption of "grey energy" associated with purchased materials (including mineral raw materials at the new ceramics plants) is 3.6 times the entire energy consumption of the production plants themselves. This emphasises the importance of treating raw materials with care. The resource-efficient use of raw materials is determined as early as the product development process as part of eco-design workshops, see → **Management approach products and services**.

G4-EN1 Materials used

The way that materials are used has changed significantly following the acquisition of the Sanitec Group. The existing 17 plants for processing plastic and metal were joined by 18 sites, twelve of which produce ceramic sanitary appliances. The six others process acrylic, mineral casting compound as well as aluminium and glass (in the case of shower partition walls). The range of manufacturing technologies used thus includes the areas of injection moulding, blow moulding, extrusion, metalforming and thermoforming, assembly and ceramic production.

The most important materials for production are plastic and metal raw materials, mineral raw materials and various semi-finished products and finished products. A total of 384,807 tonnes of materials were used in 2015 (previous year 198,229 tonnes). This includes at present only the mineral raw materials from the former Sanitec Group. Detailed key figures on the use of materials can be found at → **Key figures Sustainability > Environment**.

For packaging materials used, see → **G4-EN28**.

G4-EN2 Percentage of recycled material

When estimating the share of recycled material in production, a distinction is made between external and internal sources.

External sources:

The share of recycled material in purchased metals is relatively high. This data originates from the Wuppertal Institute for Climate, Environment and Energy (2008). Extrapolated, the raw material metal purchased contains around 28,000 tonnes 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 tonne of new petrochemical-based plastic. Furthermore, between one to three tonnes less CO_2 are released into the atmosphere, depending on the material. In 2015, over 450 tonnes of ABS regranulate were used for the mounting frames for concealed cisterns and the new OEM flush valve.

Thanks to an intelligent redesign, half of the material used here can be made of high-quality ABS regranulate.The use of plastic regranulate is generally to be increased further and applied to other product areas, such as the technical cisterns or Monolith.

Internal sources:

In terms of the raw material plastic, recycled material is primarily generated internally and is ground on site or via a decentralised mill and fed back into the process. The proportion fluctuates depending on the manufacturing process. For blow moulding it is around 35%, for injection moulding around 15%, depending on product class, and for pipe extrusion around 3%. This corresponds to a total of around 7,900 tonnes.

Raw materials are also recycled internally and fed back into the process in ceramic production. The recycling rate for the ceramic slip is around 10%, while this figure is 20 to 40% for the glaze.

9.2 Energy (EN)

Management Approach - Energy

A software introduced in 2012 permits monthly monitoring of water and energy consumption, as well as the Group-wide monitoring of environmental impact and CO_2 emissions. The new sites of the former Sanitec have already been fully integrated. With a share of 96.9%, the consumption of energy in the form of electricity, combustibles and fuels represents Geberit's greatest environmental impact. This is continuing to grow, primarily due to the twelve newly added ceramics plants. In addition a systematic energy monitoring and an energy master plan are being implemented in the most energy-intensive plants to manage and plan energy consumption. This is based on the three pillars “energy saving”, “increased energy efficiency” and the “targeted expansion of the share of renewable energy sources”. The long-term targets relating to the share of renewable energy sources in electricity and combustibles must be adapted to the new situation and revised in 2016.

Following on from Lichtenstein (DE), the Pfullendorf (DE) and Langenfeld (DE) plants are currently also certified according to the ISO 50001 standard for energy management. Furthermore, all Geberit companies implemented the European Energy Efficiency Directive 2012/27/EU in 2015.

For the development of energy-efficient products, see → Management approach products and services.

G4-EN3 Energy Consumption within the Organisation

Geberit generally uses energy purchased externally. The direct energy carriers (Scope 1) include natural gas, biogas, liquefied petroleum gas (LPG), diesel for power generation, heating oil extra light, solid combustibles and the fuels diesel, gasoline and liquefied petroleum gas (LPG). The indirect energy carriers (Scope 2) include electricity and now also district heating.

Because of the processes involved, the manufacture of ceramic sanitary appliances is very resource- and energy-intensive. Consequently, Geberit's energy consumption increased fivefold in 2015 due to the acquisition. However, organically, total energy consumption decreased by 1.2%.

The major changes in energy consumption are briefly presented and explained below:

- Owing to the acquisition, electricity consumption approximately doubled, while organically it increased by 0.4%. The environmental impact caused by electricity consumption has decreased significantly, dropping from 76.1% to 41.6% of the overall impact.
- Consumption of combustibles has increased by a factor of around thirteen due to the acquisition. This is primarily due to the firing of ceramic sanitary appliances in the twelve ceramics plants. Natural gas consumption is around 14 times higher than before. The figures now also include liquefied petroleum gas (LPG) and solid combustibles. The environmental impact caused by combustibles has increased significantly, rising from 8.0% to 47.5% of the overall impact. Consumption of combustibles has decreased organically by 4.3%.
- Fuel consumption has approximately doubled due to the acquisition, while organically it decreased by 3.4%. The environmental impact caused by fuel consumption has remained roughly the same and has decreased slightly from 9.0% to 7.8% of the overall impact.

Since 2012, a block heating station has been in use in Pfullendorf (DE). This plant was fed by 8.3 GWh of regionally produced biogas in 2015. The electricity generated by the plant (3.2 GWh) is fed into the transmission grid and the resulting heat (4.0 GWh) can be used in production, thereby substantially reducing the use of natural gas.

The share of purchased green electricity was increased by 17.6 GWh to 41.0 GWh in 2015 – meaning that renewable sources of energy now account for 36.5% of total electricity consumption.

Since 2013, the roof area at the plant in Givisiez (CH) has been made available to an energy services provider for a 3,050 m_2 photovoltaic installation. It generated 0.5 GWh of electricity in 2015. 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 the consumption of combustibles and fuels (Scope 1), as well as electricity and district heating (Scope 2) and the electricity mix, see → Key figures Sustainability > Environment.

G4-EN4 Energy Consumption outside of the Organisation

Where the energy balance outside the organisation is concerned, Geberit concentrates on purchased materials, intercompany and distribution logistics, and business travel.

In 2015, purchased materials (including mineral raw materials at the new ceramics plants) resulted in “grey energy” consumption of around 11,500 TJ.

For the environmental impact caused by logistics, see → G4-EN30.

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 3.1) and the IPCC conversion factors from 2013, see → G4-EN17.

G4-EN5 Energy Intensity

Energy intensity is an important performance indicator at the production plants, and is monitored monthly in the form of a key figure in the management cockpit. Those plants which are ISO 50001-certified have also introduced a more refined system of monitoring.

G4-EN6 Energy saved

Important energy-saving measures in production include:

- The optimisation of production processes in terms of efficiency, waste, stability, energy and resource consumption
- The continuous modernisation of the machine fleet and the purchase of energy-efficient systems
- Increasing the capacity utilisation and efficiency of production installations
- The optimisation of cooling systems through the use of natural ambient cold (free cooling, ground water)
- The improved use of waste heat available internally (heat recovery)
- The careful use of compressed air
- The insulation of buildings

Concrete examples which show the reduction in energy consumption:

- The number of injection moulding machines retrofitted with energy-efficient drive technology was increased in the reporting year from 109 to 134. Analyses show that a modified machine consumes over 40% less energy on average.
- In 2015, the first fully electrically driven production line for fitting bends was ordered in Langenfeld (DE). This increases process stability while reducing the set-up time, electricity consumption and lubricant quantities needed.
- A new cooling system in Villadose (IT) reduces electricity consumption by 1.3 GWh per year – a saving of 8% of total energy consumption.
- Since 2015, a new raw material for the inner layer of Mepla pipes is being used at the plant in Givisiez (CH). While maintaining the very highest product quality for customers, this reduces the consumption of water and natural gas by around 50%.
- By carefully planning new buildings, the company is also investing in the energy-efficient infrastructure of the future, for example at the new, top-modern plant in Ruše (SI). 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. Rain water is collected and used both as fire-fighting water and for watering the surrounding area.
- Retrofitting of nine tunnel kilns for ceramic production with EnerVit technology at six European plants startet in 2015. This will cut NO_x emissions, reduce gas consumption by around 27 GWh/a and save some 6,500 tonnes of CO_2.

G4-EN7 Energy-efficient products

The biggest environmental contribution by Geberit products lies in the conservation of water, which indirectly also saves on energy. A number of estimates illustrate the scale of this saving: According to the Ecoinvent database (version 3.1), some 10.3 MJ of energy are required and 0.64 kg of CO_2 emissions are released per cubic metre for the conveyance, processing and distribution of water and the subsequent treatment of the unpolluted waste water in a wastewater treatment plant. The → **water footprint** calculated for Geberit (excluding former Sanitec products) shows that nearly 100% of water consumption is attributable to the usage phase. The water volume saved owing to Geberit products is enormous: According to a model calculation, all dual-flush and flush-stop cisterns installed since 1998 have so far saved around 20,200 million cubic metres of water in comparison with traditional flushing systems. These water savings go hand-in-hand with substantial energy savings.

Direct energy savings when using the products are made possible thanks to systematically improved energy efficiency. Current examples include:

- The → **shower toilet Geberit AquaClean Mera Comfort**, which debuted at the ISH 2015 in Frankfurt, is a premium-class complete solution featuring the highest levels of comfort. The patented WhirlSpray shower technology ensures particularly thorough, gentle cleaning while virtually halving water and energy consumption. The hybrid hot water technology with continuous flow heater and boiler only heats the water spray when required. The odour extraction unit now works with a long-life catalytic filter that needs to be replaced less often. Despite these additional comfort functions, the energy consumption is comparable to that of the AquaClean 8000 plus.
- The → **Monolith Plus** sanitary module sets new standards in both comfort and style, while permitting a high degree of energy efficiency. Its integrated odour extraction unit means window ventilation is no longer required and a considerable amount of energy can be saved.
- The new Geberit urinal system comprises urinals with electronic flush controls but also with completely waterless operation. The central elements are the two rimless urinal ceramics Preda and Selva, which were developed by Geberit. Thanks to the low consumption of resources and the option of a control system supplied with electricity by an autonomous energy source, the urinals satisfy the most stringent requirements for green building and economic operation.

9.3 Water (EN)

Management Approach – Water

The → water footprint, which covers Geberit's entire value chain (excluding former Sanitec products), 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 0.1% of water consumption. For the development of water-saving products and Geberit's commitment beyond product development, see → Management approach products and services.

The corporate eco-balance shows a similar picture. Here, the environmental impact caused by water consumption and subsequent waste water treatment also accounts for only a minor share of the company's overall impact (1.2%). Despite this, Geberit also aims to serve as a role model with respect to its own water consumption and to further optimise its water consumption every year. This includes measures such as reusing water in laboratories and production processes.

G4-EN8 Water consumption

The manufacture of ceramic sanitary appliances requires a great deal of water, both for preparing the ceramic slip and glaze and for cleaning the moulds and systems. Consequently, water consumption increased more than eightfold in comparison with the previous year due to the acquisition, reaching 1,170,356 m^3 (previous year 138,156 m^3).

Water consumption can be categorised into drinking water (28%), well water (46%), lake and river water (25%) and rain water (1%).

Key figures concerning water consumption by source can be found at → Key figures Sustainability > Environment.

G4-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.

G4-EN10 Water recycling

Throughout the Group, three processes are responsible for much of the water requirements:

- Newly developed products are tested at the Geberit sanitary laboratory in Rapperswil-Jona (CH). The tests required some 229,798 m^3 (previous year 222,173 m^3) of water. Only around 4% or 8,836 m^3 of this is fresh water. The remaining 96% is used in a closed-circuit system.
- During the production of multilayer pipes in Givisiez (CH), the pipes are cross-linked in autoclaves. A total of 14,558 m^3 (previous year 26,405 m^3) of water was used for this purpose in 2015. Around 31% (previous year 31%) or 6,576 m^3 of this is fresh water; the remaining 69% was recycled internally.
- Relatively large quantities of water are used in ceramic production and are also recycled internally. However, the amounts for recycled water are not yet quantifiable at present.

9.4 Emissions (EN)

Management Approach – Emissions

Production emissions are recorded and analysed in detail as part of the corporate eco-balance – CO_2 emissions are particularly crucial to Geberit. → other air emissions (NO_x, SO_2, hydrocarbons etc.) are also recorded and calculated, but have a comparatively minor impact on the environment. Under the established → CO_2-strategy the CO_2 emissions per net sales (currency-adjusted) should be reduced annually by 5% per year on average. Geberit is organically on track here, see → G4-EN18. The long-term target values for absolute CO_2 emissions and the share of renewable energy sources in electricity and combustibles will have to be re-evaluated in 2016 owing to the acquisition of Sanitec. They must be oriented towards the EU target values.

A comprehensive carbon footprint has been calculated since 2012. The carbon footprint covers the entire value chain – from the provision of raw materials, the combustibles and fuels, the manufacturing of products at Geberit, logistics and use, right through to disposal (with regard to the former Sanitec Group, only production and mineral raw materials are currently taken into account). An analysis of the carbon footprint revealed that product use (63%) and the provision of raw materials (19%) are by far the largest sources of CO_2 emissions. During product use, the provision of water, treatment of unpolluted waste water and generation of hot water play a central role. Production by Geberit accounts for only 8% of total CO_2 emissions. In comparison, transport (1%), the provision of combustibles and fuels (2%) and the disposal (7%) of the products also cause only few emissions.

The measures for implementing the CO_2 strategy are based on the three pillars energy saving, increased energy efficiency and targeted expansion of the share of renewable energy sources, see also → Management approach energy.

The calculation of greenhouse gas emissions was updated in the 2015 financial year, with the result that the old values from previous years also had to be amended. The following changes were implemented: New basic data from the internationally recognised Ecoinvent database (version 3.1), new assessment according to the 2013 IPCC factors, the incorporation of production-based process emissions, the switchover to the national electricity mix and the adjustment of Scope 3 emissions. The seven leading substances (CO_2 fossil, CH_4, N_2O, HFC, PFC, SF_6 and NF_3) were used for the calculation of the greenhouse gas emissions and shown as a sum parameter according to IPCC (CO_2 equivalents or simply CO_2).

G4-EN15 Direct greenhouse gas emissions (Scope 1) and G4-EN16 Indirect greenhouse gas emissions (Scope 2)

CO_2 emissions increased in 2015 by 296% to 251,430 tonnes as a result of the Sanitec acquisition. Organically, however, they were reduced by 3.1%. CO_2 emissions per net sales (organic, currency-adjusted) declined by 5.6%, with Geberit thus remaining on track to meet its long-term target in organic terms.

At 50.8%, combustibles are the largest source of CO_2, followed by electricity at 45.4% and fuels at 3.6%, as well as process emissions and district heating at 0.2% in total. The purchase of 41.0 GWh of green electricity in Pfullendorf and Weilheim (DE), Bromölla and Mörrum (SE), Givisiez (CH) and Daishan (CN) reduces the CO_2 emissions by more than 16,500 tonnes.

Key figures concerning greenhouse gas emissions can be found at → Key figures Sustainability > Environment.

G4-EN17 Other relevant greenhouse gas emissions (Scope 3)

Where other indirect greenhouse gas emissions (Scope 3) are concerned, Geberit concentrates on the following categories:

- The raw materials used (including mineral raw materials from ceramic production) and the CO_2 emissions that result from them: Increase to 598,946 tonnes due to the acquisition.
- The provision of combustibles and fuels, which accounted for some 39,506 tonnes from combustibles and around 6,440 tonnes from fuels in 2015.
- CO_2 emissions of power generation from the upstream chain are included in → G4-EN15
- Logistics, see → G4-EN30, which caused a total of 29,671 tonnes of CO_2 emissions in 2015 (previous year 29,526 tonnes). Emissions from the logistics activities of the former Sanitec plants are not yet included in these figures.
- Business travel by air, at 1,956 tonnes of CO_2 emissions (previous year 711 tonnes) – this includes the whole of Geberit.

G4-EN18 Greenhouse gas emissions intensity

In relation to currency-adjusted net sales, CO_2 emissions (Scopes 1 and 2) increased in 2015 by 186% due to the acquisition, from 30.4 g CO_2/CHF net sales to 86.8 g CO_2/CHF. Organically, relative CO_2 emissions fell by 5.6%, meaning that Geberit is on track to meet its long-term targets in organic terms. For the consolidated value, it must be noted that the CO_2 emissions cover the entire financial year, while the net sales of the former Sanitec business only apply to eleven months.

G4-EN19 Initiatives to reduce greenhouse gas emissions

The massive increase in CO_2 is solely due to the acquisition; organically, emissions decreased by 3.1%.

In 2015, Geberit purchased another 17.6 GWh of certified green electricity, bringing the total to 41.0 GWh. Overall, renewable energy sources thus accounted for 36.5% of electricity.

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 8.3 GWh of regionally generated biogas in 2015. In addition, 24.8 GWh of wooden pellets were burned and 16.9 GWh of district heating were obtained from a paper mill. This brought the share of renewable energies for district heating and combustibles to 8.0% in total in 2015 (previous year 19%).

Fuel consumption is determined primarily by the company's own and leased fleet of cars and delivery vans. Since early 2008, binding guidelines have applied for the purchase of new vehicles. An emission value of 100 grams of CO_2/km is to be reached by 2020, as targeted by the EU.

Substantial volumes of CO_2 emissions can also be saved by consistently applying eco-design principles in new product development. A current example is the new OEM flush valve type 240. Thanks to an intelligent redesign, it was possible to increase the flush performance by 40% while also reducing the quantity of material used. In addition, half of the material is made of high-quality ABS regranulate. Indirectly, this means that almost 500 tonnes of CO_2 can be saved, corresponding to a saving of about 1 GWh of average European electricity.

Geberit promotes awareness among all employees for the promotion of environmentally friendly behaviour. New employees receive training on the subject of sustainability at Geberit as part of their job orientation programme. 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 sheet are disclosed in detail as part of the company's participation in the Carbon Disclosure Project (CDP).

G4-EN20 Ozone depleting substances

Emissions of ozone-depleting substances, measured in CFC11 equivalents, can be calculated based on the Geberit corporate eco-balance. In comparison to the previous year's report, new basic data from the Ecoinvent database (version 3.1) was used. The calculation includes both direct emissions (Scope 1) from the burning of combustibles and fuels and process emissions (solvents), as well as indirect emissions (Scope 2) resulting from electricity consumption and the provision of district heating. Both direct and indirect emissions rose considerably due to the acquisition.

Key figures on ozone-depleting substances can be found at → Key figures Sustainability > Environment.

G4-EN21 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 corporate eco-balance. In comparison to the previous year's report, new basic data from the Ecoinvent database (version 3.1) was used. The calculation includes both direct emissions (Scope 1) from the burning of combustibles and fuels and process emissions (solvents), and indirect emissions (Scope 2) resulting from electricity consumption and the provision of district heating. Both direct and indirect emissions rose considerably due to the acquisition.

Key figures on these emissions are available at → Key figures Sustainability > Environment.

9.5 Effluents and Waste (EN)

Management Approach - Effluents and Waste

According to the corporate eco-balance, waste disposal accounted for 1.3% of the environmental impact of production in 2015. The reduction and safe handling of waste water and waste is promoted at the plants within the scope of the environmental management system according to ISO 14001. Where waste is concerned, it is ensured that this is sorted so that as much as possible is recycled, and as little as possible has to be incinerated or sent to landfill sites.

G4-EN22 Water discharge

As with the water consumption, the waste water quantities also increased considerably on account of the acquisition, with the consolidated value for 2015 reaching 927,053 ^{3} (previous year 112,521 m^3). The processes involved in manufacturing ceramic sanitary appliances are now generating process waste water, which makes up the largest share at 66% of the total. Other important categories are domestic waste water, which passes into the communal wastewater treatment plant or is pretreated and fed into receiving waters (31%), and other waste water, which is pretreated and fed to a communal wastewater treatment plant (3%). Waste water was not directly reused by third-party companies. Geberit does not engage in the unplanned discharge of water. All resulting process waste water and domestic waste water is treated.

Key figures on waste water can be found at → Key figures Sustainability > Environment.

G4-EN23 Waste

In 2015, waste increased significantly on account of the acquisition, totalling 83,405 tonnes (previous year 11,587 tonnes). The categories inert waste landfill and waste to external recycling saw a strong increase in particular owing to the ceramic manufacturing processes.

72% of waste was channelled to external recycling processes (previous year 85%). The measures focused above all on the further separation of waste and the reduction of mixed waste and hazardous waste.

Key figures concerning waste by category are provided at → Key figures Sustainability > Environment.

G4-EN24 Significant spills and contamination

There were no significant spills of chemicals in the reporting period.

G4-EN25 Transport of hazardous waste

In 2015, 479 tonnes of hazardous waste (previous year 262 tonnes) were disposed of by incineration and 729 tonnes (previous year 505 tonnes) were recycled. At Geberit, all waste is disposed of and recycled by licensed disposal companies.

G4-EN26 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.

9.6 Products and Services (EN)

Management Approach - Products and Services

In addition to their quality, durability and high degree of water and resource efficiency, Geberit products also impress with their good environmental compatibility and high recyclability. 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 minimised and a high level of resource efficiency is targeted for the production process as well as the product itself. Geberit regards eco-design as the key to environmentally friendly products and an integral part of the development process. Employees from different disciplines take part in eco-design workshops so that each new product outperforms its predecessor in environmental aspects. The workshops involve systematic product analysis that covers the entire life cycle, a review of legal requirements and an analysis of competing products. Based on the findings of these eco-design workshops, new solutions are developed which are then adopted into the specifications for that product.

Specially created product life cycle assessments are important decision-making tools for the development processes 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, AquaClean Mera, electronic washbasin tap type 185/186, concealed cisterns, urinal flush controls and the new Geberit urinal system. The environmental product declarations (EPDs) in accordance with the new European standard EN 15804 are becoming increasingly important and can also be used directly for green building standards such as LEED. For example, the EPD for the Geberit urinal system Preda and Selva presents relevant, comparable and verified information about the product’s environmental performance in a transparent manner.

The biggest environmental contribution by Geberit products also lies in the conservation of water. The analysis of the entire value chain in the form of a → water footprint shows (excluding former Sanitec products) that nearly 100% of the water consumption is attributable to the product usage phase. The water savings are impressive: According to a model calculation, all dual-flush and flush-stop cisterns installed since 1998 have so far saved around 20,200 million cubic metres of water in comparison with traditional flushing systems. In 2015 alone, the water saved amounted to 2,280 million cubic metres. This is more than half of the annual consumption of all German households.

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" introduced in 2011 and its work (in collaboration with FECS (European Federation of Ceramic Sanitary Ware Manufacturers) on a new voluntary European standard for assessing the sustainability of ceramic sanitary appliances (EN 16578).

G4-EN27 Mitigation of environmental impact of products

The environmental impacts of Geberit's products are improved continually through the consistent application of eco-design principles in product development. Examples that make a particular contribution to reducing environmental impact include:

- Since 2011, a new technological solution has been developed to simplify the conversion of the large flush volume on nearly all concealed cisterns from 6 or 9 litres to 4.5 litres. The gradual conversion of the product range is creating great potential for even more water conservation.
- The new Geberit urinal system fulfils the most stringent water and energy consumption standards while minimising life-cycle costs. For example, the spray head is precisely aligned with the sophisticated inner geometry of the ceramic appliance, meaning that optimal flushing out can be achieved even with just 0.5 litres of water. The flushing programmes, such as the intelligent interval flush, can be set individually for even lower water consumption.
- The new shower channel is designed to allow optimal user friendliness and ease of installation while reducing the resources used.
- The plastic components in the technical cistern and in the Monolith are made up of approximately 50% regranulate.
- The new concealed cistern Omega is available in three installation heights, and with extra-small actuator plates. In addition, the large flush volume can be set to 4.5 litres, meaning the product conforms to WELL class A.
- A new WhirlSpray shower technology was developed for the AquaClean Mera complete shower toilet. This reduces water and energy consumption while improving cleaning performance. Despite more comfort functions, the energy consumption remains unchanged and the flushing volume can be reduced down to 4.5 litres thanks to TurboFlush flush technology.
- Thanks to an intelligent redesign of the new OEM flush valve type 240 – which was launched on the market in 2015 – it was possible to increase the flush performance by 40% while also reducing the quantity of material used. In addition, half of the material is made of high-quality ABS regranulate.

G4-EN28 Reclaimed packaging material

The following quantities are based on internal estimates from the sales companies: On the product side, approximately 23.8 tonnes of old products (mainly electrical equipment) were taken back and disposed of professionally in 2015. In some markets (DE, CH), parts of the multi-layer drinking water pipes (Mepla) are also taken back. The exact quantity is not known, but is estimated to be almost five tonnes Group-wide.

In 2015, approximately 16,000 tonnes of packaging material were used at the former Geberit, over 40% 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.

9.7 Compliance Environment (EN)

Management Approach - Compliance Environment

In its → Code of Conduct, Geberit states that it will limit the environmental impact of its business activities to a minimum. This is achieved by means of consistent compliance with all applicable laws, internationally recognised guidelines and industry standards. With many of the initiatives that it implements, Geberit goes above and beyond legal and official requirements. Reviewing and ensuring compliance with the law, which is a mandatory element of ISO 14001 certification, is monitored as part of the annual, binding Group-wide survey on compliance with the Code of Conduct.

G4-EN29 Sanctions due to non-compliance with environmental laws and regulations

In the reporting year, there were three cases among the former Sanitec companies where fines or sanctions were announced or imposed. The first case concerned the omission of a sewer inspection, while the second related to an incident regarding a sewer which led to an unplanned discharge of storm water and process water into a body of surface water. The third case concerned an incomplete production licence, which led to fines totalling approximately CHF 50,000.

9.8 Transport (EN))

Management Approach - Transport

Reliable, on-time product deliveries to the customer are an important core competence. For this reason, Geberit opened a state-of-the-art logistics centre in Pfullendorf (DE) in 2010 and established an independent logistics unit a year later. With a view to future growth and the continued optimisation of existing logistics processes, Geberit decided to further expand the capacities of the logistics centre in Pfullendorf and invest around EUR 40 million in this by 2017.

In contrast to this centralisation strategy, the logistics organisation at the former Sanitec had a rather more decentralised structure and was oriented towards the needs of the various brands and regions. Nonetheless, it was still possible to forge the first synergies and start various integration measures in 2015. For example, former Sanitec's logistics organisation and reporting were incorporated in Geberit's Group logistics, while a start was also made on integration into the Geberit ERP system. The logistics infrastructure at the former Sanitec comprises 15 distribution centres of varying sizes across Europe, with a total capacity of almost 250,000 pallet spaces.

Geberit does not have its own fleet of vehicles, having outsourced this to external transport service providers. Intercompany and distribution logistics play a major part in Geberit's environmental impact, amounting to a significant proportion of the total figure. Cooperation with the transport service providers is therefore of key importance. Partners agree to actively support Geberit in its efforts to use energy and packaging material efficiently and to reduce emissions. Furthermore, the partners support Geberit by providing the data needed for the environmental reporting. The logistics calculator developed in 2010 facilitates the annual 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 eco-balance.

G4-EN30 Environmental impact of transport

In the reporting year, the largest transport service providers for the former Geberit handled 183.0 million tonne-kilometres (previous year 181.0 million tonne-kilometres). This generated 29,671 tonnes of CO_2 emissions (previous year 29,526 tonnes). 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 handled by Euro 5 vehicles is high at 84.5%. The share handled by state-of-the-art Euro 6 vehicles came to 11.7%.

Where possible, Geberit takes the opportunity to shift truck traffic to rail. Alongside road transport, rail consignments have been used for around 20% of traffic transported on the longest overland route in Europe – from Pfullendorf (DE) to Turkey – since 2014. 80% of the goods transported to Italy and 30% of those transported from Italy are moved by train. The use of mega-trailers, which can carry an approximately 15% greater load volume, also increases energy efficiency: Compared with the previous year, the number of such transport runs was increased by 20 to 2,200. Geberit is also working on innovative solutions aimed at enabling a higher goods per truck ratio – i.e. increasing capacity utilisation of the transport volume.

9.9 Supplier Environmental Assessment (EN)

Management Approach - Supplier Environmental Assessment

See → **chapter Suppliers**

G4-EN32 Screening of suppliers using environmental criteria

See → **chapter Suppliers**

G4-EN33 Environmental impacts in the supply chain

See → **chapter Suppliers**

10. Labor practices (LA)

Geberit's most important ambassadors are its employees. They represent Geberit in their day-to-day contact with customers and many other stakeholders. To do so, they need to be 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**, which was updated in 2015. Geberit aims to act as a role model for ethically unimpeachable, environmentally friendly and socially responsible operations. The → **Geberit Code of Conduct** updated in 2014 and implemented in 2015 fills this objective with tangible content and offers an authoritative source of guidance.

Responsibility for all important aspects of the GRI guidelines with respect to labour practices at the Geberit Group lies with the Head Corporate Human Resources, who reports directly to the CEO.

10.1 Employment (LA)

Management Approach Employment

First-rate employees are key to the success of Geberit. Not only the best, but also the right employees are to be acquired and retained. Geberit sees itself as an attractive employer with an open corporate culture that offers international development opportunities at the interface between the craft, engineering and sales sectors, see → **geberit.com > Career > What we offer**.

Employees enjoy attractive employment conditions. In 2015, salaries and social benefits amounted to CHF 671.6 million (previous year CHF 483.9 million). The employees can also participate in share participation plans at attractive conditions, see → **Financial Report > Consolidated financial statements Geberit Group, 18. Participation plans** and → **Remuneration report**.

G4-LA1 Employee fluctuation

The average fluctuation rate (in terms of employees with permanent contracts, without natural departures and long-term leaves of absence) was 7.5% (previous year 5.2%). Including natural departures, it was 9.0% (previous year 6.5%). For key figures on fluctuation by age group, gender and region, see → **Key figures Sustainability > Employees and society**.

G4-LA2 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.

G4-LA3 Return to work and retention rates after parental leave

Geberit implements the currently applicable legal framework conditions. It also attempts in individual cases to find solutions that are as suitable as possible for the affected person and their team.

100% of all permanently employed women are entitled to maternity leave, and 5.6% or 140 women made use of this in 2015. 57 (or around 40%) returned to Geberit following their maternity leave.

98% of all permanently employed men are entitled to paternity leave, and 2.8% or 206 men made use of this in 2015. 203 (or around 98%) returned to Geberit following their paternity leave.

10.2 Occupational Health and Safety (LA)

Management Approach – Occupational Health and Safety

The health and safety of employees is of major importance. The vision of a zero-accident company still holds after the takeover of the Sanitec Group. However, the targets have had to be revised to take account of the new situation: based on the 2015 reference year, the aim is to halve the number of accidents by 2025. By then, the AFR (Accident Frequency Rate) is to be reduced to a value of 5.5 (accidents per million working hours) and the ASR (Accident Severity Rate) to 90 (number of days lost per million working hours). In addition, all plants are to implement the OHSAS 18001 standard for occupational health and safety by the end of 2018.

The greatest potential lies in preventing accidents due to carelessness, and a focus is therefore being placed here on changes in behaviour. To this end, as part of the Geberit Safety System (GSS), a comprehensive masterplan on occupational safety including a catalogue of measures was devised and adopted for the period from 2013 to 2015. Occupational safety has also been part of the annual appraisal of plant managers since 2013. Occupational safety is monitored at the production plants by means of monthly key figures.

The health managers at Rapperswil-Jona (CH) and Pfullendorf (DE) provide fresh impetus to occupational health management. Successful occupational health management builds bridges between the objectives of the company and the needs of its employees. In particular, this also strengthens the vitality of the individual and of the team as a whole. A vitality programme was established to round off the areas of exercise and nutrition.

For objectives and measures concerning employees and occupational safety, see also → **Sustainability Strategy**.

G4-LA5 Percentage of total workforce represented in health and safety committees

Each of the 35 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 organisational point of view. 69% of all employees worldwide are represented through an occupational health and safety panel or safety committee at their 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.

G4-LA6 Accidents, occupational illness and lost time

The Group-wide absenteeism rate for the reporting year was 4.33% (previous year 3.85%); illness-related absences accounted for 4.20% of this rate (previous year 3.75%) and 0.13% was related to occupational accidents (previous year 0.10%). 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. As a result of the acquisition, both the number of accidents and the number of days lost increased. A total of 238 accidents were recorded (previous year 103 accidents), equivalent to 4,314 lost working days due to occupational accidents (previous year 1,405 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 standardised manner. These rates are calculated as the number of accidents or the number of lost working days per one million hours worked. Due to the acquisition, the accident frequency rate rose to 11.4 in 2015 (previous year 9.6). The accident severity rate increased during the same period to 206.2, again due to the acquisition (previous year 130.5).

All key figures concerning the absenteeism rate by region can be found under → **Key figures Sustainability > Employees and society**.

G4-LA7 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, health check-ups, massage services, dietary and health tips, and presentations on health-related issues. They also include reintegration counselling, 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 counselling 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 USA to discuss problems at work in complete confidentiality.

G4-LA8 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 the majority of production and 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.

10.3 Training and Education (LA)

Management Approach – Training and Education

Qualified and committed employees are essential for the future success of Geberit. The company therefore sets particular store on the solid education and further training of all employees and on equal opportunities.

Young people can start their careers at Geberit with a commercial, industrial or technical apprenticeship. Whether plastics technologist or industrial clerk, the aim is to impart all the skills that are required for apprentices to pursue their chosen careers in a professional, independent and responsible manner.

New employees are introduced to the company and its products through various job orientation programmes on joining the company. These range from individually designed introduction talks in various departments to the one-week basic course that provides practical knowledge about Geberit in small groups.

A focus is placed on the standardised global Performance Assessment, Development and Compensation process (PDC). The goal here is to reinforce the performance culture, increase transparency and better recognise and promote talent. Remuneration policies are based on standardised job assessments and salary levels for the relevant country. A central element of the process is that several supervisors assess the performance, development and compensation of an employee together. Although this group process is time-consuming, experience suggests a high level of acceptance and effectiveness. Almost all employees of the previous Geberit Group – with the exception of manual workers – are now incorporated in the PDC process. The circle of participants is currently being extended to include managers of the former Sanitec Group; their employees in non-productive areas are to be fully incorporated in the near future.

G4-LA9 Employee education and further training

In the reporting year, employees across the Group attended on average around 15 hours of internal and external education and further training (previous year 16 hours). For key figures by gender and employee category, see → **Key figures Sustainability > Employees and society**.

The transfer rate of apprentices to a permanent employment relationship was 64% in 2015 (previous year 82%). The target is 75%.

G4-LA10 Programs for skills management and lifelong learning

The Potentials Management Programme remains a priority. The aim is to selectively identify talents throughout the company and support them along their path to middle or senior management. Initial experience of managerial or project management responsibility are part of this. The problems compiled as part of the programme are geared towards the reality at the company and sometimes provide decision-makers with concrete bases for action. The programme is intended to help fill at least half of all vacant managerial positions within the company with internal candidates. In 2015, this was achieved for 40% of all Group management vacancies (previous year 69%).

All apprentices are essentially required to work at several sites during their training. As a global company, Geberit promotes the internationalisation of employees. Experience abroad and the transfer of know-how 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. Owing to a restrictive practice in the granting of work visas, the Chinese sites are not currently included in this. Due to this situation, such apprenticeship programmes increasingly took participants to the USA, India and South Africa.

There were also 158 internships (previous year 128) and 47 diploma placements (previous year 27) offered in 2015.

For further information, see → **Business Report > Business and financial review > Financial Year 2015 > Employees**.

G4-LA11 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 70% of all employees received appraisal interviews in 2015 at which development opportunities were also identified and discussed. As part of the standardised global performance assessment, development and compensation process (PDC), employees receive a performance assessment and/or agreement of objectives at least once a year. This process is gradually being introduced at the former Sanitec companies.

10.4 Diversity and Equal Opportunity (LA)

Management Approach – Diversity and Equal Opportunity

In its Code of Conduct, Geberit sets store on promoting diversity and creating a culture that enables all employees to contribute their full potential to the company. The company strives for diversity and promotes equal opportunities irrespective of gender, ethnic origin, skin colour, age, religion and nationality.

Geberit pursues a fair and non-discriminatory employment practice in accordance with prevailing national and international law. Recruitment, training courses and promotions depend solely on individual achievements, skills and potential regarding the requirements of the position in question.

G4-LA12 Workforce diversity

The proportion of female employees at the end of 2015 was 25% (previous year 31%), and for senior management this figure was 8.2% (previous year 6.9%). 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.

10.5 Equal Remuneration for Women and Men (LA)

Management Approach - Equal Remuneration for Women and Men

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. Fair and equal pay for women and men is guaranteed as follows:

- Job assessment by function in accordance with the proven Hay method on the basis of know-how, problem-solving and accountability. All jobs are pooled in a Group-wide grading system. The resulting grade 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.

G4-LA13 Gender-based differences in salaries

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.

10.6 Supplier Assessment for Labor Practices (LA)

Management Approach – Supplier Assessment for Labor Practices

See → chapter Suppliers

G4-LA14 Screening of suppliers using labor practices criteria

See → chapter Suppliers

G4-LA15 Impacts for labor practices in the supply chain

See → chapter Suppliers

10.7 Labor Practices Grievance Mechanisms (LA)

Management Approach - Labor Practices Grievance Mechanisms

Employees who openly address irregularities which represent breaches of applicable law, ethical standards or this Code of Conduct are acting correctly and in accordance with the Geberit Code of Conduct. The Group Executive Board of Geberit must be informed of problems in the area of integrity in order to be able to manage these swiftly and reliably. By openly addressing such issues, Geberit employees are contributing to their own protection, that of their colleagues and the protection of Geberit's rights and interests.

As a general rule, employees should seek a personal meeting with their supervisor. The Geberit Integrity Line is available to all employees – including those of the former Sanitec Group – as a whistleblower hotline. The service is intended to enable employees to anonymously report cases such as sexual harassment or when a corrupt payment is being covered up. The Integrity Line is operated by an external company with experience in this area, and is available around the clock seven days a week.

G4-LA16 Grievances about labor practices

Few cases were reported via the anonymous Integrity Line and other informal complaints procedures in 2015. There was one case of sexual harassment, which was settled amicably with the parties concerned. Three cases of workplace bullying were reported and investigated. Two cases were settled following discussions and one case resulted in the dismissal of the accused party.

11. Human rights (HR)

As part of the → **Geberit Code of Conduct** , Geberit undertakes to comply with all laws, guidelines, norms and standards. This also includes assuming responsibility along the value chain, see → **chapter suppliers**. Geberit commits itself to upholding human rights. As a member of the UN Global Compact and on the basis of the UN Guiding Principles on Business and Human Rights, Geberit supports compliance with human rights both internally and at suppliers and partners. Geberit deploys a comprehensive process for the implementation of the Code of Conduct and its review of compliance, see → **chapter Society**.

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 (aspects equal treatment, freedom of association and the right to collective bargaining).

With respect to measures and objectives in the Code of Conduct, see also → **Sustainability Strategy**.

11.1 Investments (HR)

Management Approach – Investments

The UN Guiding Principles on Business and Human Rights apply to the business activities of Geberit. Geberit is active across the world, including in regions posing a certain degree of risk with regard to the upholding of fundamental employee and human rights. However, all Geberit Group companies throughout the world are integrated in the Geberit Compliance Program, which includes the upholding of fundamental employee protection and human rights. In addition, internal audits with compliance reviews take place at all companies of the Geberit Group, see also → **chapter Society**.

G4-HR1 Human rights aspects in investment agreements

In 2015, there was no investment agreement in countries or areas that pose a special risk in terms of human rights violations. The integration of the former Sanitec Group only comprised the integration of European sites. The Geberit Group's Compliance Programme was extended to the companies of the former Sanitec Group in 2015.

Suppliers are fundamentally required by contractual agreement to comply with the special Code of Conduct for Suppliers that contains provisions for the protection of human rights, see → **Code of Conduct for suppliers**.

G4-HR2 Human rights training for employees

In 2008, more than 98% of employees were informed of and trained in the Geberit Code of Conduct. Since then, new employees joining the old Geberit have been trained as part of the Welcome events, with training films on the topics of corruption, IT misuse, workplace bullying and sexual harassment deployed especially for this. New companies from the former Sanitec Group are gradually adopting the implementation of Welcome events and other measures.

The subject of compliance had to be uniformly positioned throughout the Geberit Group as a result of the acquisition of the Sanitec Group. In particular, the former Sanitec employees need to be made aware of this issue. The joint intranet GIN serves as an important basis for this, presenting and explaining the compliance organisation and Code of Conduct on a dedicated page. In parallel to this, management have been requested by means of a circular letter to ensure that all employees without intranet access receive the same information via a suitable channel.

11.2 Non-discrimination (HR)

Management Approach – Non-discrimination

The → **Geberit Code of Conduct** forbids discrimination as defined in the ILO core labour standards. Geberit does not tolerate either discrimination or workplace bullying on the basis of race, gender, religion, creed, nationality, disability, age, sexual orientation, physical or mental handicap, marital status, political views or other characteristics protected by law. Geberit aims to ensure a safe working environment for its employees. All forms of workplace violence, including threats, threatening gestures, intimidation, attacks and similar forms of behaviour are forbidden. Compliance with the Code is verified annually as part of a binding Group-wide survey. The is available to all employees as a whistleblower hotline, see → **Labor practices grievance mechanisms**.

G4-HR3 Cases of discrimination

Few cases were reported via the anonymous Integrity Line and other informal complaints procedures in 2015. There was one case of sexual harassment, which was settled amicably with the parties concerned. Three cases of workplace bullying were reported and investigated. Two cases were settled following discussions and one case resulted in the dismissal of the accused party.

11.3 Freedom of Association and Collective Bargaining (HR)

Management Approach – Freedom of Association and Collective Bargaining

Employees are completely free to join trade unions, associations and similar organisations. No rights with respect to exercising freedom of association or collective bargaining as defined in the ILO core labour standards and the UN Global Compact are subject to restriction at the Geberit Group.

G4-HR4 Guarantee of freedom of association and collective bargaining

According to the annual, binding and Group-wide survey, no infringements of the guarantee of freedom of association and collective bargaining were identified in 2015.

11.4 Child Labor (HR)

Management Approach – Child Labor

Geberit's exposure with respect to child labour is considered low because of its industry, business model 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 labour is categorically rejected.

The basic principles set out in the → Code of Conduct for suppliers explicitly include compliance with the ILO core labour standards for the exclusion of child labour.

G4-HR5 Risk of and precautionary measures against child labor

According to the annual, binding Group-wide survey there were no cases of child labour revealed in 2015. There were likewise no such cases arising during the audits carried out at suppliers.

11.5 Forced or Compulsory Labor (HR)

Management Approach – Forced or Compulsory Labor

Geberit's exposure with respect to forced or compulsory labour is considered low because of its industry, business model 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 or compulsory labour is categorically rejected.

The basic principles set out in the → Code of Conduct for suppliers explicitly include compliance with the ILO core labour standards for the exclusion of forced or compulsory labour.

G4-HR6 Risk of and precautionary measures against forced labor

According to the annual, binding Group-wide survey there were no cases of forced or compulsory labour revealed in 2015. There were likewise no such cases arising during the audits carried out at suppliers.

11.6 Human Rights Assessment (HR)

Management Approach – Human Rights Assessment

With respect to the requirements and implementation of the Geberit compliance system, see → chapter Society.

G4-HR9 Operations subjected to human rights reviews or impact assessments

The upholding of human rights is subject to a binding survey at all Geberit Group companies each year as part of reporting on the Code of Conduct.

The topic of human rights as part of compliance is a component of the audit programme for the periodic inspections of the production and sales companies by the Internal Audit Department. In 2015, the Internal Audit Department audited a total of 18 companies. In the reporting year, no evidence was found on human rights violations in the context of the various inspections.

11.7 Supplier Human Rights Assessment (HR)

Management Approach – Supplier Human Rights Assessment

See → chapter Suppliers

G4-HR10 Screening of suppliers using human rights criteria

See → chapter Suppliers

G4-HR11 Human Rights related impacts in the supply chain

See → chapter Suppliers

12. Society (SO)

The → **Geberit Code of Conduct** describes the basic principles that have to be met in order to be an exemplary, reliable and fair business partner and employer. The content of the Code of Conduct was updated in 2014 and implemented at Geberit – including the former Sanitec Group – in 2015.

In 2015, the → **Geberit Compass**, a key compliance element, was updated. It describes the cornerstones of the corporate culture, namely the joint mission, the shared values, the operational principles and the success factors to be considered by all employees. This was presented and explained in the Group-wide employee magazine, which is published in six languages.

In order to guarantee compliance with the requirements of the Code of Conduct, Geberit has established an effective compliance system that focuses on compliance in the five following key topics: antitrust legislation, corruption, employee rights, product liability and environmental protection. In practice, the system comprises various elements such as guidelines, continuous training, job orientation for new employees, eLearning campaigns, info circulars, compliance-related audits and the Geberit Integrity Line, a whistleblower hotline for employees launched in 2013. A thorough review of the compliance organisation at the end of 2014 yielded a very satisfactory result. The Internal Audit department and external auditors concluded that responsibilities are clearly regulated within the various Group functions and the mechanisms are geared towards effectiveness. Once an assessment of the existing compliance structures had been completed, the Geberit Group's Compliance Programme was also extended to the companies of the former Sanitec Group.

Anti-corruption, anti-competitive behaviour and statutory compliance requirements are particularly important aspects in the GRI category Society. Legal Services is responsible for their implementation.

As part of the annual reporting on the Code of Conduct for Employees, compliance with the requirements set out there is subject to binding controls. All companies – including the new companies from the former Sanitec Group – receive 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 this Sustainability Performance Report.

With respect to measures and objectives in the Code of Conduct, see also → **Sustainability Strategy**.

12.1 Anti-Corruption (SO)

Management Approach – Anti-Corruption

As a member of Transparency International Switzerland and the UN Global Compact, Geberit is committed to high standards in combating corruption. There are clear guidelines on prevention and employees receive 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.

The guidelines on donations were updated and communicated in 2015 via the managing directors of all companies and the Geberit intranet.

G4-SO3 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 2015.

The topic of corruption is also a component of the audit programme for the periodic inspections of the production plants and sales companies by the Internal Audit Department. The annual audit planning of the Internal Audit Department is oriented to risks. Each company is audited at least every five years, or considerably more frequently if it has a heightened risk profile. In 2015, the Internal Audit Department audited a total of 18 companies. No cases of corruption were discovered in these audits.

G4-SO4 Training on anti-corruption policies

In 2008, more than 98% of employees were informed of and trained in the Geberit Code of Conduct. Since then, new employees joining the old Geberit have received training as part of Welcome events, with media such as training film s on the topics of corruption, IT misuse, workplace bullying and sexual harassment developed especially for this. The companies from the former Sanitec Group are gradually adopting the implementation of Welcome events and other measures.

Employees throughout Geberit, including the former Sanitec Group, are provided with information via the intranet about what is permitted and what is not. Supplementary guidelines for the prevention of corruption have been updated and made accessible to the relevant employees (Purchasing, Sales) via the various communication channels.

G4-SO5 Actions taken in response to incidents of corruption

No measures were necessary, as no cases of corruption were identified in 2015.

12.2 Anticompetitive Behavior (SO)

Management Approach – Anticompetitive Behavior

According to the → **Materiality analysis**, the prevention of anti-competitive behaviour is a most material aspect. Cartels of any kind and other anti-competitive behavior are categorically rejected.

The guidelines on antitrust legislation were updated and communicated in 2015 via the managing directors of all companies and the Geberit intranet.

Ongoing training in antitrust legislation was continued in 2015. Training events geared specifically towards antitrust legislation matters were held in 2015 for the managing directors of the European sales companies and the sales employees in Germany. In order to reach a wider group of employees in this matter, an eLearning course on the subject of compliance in the sphere of antitrust legislation will be held in the first quarter of 2016. This will enable the eLearning approach already conducted successfully in previous years to be continued.

G4-SO7 Anti-competitive behavior

One accusation was lodged by a wholesaler at the Swedish competition authorities in the reporting year. The proceedings are still pending. There was also one case in Germany of unlawful comparative advertising, which resulted in a declaration to cease and desist issued to a competitor. The appeal proceedings before the European Court of Justice initiated by the European Commission against a ruling by the European Court of first instance remain pending. These concern the known "bathroom antitrust proceedings" dating from 2010 that affected companies of the former Sanitec Group.

12.3 Compliance (SO)

Management Approach – Compliance

The → **Geberit Code of Conduct** requires Geberit to comply with all laws, directives and internationally recognized standards. The minimum statutory requirements are often exceeded here.

Geberit deploys a comprehensive process for the implementation of the Code of Conduct and its review of compliance, see → **chapter society**.

G4-SO8 Sanctions due to non-compliance with regulations

Geberit incurred no fines in 2015 resulting from violations of statutory requirements, with the exception of the case cited under EN29.

12.4 Supplier Assessment for Impacts on Society (SO)

Management Approach – Supplier Assessment for Impacts on Society

See → **chapter Suppliers**

G4-SO9 Screening of suppliers using criteria for impacts on society

See → **chapter Suppliers**

G4-SO10 Significant impacts on society within the supply chain

See → **chapter Suppliers**

13. Product responsibility (PR)

13.1 Customer Health and Safety (PR)

Management Approach – Customer Health and Safety

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 optimisation 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 organisational distinction is drawn between development and quality management. In addition, many products are also examined by external authorisation 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 eLearning platform rolled out in the autumn of 2012 as well as global product training by specially trained instructors. E-learning modules on the topics of drinking water hygiene, acoustics, fire protection, sanitary systems and piping systems were successfully developed in 2015 in connection with the integration of Sanitec. In addition, a multi-part eLearning module was created for innovation training.

Product Development and Quality Management are responsible for customer health and safety.

G4-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 optimise 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 → G4-PR3.

G4-PR2 Non-compliance with health and safety regulations

Throughout the Group, there were no court judgements or warnings against Geberit in the reporting period involving contraventions of regulations on the health and safety of products and services or product and service information.

13.2 Product and Service Labeling (PR)

Management Approach – Product and Service Labeling

Corporate Marketing is responsible for the labelling of products and services.

Conveying product and application information in accordance with laws, standards and target groups is one of the main tasks of the Product Communication department (Technical Documentation) that forms part of Corporate Marketing at Geberit. A comprehensive portfolio of various document types and publication channels is available for this purpose. In the area of assembly and installation, Geberit focuses on multicultural and generally understandable images comprising detailed illustrations and guiding symbols. On top of this, more far-reaching information is provided for the plumber, architect and engineer target groups via various handbooks and skills brochures. In addition, product and safety data sheets are available for all products and target groups.

The end user target group is becoming more and more important in the conveying of product information, as Geberit is addressing end users with more and more products. Geberit ensures safe handling and correct labelling by means of detailed operating documentation based on the prevailing standards and laws.

With the takeover of Sanitec, the number of advisors employed in the sales force in Europe was increased by around 200, and now totals more than 800. They are in daily contact with customers and decision-makers. When aligning the future sales organisation, the focus was on meeting the specific needs of wholesalers, plumbers, planners, architects, building owners and end users. A clear focus on the key customer groups in the respective markets therefore takes precedence over advisors specialising in particular product groups such as ceramic appliances or piping systems. This resulted in all advisors having to expand their product knowledge; while the advisors from the old Geberit familiarised themselves with the world of ceramic products, the advisors from the former Sanitec had to immerse themselves in the sanitary technology sold by Geberit.

By the end of the year, all local sales companies had realigned their organisations and effectively ceased to operate two separate businesses.

Another central instrument for retaining customers is Geberit's broad range of training opportunities. During the reporting year, around 30,000 customers were once again provided with education and further training on Geberit products and software tools at the 25 Geberit information centres in Europe and overseas. Geberit training for customers is not designed as pure product training but includes a high level of knowledge transfer on important core topics.

This range of opportunities was expanded by a large number of activities at the showrooms of the former Sanitec in which the current ceramic appliance and matching furniture series are exhibited. These showrooms – many of which are situated at good pedestrian locations – will continue to be used for training and information events as well as general sales support.

G4-PR3 Product labeling

Products involving the use of electricity, gas or dangerous substances – or those containing such substances – need to be appropriately labelled in accordance with the prevailing standards and laws. This includes providing information about the target group and its qualifications as well as the intended use and the existence of substances subject to labelling requirements. The distributor/supplier must publish this information in a national language of the target market in accordance with the prevailing laws and regulations. Whenever possible, plastic components must feature material labelling in order to facilitate recycling.

Nine Geberit product groups – a total of over 500 sales products – carry the WELL-Label (Water Efficiency Label) of the European umbrella organisation for valve manufacturers EUnited which was introduced in 2011 and in doing so represent over 17% of Group sales. In addition, collaboration took place with FECS (European Federation of Ceramic Sanitary Ware Manufacturers) to draw up a new European standard for assessing the sustainability of ceramic sanitary appliances (EN 16578).

G4-PR4 Non-compliance with labeling requirements

In the reporting period, there were no known cases of violation of applicable laws or voluntary codes. The need to translate product information into more languages was identified in some cases.

G4-PR5 Customer satisfaction

The close contact with plumbers and sanitary planners remained a focus of numerous marketing activities. Existing and proven measures such as customer visits, training and the publication of regularly updated technical documentation and apps were continued. The “Geberit On Tour” campaign, which has been organised in numerous markets since 2011, was also continued. This involved specially fitted-out showroom mobiles visiting local and regional wholesalers and offering plumbers the opportunity to assess Geberit innovations and solutions directly on site. In this way, over 31,000 visitors were addressed at more than 1,000 events in 18 countries in 2015.

A high degree of customer satisfaction in the regional markets is central to Geberit’s success as a company. Surveys of the Geberit AquaClean brand and the shower toilet category were therefore once again carried out at end users in all 13 campaign markets in 2015. In addition to sociodemographic data, information is also provided on the respective awareness of the products, attitude and behavioural parameters, and also the perception of the brand and the most important competitors. With a view to sustainable customer satisfaction, the studies document a very high recommendation rate: An average of over 70 percent of all Geberit AquaClean owners would recommend the purchase of a Geberit AquaClean shower toilet. The repurchase rate – i.e. the number of end users who would buy another shower toilet from Geberit – is equally high at just under 71 percent (on average). These results even exceed 85 percent in some individual markets. The consistently positive survey results reflect the success of market cultivation in the individual countries. As well as the high product satisfaction, the intensive customer support provided by trained specialists and Geberit’s customer service have proven to be sustainable success factors for company growth.

For further information, see → **Business Report > Business and financial review > Financial Year 2015 > Customers**.

13.3 Compliance Product Responsibility (PR)

Management Approach – Compliance – Product Responsibility

See #13_1" title="Link to 13. Product responsibility (PR)">→ Management approach customer health and safety and → **chapter Society**.

G4-PR9 Sanctions due to non-compliance with product liability regulations

No sanctions have been imposed in connection with Geberit products and services or their use.

14. Suppliers (SU)

14.1 Description of the organization's supply chain

Corporate Purchasing (CPU) is responsible for the procurement in all production plants worldwide (except the USA) and manages the procurement organisation through a team of lead buyers who are strategically responsible for various material groups. The Corporate Purchasing department became even more visible and important when the purchasing specialists of the former Sanitec were integrated. Operational purchasing is based locally at the plants.

Geberit's production processes entail a high degree of skill, i.e. it largely purchases raw materials and semi-finished products with a high share of raw materials. In so doing, material costs represent a relatively low share of Geberit net sales.

The raw materials and semi-finished products primarily come from suppliers in Western Europe (78.6% of procurement value). The share of the procurement volume from Asia and from Eastern Europe amounts to 9.5% each, that from America 1.9% and that from Africa 0.5%. Owing to the "upstream" purchasing in the supply chain and high level of in-house production as well as the very high share of Western European suppliers, the general risk profile of the supply chain is relatively low. The active pursuit of a "dual source strategy" – i.e. the procurement of a resource from two providers – serves additionally to reduce dependencies.

Geberit procured raw materials (28.1%), semi-finished products (43.9%) and finished products (28.0%) with a procurement value of CHF 755.0 million (previous year CHF 646.0 million) from some 2,200 suppliers across the world in 2015.

14.2 Management Approach – supplier assessment using sustainability criteria

Geberit's business partners and suppliers are obligated to maintain comprehensive standards. The basis for the cooperation is the → **Code of Conduct for suppliers**. This Code is aligned with the principles of the United Nations Global Compact and is binding for every new supplier. Suppliers to the former Sanitec are now also obligated to comply with these standards. The Code comprises specific guidelines on quality and meeting environmental, labour law and social requirements and sets out compliance with human rights. 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.

When evaluating suppliers, Geberit strives to achieve the greatest possible degree of transparency. All new and existing partners are thus assessed by means of standardised processes and according to the same criteria: company as a whole, quality, sustainability, price, procurement chain, delivery reliability, production and technology. As a rule, the selection of suppliers is required to include a quality audit covering clarification on environmental and occupational safety issues. Where an audit reveals inconsistencies in these criteria, an additional, in-depth audit is conducted.

Supplier management has integrated a risk management approach that is based on the division of suppliers into risk classes – depending on the production location (country) and type of production process. Owing to the high share of procurement from Western Europe, the risk in Geberit's supply chain is relatively low. In the reporting year, 42 companies were identified in the highest risk category. This is equivalent to less than 5% of the entire procurement value. 33 of these 42 suppliers have already been audited. Within this risk class, the focus is placed on independent suppliers such as those which are not part of a larger company with recognised sustainability management. The systematic planning and performance of audits is conducted for these suppliers, generally every three years. 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.

14.3 Percentage of new suppliers that were screened using sustainability criteria

All new suppliers undertake to comply with the Code of Conduct and hence also to international standards governing environmental protection, labour practices and human rights.

14.4 Sustainability-related impacts in the supply chain

As of the end of 2015, a total of 868 suppliers have signed the Code of Conduct for Suppliers (previous year 728). This equates to over 90% of the total procurement value. Among the top 200 suppliers, the consolidated share of companies that have signed has already reached 93.1% (previous year 98.3%), as awareness of the Geberit standards and processes had already been raised among a significant proportion of the top suppliers to the former Sanitec Group.

For audits in China, Geberit cooperated with SGS in 2015 too. The five audits conducted in total concluded that standards governing occupational safety and environmental protection were complied with.

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 the 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 analysed.

Key figures environment

Environmental impact

Environmental impact	2014 UBP	2015 UBP	Deviation %
Electricity	43,622	101,508	132.7
Combustibles	8,042	115,934	1,341.6
Fuels	10,074	18,944	88.0
Disposal	1,396	3,183	128.0
Solvents	734	1,492	103.3
Water and waste water	486	2,948	506.6
Total environmental impact	**64,354**	**244,009**	**279.2**

UBP = Ecopoints in million UBP in accordance with the Swiss Ecological Scarcity Method (upgraded version 2013)

Material usage

Material usage	2014 Metric tons	2015 Metric tons	Deviation %
Raw material plastics	61,014	62,734	2.8
Raw material metal	52,276	52,591	0.6
Raw material mineral	–	186,237	–
Other raw materials	609	531	-12.8
Semi-finished products	36,501	36,505	0.0
Finished products	47,829	46,209	-3.4
Total material usage	**198,229**	**384,807**	**94.1**

Energy consumption

Energy consumption	Unit	2014	2015	Deviation %
Electricity	GWh	113.7	222.3	95.5
District heating	GWh	–	16.9	–
Combustibles				
Natural gas	m^3	3,463,869	48,266,747	1293.4
Biogas	m^3	826,781	817,436	-1.1
Liquified petroleum gas (LPG)	Metric tons	–	6,227.4	–
Diesel for electricity generation	l	240,549	220,693	-8.3
Heating oil extra light	Metric tons	9.0	57.6	540.0
Solid fuels	Metric tons	–	6,641.3	–
Fuels				
Gasoline	l	172,383	241,861	40.3
Diesel	l	1,631,889	3,004,475	84.1
Liquified petroleum gas (LPG)	kg	–	184,875	–

Energy consumption	2014 TJ	2015 TJ	Deviation %
Electricity	409.2	800.4	95.5
District heating	–	61.0	–
Combustibles	166.9	2,200.9	1,218.7
Natural gas	126.1	1,756.9	1,293.4
Biogas	31.8	29.8	-1.1
Liquified petroleum gas (LPG)	–	288.3	–
Diesel for electricity generation	8.6	7.9	-8.3
Heating oil extra light	0.4	2.5	540.0
Solid fuels	–	115.5	–
Fuels (gasoline, diesel, LPG)	65.0	124.1	90.9
Total energy consumption	**641.1**	**3186.4**	**397.0**

Electricity mix

Electricity mix 2015	GWh	Renewable %	Fossil %	Nuclear %	Others %
Europe	168.8	22.8	53.2	22.7	1.3
USA	6.8	9.7	70.2	19.4	0.7
China	4.6	19.1	78.8	2.1	0.0
India	1.1	16.4	81.8	1.8	0.0
Green electricity	41.0	100.0	0.0	0.0	0.0
Total electricity mix	**222.3**	**36.5**	**44.6**	**17.9**	**1.0**

Electricity mix 2014	GWh	Renewable %	Fossil %	Nuclear %	Others %
Europe	78.8	16.0	45.2	35.6	3.2
USA	6.8	8.8	70.0	19.6	1.6
China	4.4	16.1	81.8	2.1	0.0
India	0.3	16.3	80.1	1.8	1.8
Green electricity	23.4	100.0	0.0	0.0	0.0
Total electricity mix	**113.7**	**32.9**	**38.9**	**25.9**	**2.3**

Water and waste water

Water	2014 m^3	2015 m^3	Deviation %
Drinking water	124,369	330,744	165.9
Well water	6,920	545,049	7,776.4
River- and lake water	–	289,003	–
Rain water	6,867	5,560	-19.0
Total water	**138,156**	**1,170,356**	**747.1**

Waste water	2014 m^3	2015 m^3	Deviation %
Domestic waste water	82,601	291,039	252.3
Process water ceramic	–	607,529	–
Other waste water	29,920	28,485	-4.8
Total waste water	**112,521**	**927,053**	**723.9**

Emissions

Absolute CO_2 emissions	2014 Metric tons	2015 Metric tons	Deviation %
from combustibles (Scope 1)	8,286	127,789	1,442.2
from fuels (Scope 1)	4,829	9,162	89.7
from process emissions (Scope 1)	260	308	18.5
from electricity (Scope 2)	50,150	114,105	127.5
from district heating (Scope 2)	–	66	–
Total absolute CO_2 emissions	**63,525**	**251,430**	**295.8**

Upgrade of source data to Ecoinvent Version 3.1 (2014) and calculation of CO_2 emissions according to IPCC2013

Air emissions		2014 Kilogram	2015 Kilogram	Deviation %
NO_x	direct	12,992	74,709	475.0
	indirect	81,383	155,366	90.9
	Total NO_x	**94,375**	**230,075**	**143.8**
SO_2	direct	836	2,094	150.5
	indirect	167,342	296,956	77.5
	Total SO_2	**168,178**	**299,050**	**77.8**
NMVOC	direct	46,009	107,565	133.8
	indirect	10,032	20,443	103.8
	Total NMVOC	**56,401**	**128,008**	**127.0**
Dust (PM10)	direct	392	6,329	1,514.5
	indirect	15,860	32,736	106.4
	Total dust	**16,252**	**39,065**	**140.4**
CFC11 equivalents	direct	0.4	0.4	0.0
	indirect	4.6	9.5	104.3
	Total CFC11 equivalents	**5.0**	**9.9**	**95.6**

Upgrade of source data to Ecoinvent Version 3.1 (2014)

Waste

Waste	2014 Metric tons	2015 Metric tons	Deviation %
to incineration	635	1,686	165.4
to inert waste landfill	396	20,127	4,982.6
to mixed waste landfill	428	1,023	139.0
to external recycling	9,361	59,361	534.1
to hazardous waste incineration	262	479	83.0
to hazardous waste recycling	505	729	44.3
Total waste	**11,587**	**83,405**	**619.8**

Key figures employees and society

Workforce

Workforce as of December 31	2014	Share %	2015	Share %
Germany	2,413	38.6	3,319	27.4
Poland	58	0.9	1,532	12.6
Switzerland	1,262	20.2	1,333	11.0
Ukraine	–	–	1,089	9.0
France	76	1.2	693	5.7
China	688	11.0	665	5.5
Austria	507	8.1	541	4.5
Sweden	22	0.4	431	3.5
Italy	118	1.9	425	3.5
Others	1,103	17.7	2,098	17.3
Total	**6,247**	**100.0**	**12,126**	**100.0**
Production	3,380	54.1	7,596	62.6
Marketing and sales	1,841	29.5	2,903	23.9
Administration	559	8.9	939	7.8
Research and development	235	3.8	433	3.6
Apprentices	232	3.7	255	2.1
Total	**6,247**	**100.0**	**12,126**	**100.0**
Permanent	5,067	81.1	9,723	80.2
Temporary	1,180	18.9	2,403	19.8
Total	**6,247**	**100.0**	**12,126**	**100.0**
Full-time	5,926	94.9	11,723	96.7
Part-time	321	5.1	403	3.3
Total	**6,247**	**100.0**	**12,126**	**100.0**
Management	159	2.5	195	1.6
Employees	6,088	97.5	11,931	98.4
Total	**6,247**	**100.0**	**12,126**	**100.0**

Information in full-time equivalents

Diversity

Diversity as of December 31, 2015		Management %	Employees %	Total %
Proportion of female employees		8.2	25	25
Age structure	> 45 years	72	39	40
	30 - 45 years	28	44	44
	< 30 years	0	17	16

Diversity as of December 31, 2014		Management %	Employees %	Total %
Proportion of female employees		6.9	31	31
Age structure	> 45 years	69	38	39
	30 - 45 years	31	41	40
	< 30 years	0	21	21

Fluctuation

Fluctuation excl. attrition		2014	Rate %	2015	Rate %
Age group	> 45 years	74	3.3	271	5.9
	30 - 45 years	122	6.0	332	7.8
	< 30 years	62	8.8	141	14.2
Gender	Male	181	5.0	503	6.8
	Female	77	5.6	241	9.7
Region	Germany	24	1.2	79	2.8
	Poland	3	5.6	19	2.9
	Switzerland	91	7.8	105	8.6
	Ukraine	–	–	220	18.8
	France	4	5.4	39	5.8
	China	13	7.4	15	6.1
	Austria	19	4.0	28	5.6
	Sweden	3	13.5	18	4.3
	Italy	4	3.7	42	9.5
	Others	97	10.2	179	10.4
Total fluctuation excl. attrition		**258**	**5.2**	**744**	**7.5**

Fluctuation incl. attrition		2014	Rate %	2015	Rate %
Age group	> 45 years	140	6.2	411	8.9
	30 - 45 years	123	6.1	336	7.8
	< 30 years	63	8.9	143	14.4
Gender	Male	232	6.4	610	8.2
	Female	94	6.8	280	11.3
Region	Germany	59	3.0	139	4.9
	Poland	3	5.6	25	3.8
	Switzerland	111	9.6	126	10.3
	Ukraine	–	–	221	18.9
	France	4	5.4	53	7.9
	China	17	9.7	23	9.4
	Austria	22	4.7	29	5.8
	Sweden	3	13.5	21	5.0
	Italy	4	3.7	46	10.4
	Others	103	10.8	207	12.0
Total fluctuation incl. attrition		**326**	**6.5**	**890**	**9.0**

Information in headcounts
attrition includes retirements

Training and education

Training and education	Hours per employee	2014	2015	Deviation %
Women		11.4	13.0	14.0
Men		17.6	15.0	-14.8
Management		28.0	22.4	-20.0
Other employees		15.3	14.4	-5.9
Total training and education		**15.6**	**14.5**	**-7.1**

Personnel expenses

Personnel expenses	2014 MCHF	2015 MCHF	Deviation %
Wages and salaries	366.1	508,8	39,0
Pension contributions	23.7	37,2	57,0
Other social benefits	63.5	94,4	48,7
Other personnel expenses	30.6	31,2	2,0
Total personnel expenses	**483.9**	**671,6**	**38,8**

Social engagement

Social engagement	Unit	2014	2015	Deviation %
Donations and contributions	MCHF	3.3	2.6	-21.2
Orders to social institutions	MCHF	5.5	6.2	12.7
Charitable work	Hours	2,770	1,657	-40.2

Health and Safety

Health and Safety	2014	2015	Deviation %
Number of occupational accidents	103	238	131.1
Accident frequency rate (AFR)	9.6	11.4	18.8
Lost days due to occupational accidents	1,405	4,314	207.0
Accident severity rate (ASR)	130.5	206.2	58.0

Accident frequency rate (AFR) = Number of occupational accidents per million performed total working hours
Accident severity rate (ASR) = Number of lost working days due to accidents per million performed total working hours

Absenteeism rate per region 2015	Illness %	Accident %	Total %
Europe	4.54	0.14	4.68
Asia	1.26	0.03	1.29
USA	0.48	0.22	0.70
Others	0.72	0.00	0.72
Total absenteeism rate	**4.20**	**0.13**	**4.33**

Absenteeism rate per region 2014	Illness %	Accident %	Total %
Europe	4.54	0.11	4.65
Asia	0.93	0.06	0.99
USA	1.99	0.00	1.99
Others	0.61	0.00	0.68
Total absenteeism rate	**3.75**	**0.10**	**3.85**

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Movies:
Ben Huggler und Till Gmür (Interview Christoph Haefeli, Model AG Weinfelden), Schokolade Filmproduktion GmbH („My first time“, Silent-Pro), Seed (Interview Albert M. Baehny), Simon Straetker (Social project South Africa)

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