



GEBERIT GROUP

INTEGRATED ANNUAL REPORT 2017

HIGHLIGHTS OF THE BUSINESS YEAR 2017



EXPANDED LOGISTICS CENTRE

The grand opening of the expanded logistics centre in Pfullendorf (DE) – which now boasts six new, ultra-modern storage areas – took place on 10 March. The new features include an automatic small-parts warehouse as well as an efficient long-goods area for metal and plastic pipes.



GROUND-BREAKING CEREMONY IN LANGENFELD

In Langenfeld (DE), the future began on 6 September. Geberit is investing around 35 million euros in the modernisation of the production site and is optimising the manufacturing process. A new production hall is being built on an area of 15,400 m² and a two-storey administration building is also being added. The new building sections are expected to be ready to move into as early as spring 2019.



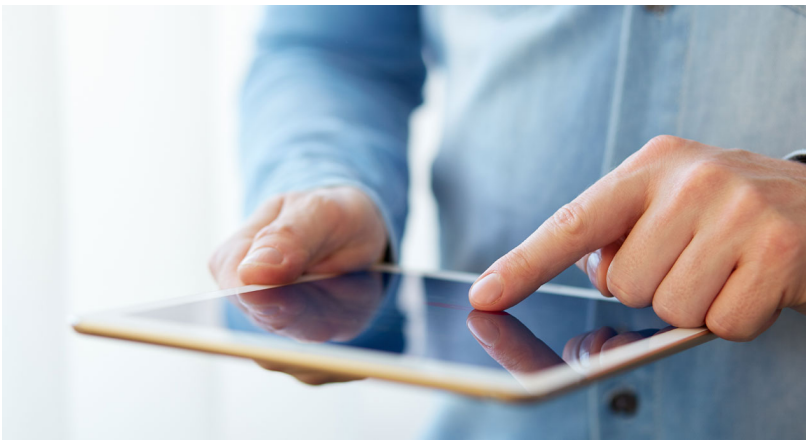
TOUCH IT. LOVE IT.

Non-porous, smooth and yet slip-proof, the texture of the new Geberit shower surface Setaplano impresses at first glance – and also from the first touch. Furthermore, sophisticated installation technology and premounted components ensure that the time required for installation on the building site is reduced and that it is successfully installed at the first attempt.



BÜRGENSTOCK RESORT

High above Lake Lucerne (CH), the Bürgenstock Resort is now shining in new splendour. In all the bathrooms, the resort made comfort a priority, installing the Geberit AquaClean Sela shower toilet in the three main buildings – the Palace, the Bürgenstock Hotel and the Medical Wellness Waldhotel.



DIGITISATION AT GEBERIT

In 2017, the Geberit ProApp for craftsmen was enhanced and equipped with additional functions. This year alone, the app was downloaded onto 26,000 mobile devices across Europe and actively used on a regular basis by some 12,000 users. The Geberit Sales App – a mobile sales enablement presentation tool for the Geberit field service – was launched in 12 countries. In addition to the two apps, the company also created other digital tools, including a web-based planning and tendering platform for sanitary engineers and architects.



GEBERIT APPRENTICES PITCH IN

The 2017 social project saw nine apprentices from Germany, Austria and Switzerland travel to Odessa (UA) on the Black Sea in September. Accompanied by two supervisors, they spent two weeks renovating the sanitary facilities at a local vocational school where plumbers and other professions are trained.



INTEGRATION MAKING GOOD PROGRESS

By the end of the year, Geberit was able to complete the most significant integration tasks in terms of organisation, processes and systems. From 2018, line managers will promote further activities as part of daily business.

HIGHLIGHTS OF THE FINANCIAL YEAR 2017

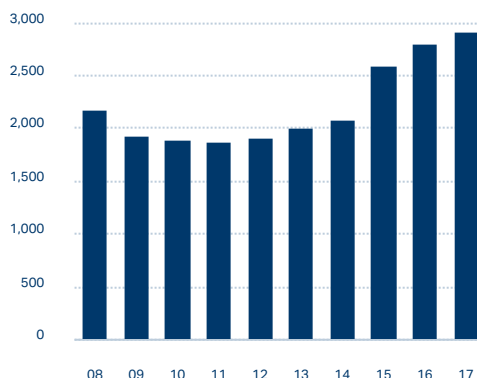
Net sales

+3.5%

Organic, currency-adjusted net sales growth in 2017

Net sales development 2008 – 2017

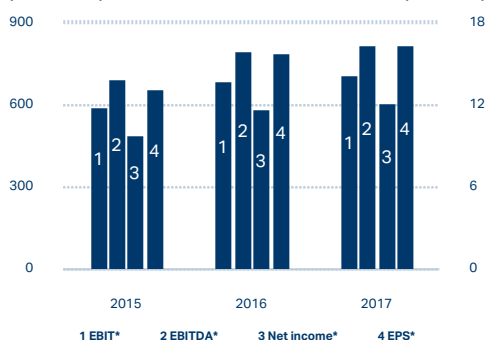
(in CHF million)



EBIT, EBITDA, Net income, Earnings per share (EPS) 2015 – 2017

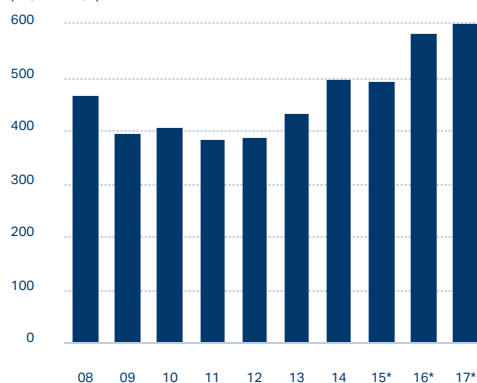
(in CHF million)

(EPS: in CHF)



Net income development 2008 – 2017

(in CHF million)



Adjusted operating cashflow margin (EBITDA margin)

28.2%

**0.1 percentage points lower
than prior year**

Free cashflow (in CHF)

483 million

-13.2% versus prior year

* Adjusted for costs in connection with the Sanitec acquisition and integration

Adjusted earnings per share
(in CHF)

16.43

+3.7% versus prior year

Payout ratio

63.4%

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)

159 million

+14.3% versus prior year

R&D expenditures
(in CHF)

78 million

+6 million versus prior year

Currency effects in net sales
(in CHF)

34 million

Currency effects in EBIT
(in CHF)

8 million

GEBERIT KEY FIGURES

2013 – 2017

		2017	2016	2015	2014	2013
Net sales	MCHF	2,908.3	2,809.0	2,593.7	2,089.1	1,999.9
Change on previous year	%	+3.5	+8.3	+24.2	+4.5	+4.2
Operating profit (EBIT)²	MCHF	706.1	686.5	590.9	576.9	510.7
Margin in % of net sales ²	%	24.3	24.4	22.8	27.6	25.5
Net income²	MCHF	604.2	584.0	493.1	498.6	435.8
Margin in % of net sales ²	%	20.8	20.8	19.0	23.9	21.8
Operating cashflow (EBITDA)²	MCHF	820.7	794.9	693.5	657.1	592.8
Margin in % of net sales ²	%	28.2	28.3	26.7	31.5	29.6
Free cashflow³	MCHF	483.4	556.6	484.0	460.4	444.3
Margin in % of net sales ³	%	16.6	19.8	18.7	22.0	22.2
Financial results, net²	MCHF	-9.4	-9.3	-17.2	-1.7	-5.5
Capital expenditures	MCHF	159.0	139.1	147.3	104.8	98.0
Research and development expenses	MCHF	77.8	72.3	63.4	55.8	50.9
In % of net sales	%	2.7	2.6	2.4	2.7	2.5
Earnings per share²	CHF	16.43	15.85	13.23	13.28	11.59
Distribution per share	CHF	10.40	10.00	8.40	8.30	7.50
Employees						
Number of employees (31.12.)		11,709	11,592	12,126	6,247	6,226
Annual average		11,726	11,972	12,477	6,303	6,219
Net sales per employee	TCHF	248.0	234.6	207.9	331.4	321.6
Balance sheet						
		31.12.2017	31.12.2016	31.12.2015	31.12.2014	31.12.2013
Total assets	MCHF	3,742.8	3,601.1	3,553.8	2,431.5	2,226.0
Liquid funds and marketable securities	MCHF	412.7	509.7	459.6	749.7	612.8
Net working capital	MCHF	173.0	147.3	146.6	169.1	127.9
Property, plant and equipment	MCHF	812.8	726.5	715.4	550.9	536.4
Goodwill and intangible assets	MCHF	1,748.9	1,681.1	1,757.1	645.3	645.5
Total debt	MCHF	895.2	970.9	1,139.2	10.5	11.7
Equity	MCHF	1,837.2	1,635.2	1,482.2	1,717.1	1,664.1
Equity ratio	%	49.1	45.4	41.7	70.6	74.8
Gearing	%	26.3	28.2	45.9	-43.0	-36.1
ROIC ²	%	22.4	21.5	20.1	35.5	32.1

¹ Restatement see → **Note 1** in the consolidated financial statements of the Geberit Group 2013

² 2015 - 2017: adjusted for costs and income in connection with the Sanitec acquisition (integration, divestment and amortization of intangible assets)

³ 2016 figure was adjusted due to internal reclassification

GEBERIT KEY FIGURES

2008 – 2012

		2012 ¹	2011	2010	2009	2008
Net sales	MCHF	1,919.6	1,867.6	1,900.0	1,931.0	2,178.9
Change on previous year	%	+2.8	-1.7	-1.6	-11.4	-1.2
Operating profit (EBIT)²	MCHF	456.5	449.2	486.2	526.7	563.4
Margin in % of net sales ²	%	23.8	24.1	25.6	27.3	25.9
Net income²	MCHF	387.5	384.0	406.8	397.5	466.3
Margin in % of net sales ²	%	20.2	20.6	21.4	20.6	21.4
Operating cashflow (EBITDA)²	MCHF	536.6	532.0	573.7	611.0	649.1
Margin in % of net sales ²	%	28.0	28.5	30.2	31.6	29.8
Free cashflow³	MCHF	391.0	386.0	493.8	349.7	407.9
Margin in % of net sales ³	%	20.4	20.7	26.0	18.1	18.7
Financial results, net²	MCHF	-7.2	-7.3	-14.3	-13.5	5.4
Capital expenditures	MCHF	86.0	92.6	80.5	106.4	152.5
Research and development expenses	MCHF	49.8	48.4	44.2	45.6	46.0
In % of net sales	%	2.6	2.6	2.3	2.4	2.1
Earnings per share²	CHF	10.16	9.82	10.32	10.18	11.90
Distribution per share	CHF	6.60	6.30	6.00	6.40	5.40
Employees						
Number of employees (31.12)		6,134	6,004	5,820	5,608	5,697
Annual average		6,150	5,992	5,793	5,634	5,684
Net sales per employee	TCHF	312.1	311.7	328.0	342.7	383.3
Balance sheet		31.12.2012	31.12.2011	31.12.2010	31.12.2009	31.12.2008
Total assets	MCHF	2,007.4	2,122.7	2,171.2	2,212.2	2,054.1
Liquid funds and marketable securities	MCHF	423.1	542.0	586.6	406.5	302.6
Net working capital	MCHF	134.4	114.1	108.5	180.9	156.5
Property, plant and equipment	MCHF	521.2	516.2	514.3	576.2	555.5
Goodwill and intangible assets	MCHF	638.1	645.2	658.8	753.1	756.2
Total debt	MCHF	14.7	75.6	73.4	110.9	152.3
Equity	MCHF	1,431.3	1,419.5	1,520.9	1,509.2	1,311.9
Equity ratio	%	71.3	66.9	70.0	68.2	63.9
Gearing	%	-28.5	-32.9	-33.7	-19.6	-11.5
ROIC ²	%	28.9	28.8	28.7	28.5	28.2

¹ Restatement see → **Note 1** in the consolidated financial statements of the Geberit Group 2013

² 2015 - 2017: adjusted for costs and income in connection with the Sanitec acquisition (integration, divestment and amortization of intangible assets)

³ 2016 figure was adjusted due to internal reclassification

SHARING KNOWLEDGE, WORLDWIDE

→ annualreport2017.geberit.com > Full report

Know-how is knowledge that you don't just possess, but also apply. And pass on.



Three employees who figure prominently in passing on our wealth of knowledge make an appearance in the Geberit Group's current online Annual Report.

→ **Leonard da Silva** (left) works as a product manager in Johannesburg. As the planner and builder of the demonstration module for drainage systems, he introduced the very symbol of Geberit customer training in South Africa.

→ **Graham Aird** (centre) is a product manager with extensive industry experience who never loses sight of the big picture. This stands the wide range of participants who attend his training courses in the English town of Warwick in good stead.

→ **Meinolf Bürgermann** (right) can identify with the famous quote from the world of football "after the game is before the game". As soon as the comprehensive training programme in Germany is completed, the training manager works with renewed vigour to put together an attractive course package for the following year.

GEBERIT GROUP

BUSINESS REPORT 2017

EDITORIAL

Dear shareholders,

The 2017 financial year was shaped by a generally positive market environment as well as the achievement of the most important milestones regarding the integration of the ceramics business. We achieved good results and further consolidated our position as the leading supplier of sanitary products in Europe.

Consolidated net sales in 2017 increased by 3.5% to CHF 2,908.3 million. Total growth comprised organic growth in local currencies of 3.5%, a foreign currency effect of +1.2% and a divestment effect of -1.2%. As in previous years, one-off costs related to the Sanitec acquisition and integration had an impact on the results. Operating profit (EBIT) adjusted for these effects increased by 2.9% to CHF 706.1 million and the correspondingly adjusted EBIT margin came to 24.3%. Increased sales volumes and a positive product mix effect had a positive effect on the operating results, as did synergies from the Sanitec integration. In particular higher raw material prices, increased personnel expenses and depreciation had a negative impact. Adjusted net income rose by 3.5% to CHF 604.2 million, with an adjusted return on net sales of 20.8%. Adjusted earnings per share improved by 3.7% to CHF 16.43. The non-adjusted figures were CHF 621.7 million for the EBIT, CHF 527.4 million for net income and CHF 14.34 for earnings per share. Free cashflow fell by 13.2% to CHF 483.4 million due to higher cash tax payments, higher investments in property, plant and equipment and in net working capital, as well as due to higher payments in connection with the Sanitec integration.

The integration activities, which began in the second quarter of 2015, continued to progress according to plan in the reporting year. We were able to complete the most significant integration tasks in terms of organisation, processes and systems earlier than expected by the end of 2017. We accomplished our set goal of achieving synergies of EUR 45 million with the integration.

In 2017, we once again expanded our proven range with major innovations and thus further strengthened our market position:

- The shower toilet AquaClean Tuma Comfort is available as a complete solution with a rimless WC ceramic appliance or as a WC enhancement solution, the latter of which is a particularly good solution for rented flats.
- The floor-even shower surface Setaplano offers end users and plumbers numerous benefits and complements the existing range of shower drains.
- The new modular tap system features sophisticated installation technology, a convincing energy concept and elegant tap housings for the wall-mounted and deck-mounted taps.
- Volex, the competitively priced new multilayer supply piping system for the expansion markets in Europe.
- The versatile bathroom series Acanto comprises washbasins and bathroom furniture, rimless toilets, bidets and bathtubs. The bathroom series was developed based on an extensive study on ergonomics in bathrooms.

At the end of 2017, our Group logistics comprised the central logistics centre for sanitary and piping systems in Pfullendorf (DE) as well as a decentralised network of 14 European distribution sites for the ceramics business. With a view to future growth and the continued optimisation of existing logistics processes, the capacities of the logistics centre in Pfullendorf were further expanded. The commissioning of the new infrastructure, which also includes a storage area for long goods containing pipes of up to six metres in length, was carried out as planned in the first quarter of 2017. We were able to keep the investment within the budget of EUR 40 million that was planned for the expansion.

In 2017, we reached the most important milestones regarding the integration of the ceramics business. From 2018, line managers will promote further activities as part of daily business, with the focus on continually optimising and harmonising shared processes and the IT systems, developing combined products, making ongoing optimisations in ceramics manufacturing and promoting cultural integration. In July 2017, we advised of the result of a strategic review of two plants owned by the French subsidiary Allia that had been announced in the previous year. In agreement with the trade unions and following approval by the authorities, the La Villeneuve-au-Chêne site was closed and ceramics production in Digoïn was discontinued. In addition to a social plan, the agreement included the continuation of a packaging and logistics area in Digoïn for the French market.

In 2017, the Geberit share price grew by 5.1% to CHF 429.10. In the same period, the Swiss Market Index (SMI) posted gains of 14.1%. As in the past, we wish to let the shareholders benefit from the good development of the business and will maintain the attractive distribution policy of previous years. Therefore, we will propose to the General Meeting a dividend of CHF 10.40, which is 4.0% higher than in the previous year. The payout ratio of 63.4% of adjusted net income is in the upper range of the 50% to 70% corridor defined by the Board of Directors. The share buyback programme announced in March 2017 began on 6 June 2017. As part of this programme, shares to the value of up to CHF 450 million are to be repurchased, less withholding tax, over a maximum period of three years. The shares are repurchased via a separate trading line on the SIX Swiss Exchange for the purpose of a capital reduction. By 31 December 2017, 205,250 shares had been acquired at a sum of CHF 91.8 million.

At the General Meeting of 5 April 2017, Eunice Zehnder-Lai was elected as a new member of our Board of Directors. She succeeded Regi Aalstad, who did not stand for re-election.

We owe the good results in the reporting year and the successful integration of the ceramics business to the great commitment, high degree of motivation and expertise of our employees. 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 to you, esteemed shareholders, for your continued great commitment to our company.

The objective in 2018 is to perform strongly across the entire sanitary product business and in all markets and, as in previous years, to gain market shares. There will be concerted marketing of the new products that have been introduced in recent years. Markets in which Geberit products or technologies are still under-represented will be intensely cultivated, and the promising shower toilet business will be expanded further. In line with the Geberit strategy, these measures shall be accompanied by efforts to continuously optimise business processes.

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. We are convinced that the company is very well equipped for the upcoming opportunities and challenges.

Yours sincerely,



Albert M. Baehny
Chairman of the Board of Directors



Christian Buhl
CEO

GEBERIT SHARE INFORMATION

SHARE PRICE PERFORMANCE IN THE YEAR UNDER REVIEW

The Geberit share price started the new trading year at CHF 408.20. With a positive development after the publication of the 2016 sales figures and a decline after the publication of the 2016 results, the share price increased to an all-time high of CHF 483.40 at the start of August. After the publication of the half-year figures for 2017, the share price fell before going on to recover against the backdrop of a strengthened euro. After a setback following the publication of the figures for the third quarter, the share price levelled out at a slightly lower level and closed the 2017 trading year at a price of CHF 429.10. Overall, this corresponds to an increase of 5.1%. In the same period, the Swiss Market Index (SMI) posted gains of 14.1%. Viewed over the past five years, the Geberit share posted an annual average increase of 16.3% (SMI +6.6%). The Geberit Group's market capitalisation reached CHF 15.9 billion at the end of 2017.

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

At the end of 2017, the free float as defined by SIX was 100%.

DISTRIBUTION

Given a stable 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.

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 201.40 at the end of 2012 to CHF 429.10 at the end of 2017.

The Board of Directors will propose to the ordinary General Meeting of Geberit AG on 4 April 2018 an increase in the dividend of 4.0% to CHF 10.40 in line with the higher adjusted earnings per share. The payout ratio of 63.4% of adjusted net income is in the upper range of the 50% to 70% corridor defined by the Board of Directors.

The share buyback programme, which was announced in March 2017, began on 6 June 2017. As part of this programme, shares to the value of up to CHF 450 million are to be repurchased, less withholding tax, over a maximum period of three years. The shares are repurchased via a separate trading line on the SIX Swiss Exchange for the purpose of a capital reduction. By 31 December 2017, 205,250 shares had been acquired at a sum of CHF 91.8 million.

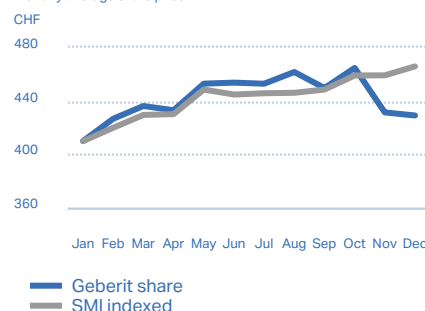
COMMUNICATION

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/maillinglist in order to receive the most recent information relating to the company.

Share price development 1.1. until 31.12.2017

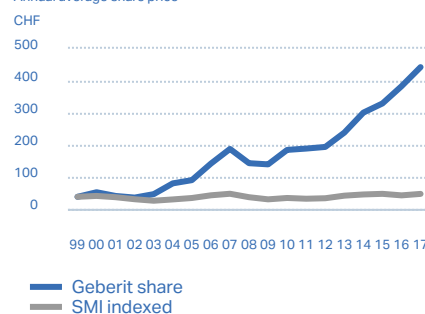
Monthly average share price



Source: Thomson Reuters

Share price development 22.6.1999 (IPO) – 31.12.2017

Annual average share price



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

Total distribution to shareholders and share buybacks (in CHF million)

	2013	2014	2015	2016	2017	Total
Distribution	248	282	311	309	368	1,518
Share buyback	0	37	160	51	92	340
Total	248	319	471	360	460	1,858

Distribution paid (in CHF per share)

	2013	2014	2015	2016	2017
Dividend	3.80	7.50	8.30	8.40	10.00
Capital redemption	2.80	–	–	–	–
Total	6.60	7.50	8.30	8.40	10.00

CEO Christian Buhl, CFO Roland Iff and the Head Corporate Communications & Investor Relations Roman Sidler are in charge of 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

31.12.2017

Registered shareholders	33,096
Capital stock (CHF)	3,704,142.70
Number of registered shares of CHF 0.10 each	37,041,427
Registered shares	21,183,420
Treasury shares	391,640
Stock exchange	SIX Swiss Exchange
Swiss securities identification number	3017040
ISIN code	CH0030170408
Telekurs	GEBN
Thomson Reuters	GEBN.S

Key figures

(in CHF per share)

	2016	2017
Net income ¹	15.85	16.43
Net cashflow	19.01	19.25
Equity	44.39	49.95
Distribution	10.00	10.40 ²

¹ Adjusted for costs in connection with the Sanitec acquisition and integration

² Subject to approval of the General Meeting 2018

Time schedule

2018

General Meeting	4 Apr
Dividend payment	10 Apr
Interim report first quarter	3 May
Half-year report	14 Aug
Interim report third quarter	30 Oct

2019

First information 2018	17 Jan
Results full year 2018	12 Mar
General Meeting	3 Apr
Dividend payment	9 Apr
Interim report first quarter	2 May
Half-year report	15 Aug
Interim report third quarter	31 Oct

(Subject to minor changes)

MANAGEMENT STRUCTURE

1 January 2018

Board of Directors

Chairman Albert M. Baehny	Vice Chairman Hartmut Reuter
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CEO Division	Sales Europe	Sales International	Marketing & Brands	Operations	Product Management & Innovation	Finance
Chief Executive Officer Christian Buhl	Member Executive Board Karl Spachmann	Member Executive Board Ronald van Triest	Member Executive Board Martin Baumüller	Member Executive Board Martin Ziegler	Member Executive Board Egon Renfordt-Sasse	Member Executive Board Roland Iff
Human Resources Roland Held	Germany Clemens Rapp	North America Andreas Nowak	Installation and Flushing Systems / Bathroom Systems Severin Daniels	Purchasing Adriaan 't Gilde	Quality Andreas Lange	Controlling Andreas Jäger
Communications / Investor Relations Roman Sidler	Switzerland Hanspeter Tinner	Far East / Pacific Ronald Kwan	Piping Systems Martin Baumüller a. i.	Logistics Gerd Hailfinger	Technology / Innovation Felix Klaiber	Treasury Thomas Wenger
Strategic Planning Cyril Stutz	Nordic Countries Lars Risager	Middle East / Africa Ronald van Triest	Marketing Operations Daniela Koch	Production Plants IBA* Robert Lernbecher	Accredited Test Laboratory Markus Tanner	Information Technology Markus Enz
Environment / Sustainability Roland Högger	Italy Giorgio Castiglioni		Pricing / Master Data Management Frank Heuser	Production Plants EFA** Martin Ziegler a. i.	Products Installation and Flushing Systems Egon Renfordt-Sasse a. i.	Taxes Jürgen Haas
Shower Toilet Margit Harsch	Netherlands Menno Portengen		Digital Dirk Wilhelm	Production Plants CER*** Robert Lernbecher a. i.	Products Piping Systems Arnd Gildemeister	Legal Services Albrecht Riebel
	Belgium Thierry Geers				Products Bathroom Systems Jörn Ikels	Internal Audit Martin Reiner
	Austria / Hungary / Romania Stephan Wabnegger					
	France Yves Danielou					
	United Kingdom Mark Larden					
	Poland Przemyslaw Powalacz					
	Ukraine Oleksiy Rakov					
	Czech Republic / Slovakia Vladimir Sedlacko					
	Adriatic Region Miran Medved					
	Iberian Peninsula David Mayolas					
	Russia Irina Buralkina					
	Key Account Management Michael Albrecht					
	Business Development / OEM / Industry Tobias Beck					

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

BUSINESS REPORT

BUSINESS AND FINANCIAL REVIEW

2017

STRATEGY

With its innovative solutions in the field of 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 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:** Geberit concentrates on "behind the wall" sanitary and piping systems for transporting water in buildings, as well as bathroom ceramics and furniture "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. Here, the aspects of design are constantly growing in importance.
3. **Selective geographic expansion:** an important factor in long-term success is stronger growth in those markets in which Geberit products or technology are still under-represented. Outside Europe, Geberit concentrates on the most promising markets. These include North America, China, Southeast Asia, Australia, the Gulf Region, South Africa and India. With the exception of North America and Australia, the company mainly engages in project business in these markets. 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 sustainably leading and competitive cost structure. 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 these products in a sustainable way and thereby gaining market shares. 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 in autumn 2015 following the acquisition of Sanitec and the switching of reporting to net sales from the 2015 financial year onwards. With the Sanitec business having been successfully integrated from an organisational, procedural and instrumental standpoint in 2017, 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 is expected to reach 25 percent in the medium term.

To achieve our expected growth and be prepared for upcoming major projects, the coming years will see continual investments in property, plant and equipment – with 2018 and 2019 each seeing investments of around CHF 180 million.

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

The following growth 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 sanitary 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-added-value products – particularly in markets in which Geberit products already have a high degree of market penetration
4. **Geberit AquaClean**, to further expand the shower toilet category in Europe as well as Geberit's market position in this category
5. **Innovation leadership** in the sanitary industry, in order to set new standards
6. **Continuous process and cost optimisation**

VALUE-ORIENTED MANAGEMENT

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

The remuneration model for Group management as a whole (around 200 employees) 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 value-oriented key figure "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.

RISK MANAGEMENT

For information on risk management, see also → **Corporate Governance, 3.7 Information and Control Instruments vis-à-vis the Group Executive Board, third paragraph.**

As part of the process of risk identification, risk analysis and risk management, the following risks have been rated as significant for the Geberit Group:

PERFORMANCE OF THE EUROPEAN CONSTRUCTION INDUSTRY

Renovations, which are performing steadily, account for a significant share of total sales. Consequently, the Geberit Group is well protected against fluctuations in construction activity. Given the low penetration of modern sanitary technology in many markets, there is also a considerable degree of long-term potential for sales growth – regardless of the economic climate.

INTEGRATION OF THE CERAMICS BUSINESS INTO THE GEBERIT GROUP

The key phases were completed by the end of 2017 (see also → **Sanitec Integration**).

AVAILABILITY OF RAW MATERIALS

Professional, institutionalised purchase processes and systematic global and dual sourcing help to ensure that raw materials are available for the production process.

CHANGES IN THE COMPETITIVE ENVIRONMENT

Innovative products as well as the comprehensive range of products since the integration of the ceramics business ensure that the Geberit Group is able to maintain its leading market position. Our partnership with the craft sector also plays a key role as part of the three-stage sales model.

INFORMATION TECHNOLOGY

The Geberit Group is continually working to improve the security of its IT infrastructure. This includes taking defensive measures against cyberthreats as well as detecting and dealing with any cyberattacks efficiently. Extensive measures have been established in the interests of business continuity.

COMPLIANCE WITH LAWS

The Geberit Group is exposed to various legal risks that arise from normal business activity. Comprehensive → **compliance processes** are in place for the purpose of preventing violations of the law or regulations.

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. As a consequence of this 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 francs (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: +/-9%
- EBITDA: +/-9%
- EBITDA margin: +/-0 percentage points

For more information on the management of currency risks, see also 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 INTEGRATION

For Geberit, the acquisition of Sanitec in February 2015 represented an expansion of its strategic focus. The future product portfolio was enhanced with bathroom ceramics. Geberit became the European market leader for sanitary products and in particular strengthened 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. The acquisition combined technical know-how in sanitary technology "behind the wall" with design expertise "in front of the wall". It also supported the Group's key → **growth and earnings drivers** and created added value.

The integration activities, which began in the second quarter of 2015, continued to progress according to plan in the reporting year, with the most significant integration tasks in terms of organisation, processes and systems being completed earlier than expected by the end of 2017. From 2018, line managers will promote further activities as part of daily business, with the focus on continually optimising and harmonising shared processes and the IT systems, developing combined products, making ongoing improvements in ceramics manufacturing and promoting cultural integration.

In July 2017, the result of a strategic review of two plants owned by the French subsidiary Allia that had been announced in the previous year were made known. Accordingly, in agreement with the trade unions and following approval by the authorities, the La Villeneuve-au-Chêne site was closed and ceramics production in Digoin was discontinued. In addition to a social plan, the agreement included the continuation of a packaging and logistics area in Digoin for the French market.

MARKET ENVIRONMENT

STABLE BUSINESS CLIMATE

As in previous years, the construction industry in 2017 was shaped by developments that varied by region. The market environment was slightly more positive overall than in the previous year.

In November 2017, Euroconstruct forecasted an increase in building construction for **Europe** in 2017 of +3.9% – significantly higher than the figure of +3.1% forecasted in the status report in mid-2017. A comparison with older forecasts explains the more positive outlook: at the end of 2016, Euroconstruct still expected building construction to increase by a mere +2.2% in 2017. At +6.5%, new construction reported stronger growth in 2017 than renovations (+1.7%). However, the volume for new buildings still lagged a long way behind the record highs of 2007/2008 in 2017, whereas renovation volumes were almost on a par again with the level seen at that time – or even slightly above in the case of the residential segment. At +4.7%, residential construction was the growth driver for building construction in 2017. The following countries that are important to Geberit in terms of sales did well in 2017: the Netherlands and the Nordic Countries (+6.9% each), France (+4.2%), Austria (+2.7%), Germany (+2.5%), Belgium (+1.7%), Switzerland (+1.6%) and Italy (+1.5%).

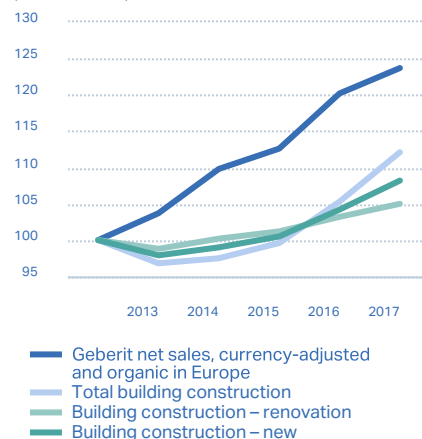
Of the total European construction volume of EUR 1,503 billion in 2017, 80% was generated by building construction. The ratio of residential to non-residential building construction remained the same at around 60 to 40%. In spite of stronger growth, new construction as a share of total building construction continued to lag behind the renovation business in 2017.

In the **US**, gross domestic product (GDP) rose by 2.3% and the economy grew faster than in 2016 (+1.5%). Investments in building construction increased by 4.9% according to the latest available figures for the US construction industry as published by the U.S. Department of Commerce, United States Census Bureau. Within building construction, investments in non-residential construction increased by 2.0% in total, which was less than in the previous year (+7.5%). This development was supported by the hotel and commercial buildings sector. The health care/hospitals and schools/universities segments, which are important for Geberit, developed with +2.8% slightly weaker compared to the previous year (+3.4%). Residential construction in the reporting year performed better than in the previous year: the number of building permits for new private residential units increased by 4.8% in the reporting year after the previous year's performance of 2.0%.

In the **Far East/Pacific** region, economic growth amounted to +4.9% – a slight improvement on the previous year but significantly higher than global economic growth (+3.1%). At 54% (previous year 62%), more than half of the global growth once again originated from the Far East/Pacific region, where all relevant economies enjoyed positive growth. As in previous years, China contributed around 60% to the growth of this region. The Chinese residential construction sector recovered slightly and recorded moderate growth in both tier one and tier two cities in the second half of 2017 (aforementioned figures in this section covering the world economy and the performance of the Far East/Pacific were published in the October 2017 edition of the IMF World Economic Outlook).

Construction output and Geberit net sales in Europe 2013–2017

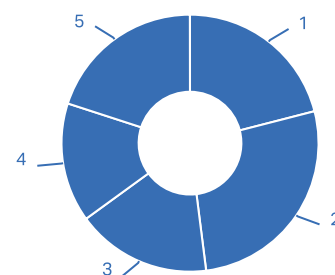
(Index: 2012 = 100)



Source: 84th Euroconstruct Conference in Munich (DE), November 2017

Total construction output Europe 2017

(EUR 1,503 billion)



- 1 Residential – New (21%)
- 2 Residential – Renovation (27%)
- 3 Non-residential – New (17%)
- 4 Non-residential – Renovation (15%)
- 5 Civil engineering (20%)

Source: 84th Euroconstruct Conference in Munich (DE), November 2017

NET SALES

SOLID SALES DEVELOPMENT

Consolidated net sales in 2017 increased by 3.5% to CHF 2,908.3 million. Total growth comprised organic growth in local currencies of 3.5%, a foreign currency effect of +1.2% and a divestment effect of -1.2%.

When calculating organic growth, the net sales figures were adjusted for the net sales of the Koralle Group (sold at the end of June 2016) and of Varicor (sold at the beginning of 2017). The corresponding effect amounted to CHF 32 million.

The currency gains contained in net sales amounted to CHF 34 million. In 2017, 62% of net sales were generated in euros, 10% in Swiss francs, 5% in US dollars, 4% in British pounds and 19% in other currencies.

The following changes in net sales in the markets and product areas relate to currency-adjusted, organic developments.

MAINLY POSITIVE DEVELOPMENTS IN THE MARKETS

Europe, the largest region, posted organic growth of 2.9% in local currencies. The Iberian Peninsula (+11.9%), Austria (+9.0%), Central/Eastern Europe (+6.7%) and Italy (+6.6%) made strong gains, with the Benelux Countries (+4.0%), France (+3.9%), Switzerland (+3.7%), the Nordic Countries (+1.2%) and Germany (+0.7%) also recording increases. In Germany, capacity constraints of installers in the construction industry inhibited growth. Net sales were down in the United Kingdom/Ireland (-5.6%) in a declining market environment. **Middle East/Africa** (+16.8%) and **Far East/Pacific** (+13.3%) posted double-digit growth. Net sales in **America** rose by +3.6%.

SANITARY SYSTEMS REPORTED STRONGEST GROWTH

Net sales for the **Sanitary Systems** product area amounted to CHF 1,361.5 million, corresponding to growth of 6.6%.

Net sales for the **Installation Systems** product line, at 30.0% of Group net sales the most important product line, rose by 8.9%. This above-average growth was strongly supported by the concealed cisterns, the drywall elements, the actuator plates and the synergies that were realised from the Sanitec integration. A decline of 1.7% was posted by the **Cisterns and Mechanisms** product line, which accounts for 8.7% of total net sales. This downturn was mainly attributable to a negative base effect due to a reduction in the order backlog in shower toilet business during the previous year. However, sales of the Monolith WC module on the one hand and fill and flush valves – despite a deterioration in the performance of the OEM business – on the other performed well. Net sales for the **Faucets and Flushing Systems** product line, which accounts for 4.4% of total net sales, increased by 4.3% in 2017. Once more, this product line was affected by the stagnating market faced by the US subsidiary Chicago Faucets in business with schools and hospitals. Electronic urinal systems trended well, however. Net sales for the **Waste Fittings and Traps** product line rose by 12.4%. The share of total Group net sales came to 3.7%. This product line posted the strongest growth of all, primarily due to the performance of shower drains – particularly the CleanLine shower channel launched in 2015.

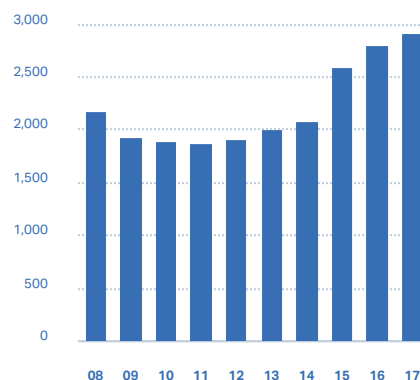
Net sales for the **Piping Systems** product area increased by 3.8% to CHF 865.5 million.

The **Building Drainage Systems** product line grew by 8.6%. The share of total net sales reached 11.3%. The Silent-PP sound-insulating drainage system and the PE drainage system played a key role in this pleasing performance. Net sales for the **Supply Systems** product line increased by 1.0%. This product line contributed 18.5% to total net sales. The product line was burdened by a slight downturn in net sales of carbon steel piping systems.

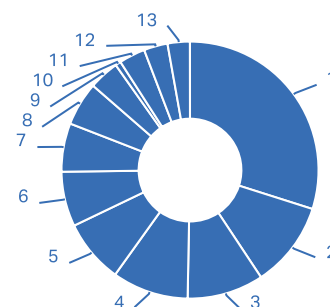
The **Sanitary Ceramics** product area posted a 2.3% fall in net sales to CHF 681.3 million.

Net sales development 2008–2017

(in CHF million)



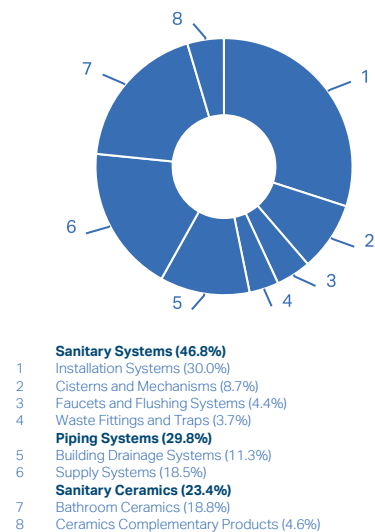
Net sales by markets/regions 2017



- 1 Germany (29.9%)
- 2 Nordic Countries (10.8%)
- 3 Switzerland (9.6%)
- 4 Central/Eastern Europe (9.6%)
- 5 Benelux (8.0%)
- 6 Italy (6.9%)
- 7 France (6.1%)
- 8 Austria (5.5%)
- 9 United Kingdom/Ireland (3.8%)
- 10 Iberian Peninsula (0.7%)
- 11 America (3.3%)
- 12 Far East/Pacific (3.0%)
- 13 Middle East/Africa (2.8%)

Net sales for the **Bathroom Ceramics** product line decreased by 2.1%, mainly due to the closure of two ceramics plants in France on the one hand and a weaker market environment in the Nordic Countries – an important region for Geberit in this product area – on the other. The contribution of this product line, which is the second largest measured by Group net sales, came to 18.8%. Net sales for the **Ceramics Complementary Products** product line declined by 3.2%. The share of Group net sales reached 4.6%, with the remainder of the product range outweighing the positive trend seen in bathroom furniture and shower trays. Another negative factor was that the installation systems of the former Sanitec, which fall under this product line, are increasingly being substituted by Geberit systems.

Net sales by product areas and product lines 2017



RESULTS

PROFITABILITY REMAINS AT A HIGH LEVEL

As in previous years, one-off costs related to the Sanitec acquisition and integration had an impact on the Geberit Group's results in 2017. For better comparability, adjusted figures are shown and commented on.

The adjusted operating cashflow (adj. EBITDA) rose by 3.2% to CHF 820.7 million, its highest ever level in Geberit's history. The adjusted EBITDA margin came to 28.2%, which was almost the same as the previous year's figure of 28.3%. Increased sales volumes and a positive product mix effect had a positive impact on the operating results, as did synergies from the Sanitec integration. Higher raw material prices and increased personnel expenses were among the more adverse factors. Foreign currency developments did not have any material impact on the adjusted EBITDA margin.

The adjusted operating profit (adj. EBIT) rose by 2.9% to CHF 706.1 million, and the adjusted EBIT margin reached 24.3% (previous year 24.4%). Adjusted net income improved by 3.5% to CHF 604.2 million, which led to an adjusted return on sales of 20.8% – a figure that remained unchanged year-on-year. The adjusted earnings per share were up by 3.7% to CHF 16.43 (previous year CHF 15.85). This above-average increase when compared with the operating results is explained by a financial result on a par with the previous year, a lower tax rate as well as a slightly smaller number of shares.

OPERATING EXPENSES UNDER CONTROL

The adjusted cost of materials increased by 7.2% to CHF 829.1 million, representing a higher share of net sales at 28.5%, compared to 27.5% in the previous year. The higher cost of materials was driven by continuous rises throughout the year in the price of industrial metals on the one hand and plastics on the other. Adjusted personnel expenses grew by 1.6% to CHF 707.6 million, which equates to 24.3% of net sales (previous year 24.8%). This increase in absolute terms was attributable to tariff-related salary increases as well as the higher personnel expenses needed for handling greater volumes, partly offset by synergies and efficiency-enhancing measures (see also → **Business and financial review, employees**). Adjusted depreciation rose disproportionately by 5.3% to CHF 105.0 million (previous year CHF 99.7 million) due to the commenced → **operations of the expanded logistics centre in Pfullendorf (DE)**. The adjusted amortisation of intangible assets amounted to CHF 9.6 million (previous year CHF 8.7 million). Adjusted other operating expenses increased by 1.2% to CHF 550.9 million.

The net financial result came to CHF -9.4 million, matching the previous year's performance (CHF -9.3 million). Tax expenses grew from CHF 82.6 million to CHF 84.9 million. This resulted in a tax rate of 13.9% (previous year 13.1%).

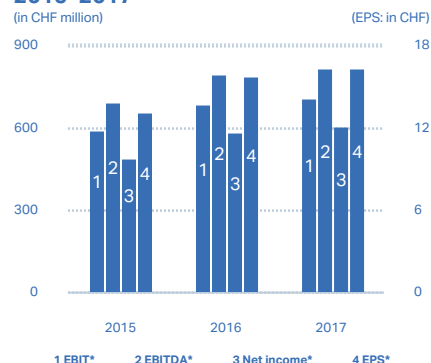
ACQUISITION AND INTEGRATION COSTS CONTINUE TO HAVE A NEGATIVE IMPACT ON THE INCOME STATEMENT

The negative special effects (see table below) arising from the Sanitec acquisition and integration amounted to CHF 49 million as regards EBITDA, CHF 84 million as regards EBIT, and CHF 77 million as regards net income. CHF 45 million in costs recorded in the second quarter of 2017 in relation to the closure of two ceramics production plants in France had a significant impact on these figures. The non-adjusted figures were CHF 772.0 million for EBITDA, CHF 621.7 million for EBIT, CHF 527.4 million for net income, and CHF 14.34 for earnings per share.

DECLINE IN FREE CASHFLOW

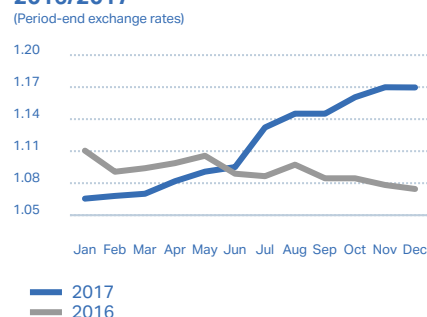
Unlike non-adjusted operating cashflow (EBITDA), net cashflow increased slightly despite higher cash tax payments. This is because a significant number of the costs included in EBITDA in relation to the closure of two ceramics plants in France are still to be paid. Higher investments in property, plant and equipment and negative effects of the change in net working capital resulted in a decline in free cashflow of 13.2% to CHF 483.4 million (see also → **Financial Statements of the Geberit Group, Notes to the Consolidated Financial**

EBIT, EBITDA, Net income, Earnings per share (EPS) 2015–2017

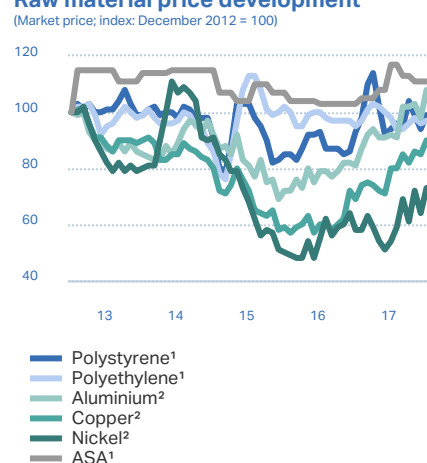


* Adjusted for costs in connection with the Sanitec acquisition and integration

EUR/CHF exchange rates 2016/2017



Raw material price development



¹ Source: Kunststoff Information Verlagsgesellschaft mbH

² Source: London Metal Exchange

Statements, 28. Cashflow figures). Free cashflow was used to pay distributions of CHF 368.4 million to shareholders, to repay debts of net CHF 137.3 million and to buy back shares for CHF 91.8 million.

Acquisition and integration related costs

(in CHF million)

	2016	2017
Integration costs	10	49
Total cost on EBITDA level	10	49
Depreciation and amortisation	36	35
Total cost on EBIT level	46	84
Tax effect	-10	-7
Total cost on net income level	36	77

FINANCIAL STRUCTURE

SOUND FINANCIAL FOUNDATION

Once again, 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 3,601.1 million to CHF 3,742.8 million. Liquid funds decreased from CHF 509.7 million to CHF 412.7 million. In addition, the Group had access to undrawn operating credit lines for the operating business of CHF 541.9 million. Debts were reduced to CHF 895.2 million (previous year CHF 970.9 million). The changes in terms of liquid funds on the one hand and debt on the other resulted from lower free cashflow, the dividend payment to the shareholders, share buybacks and the repayment of debts (see also → **Decline in free cashflow**). This resulted in a slight increase in net debt of CHF 21.3 million to CHF 482.5 million at the end of 2017.

Net working capital increased by CHF 25.7 million year-on-year to CHF 173.0 million. Property, plant and equipment increased from CHF 726.5 million to CHF 812.8 million, while goodwill and intangible assets rose from CHF 1,681.1 million to CHF 1,748.9 million mainly as a result of currency effects.

The ratio of net debt to equity (gearing) improved from 28.2% in the previous year to 26.3%. The equity ratio reached a very solid 49.1% (previous year 45.4%). Based on average equity, the adjusted return on equity (ROE) was 35.2% (previous year 38.3%); the non-adjusted value of this ratio was 30.7% (previous year 35.9%). Average invested operating capital, comprising net working capital, property, plant and equipment, and goodwill and intangible assets amounted to CHF 2,696.0 million at the end of 2017 (previous year CHF 2,704.6 million). The adjusted return on invested capital (ROIC) was 22.4% (previous year 21.5%); the non-adjusted value of this ratio was 19.5% (previous year 20.2%). 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 391,640 treasury shares on 31 December 2017, which equals 1.1% of the shares entered in the Commercial Register. Of these, 205,250 (0.6% of the shares entered in the Commercial Register) originate from the ongoing share buyback programme, while the remaining 186,390 are earmarked for participation plans. The total number of shares entered in the Commercial Register stands at 37,041,427 shares. The aforementioned share buyback programme announced in March 2017 began on 6 June 2017. As part of this programme, shares to the value of up to CHF 450 million are to be repurchased, less withholding tax, over a maximum period of three years. The shares will be repurchased via a separate trading line on the SIX Swiss Exchange for the purpose of a capital reduction. By 31 December 2017, 205,250 shares had been acquired at a sum of CHF 91.8 million. The average purchase price per share was CHF 447.08.

Debt

(in CHF million; as of 31 December)

	2015	2016	2017
Long-term debt	1,135.5	966.7	890.7
Total debt	1,139.2	970.9	895.2
Liquid funds	459.6	509.7	412.7
Net debt	679.6	461.2	482.5

INVESTMENTS

HIGHER INVESTMENTS

In 2017, investments in property, plant and equipment and intangible assets amounted to CHF 159.0 million, CHF 19.9 million or 14.3% more than in the previous year. As a percentage of net sales, the investment ratio was 5.5% (previous year 5.0%). All 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. The biggest individual undertaking was the conversion and new-build project at the site in Langenfeld (DE), with the ground-breaking ceremony taking place in September 2017. Additionally, investments were made in important development projects, the expansion of production capacity, and the optimisation of production processes. Most of the investments in → **expanding the logistics centre in Pfullendorf (DE)** – a facility that commenced operations in the first quarter of 2017 – already date back to previous years.

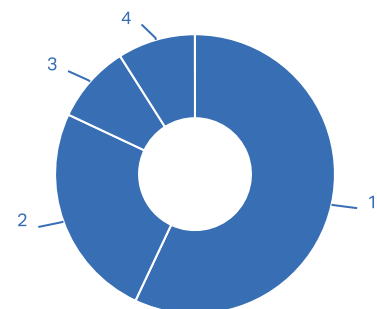
In 2017, 57% of total investments, or CHF 90.6 million, went towards expanding capacity, 25% or CHF 40.7 million was invested in the modernisation of property, plant and equipment, 9% or CHF 14.0 million was used for rationalisation measures relating to property, plant and equipment, while 9% or CHF 13.7 million was used to acquire tools and equipment for new product developments.

Expenditures for property, plant and equipment and intangible assets

(in CHF million)

	2013	2014	2015	2016	2017
	98.0	104.8	147.3	139.1	159.0
In % of net sales	4.9	5.0	5.7	5.0	5.5

Investments by purpose 2017



- 1 Capacity expansion (57%)
- 2 Modernisation (25%)
- 3 Rationalisation (9%)
- 4 New products (9%)

EMPLOYEES

INCREASED NUMBER OF EMPLOYEES

At the end of 2017, the Geberit Group employed 11,709 staff worldwide, which is 117 employees or 1.0% more than in the previous year. On the one hand, this is mainly due to more people being employed in the production plants in order to deal with greater sales volumes, and, on the other, to various sales companies expanding in connection with specific sales activities. However, the divestment of Varicor as well as synergies and efficiency-enhancing measures had a reducing effect on employee numbers. The closure of the two ceramics plants in France was completed in the reporting year, although most individual employment relationships will only be terminated in 2018 and were therefore not included in this calculation. Based on the average headcount of 11,726, net sales per employee amounted to TCHF 248.0, or 5.7% more than in the previous year.

Broken down by business process, staff numbers were as follows: marketing and sales employed 24.3% of the staff members (previous year 24.5%). 62.3% worked in production (previous year 61.7%). Additionally, 8.0% (previous year 8.2%) of the employees worked in administration, and 3.4% (previous year 3.6%) in research and development. The share of apprentices was 2.0% (previous year 2.0%).

GEBERIT AS AN EMPLOYER ALSO POSITIONED ON DIGITAL CHANNELS

Motivated, well skilled employees guarantee the company's success in the future. With this in mind, efforts were again made in 2017 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. To lend this endeavour even greater visibility, the Geberit employer brand was also given a makeover as part of the new corporate design – focusing on employees at the workplace, with the aim of enhancing the image further. The new presence will concentrate on digital platforms and social media.

Geberit offers its employees appealing employment conditions. In 2017, personnel expenses – adjusted for special effects in connection with the Sanitec acquisition and integration – amounted to CHF 707.6 million (previous year CHF 696.2 million). The employees can also participate in share participation plans at attractive conditions, see → **Financial Statements of the Geberit Group, 17. Participation Plans** and → **Remuneration Report**. Equal opportunities and the same salaries for women and men are embedded in the corporate philosophy. The proportion of female employees at the end of 2017 was 23% (previous year 24%), and for senior management this figure was 8% (previous year 9%). The six-member Board of Directors has one female member.

EDUCATION AND FURTHER TRAINING – AN IMPORTANT SUCCESS FACTOR

Geberit employed 235 apprentices at the end of 2017 (previous year 233). The transfer rate to a permanent employment relationship was 83% (previous year 75%). The target is 75%. All apprentices are in principle required to work at several sites during their training. Experience abroad and the transfer of know-how are an advantage for both employees and the company. Apprentices also have the option of working abroad for a period of six months on completion of their apprenticeship.

The two-stage Potentials Management Programme aims 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 in project work as part of the programme are geared towards the reality at the company and provide the decision-makers involved with concrete bases for action. The Potentials programme is intended to help fill at least half of all vacant managerial positions within the company with internal candidates. In 2017, this was achieved for 76% of all Group management vacancies (previous year 88%).

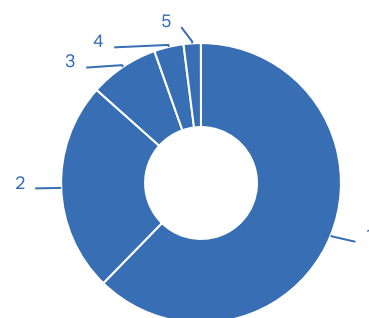
Employees by countries

(as of 31 December)

	2016	Share in %	2017	Share in %
Germany	3,282	28	3,329	28
Poland	1,515	13	1,603	14
Switzerland	1,336	12	1,362	12
Ukraine	627	5	638	5
China	637	5	565	5
Austria	532	5	551	5
France	691	6	539	5
Italy	434	4	509	4
Portugal	435	4	450	4
Others	2,103	18	2,163	18
Total	11,592	100	11,709	100

Employees by business processes 2017

(as of 31 December)



- 1 Production (62.3%)
- 2 Marketing and Sales (24.3%)
- 3 Administration (8.0%)
- 4 Research and Development (3.4%)
- 5 Apprentices (2.0%)

An event at the ceramics plant in Wesel (DE), which focused on personal development as well as leadership skills, provided an example of the importance of education and further training. This multi-day series of training sessions also gave participants a closer insight into the corporate culture as well as a shared understanding of what leadership means. In future, this training opportunity will also be offered to managers of other ceramics plants within the Group.

TRANSPARENT APPRAISAL SYSTEM

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. PDC has several goals: reinforce the performance culture, increase transparency, and recognise and promote talent more effectively in order to make the organisation future-proof. Except for the employees who work directly in production at the plants, all employees have now been incorporated into the PDC process.

IDENTITY AND CODE OF CONDUCT PROVIDE GUIDANCE

Geberit aims to act as a role model for ethically unimpeachable, environmentally friendly and socially responsible operations. 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 (see also → **Compliance**).

FOCUS ON OCCUPATIONAL HEALTH AND SAFETY

This area has highest priority within the Geberit Group. The extension of the production network following the integration of the Sanitec plants and the resulting increase in staff numbers led to the adjustment of the targets in 2015. Using 2015 as the 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).

The accident frequency went up to 10.3 (previous year 9.8), an increase of 5.1%. In contrast, the accident severity decreased by 2.7% to 203.8 in the same period (previous year 209.4). Special attention continues to be paid to changes in behaviour, as the majority of occupational accidents and time losts are still attributable to carelessness. Occupational safety has been part of the annual appraisal of plant managers since 2013. Since the beginning of 2017, the "Geberit Safety Team" – a team of experts from the production plants – has been playing an active role in addressing the issue of occupational health and safety. Representatives from different production areas ensure that uniform guidelines and standards are applied, so that Geberit gradually gets nearer to the target of having healthy employees within an accident-free company.

To promote the health of every individual, Geberit enables employees at a total of 13 production and sales sites to participate in a vitality programme consisting of sports and preventive healthcare. At the sites in Rapperswil-Jona (CH), Pfullendorf (DE), Pottenbrunn (AT), Ruše (SI), Kolo and Wloclawek (both PL), a comprehensive occupational healthcare management is established.

CUSTOMERS

FOOTHOLD IN THE END USER SEGMENT

Following the consolidation and gradual realignment of sales structures – a process that was completed in the previous year – the focus in 2017 was on systematically strengthening and enhancing the Geberit brand's profile with architects, interior designers, showroom operators and end users. To this end, Geberit launched its new "Design Meets Function" slogan at ISH 2017 in Frankfurt – the world's leading trade fair for the sanitary industry – in relation to all products that are installed in front of the wall and are therefore clearly visible. Through this slogan, Geberit is articulating its intention to offer end users more than just beautiful ceramic appliances and bathroom furniture. Products "in front of the wall" should be well designed on the one hand and include clever, innovative functions on the other, offering sustainable added value. In the reporting year, this promise was delivered through → **numerous new products** that set new standards – not only in design but also in terms of their functionality. In addition, high-quality ceramics ranges under the Geberit brand have been launched in selected markets for the first time.

All this provided the advisors working in the field with additional consultation and sales impetus specifically in their dealings with architects, showrooms, DIY stores, professional builders and general contractors – and, by extension, a promising basis for cross-selling, particularly in markets where Geberit is already known as a top-quality provider of sanitary technology.

MOVING INTO NEW B2B MARKETS

The complete opposite approach was taken in countries where the ceramic brands of the former Sanitec have enjoyed a strong market position for many years, but where sanitary technology from Geberit still lacks presence in comparison.

In particular, a wide, proven range of training courses was made available to customers – notably plumbers and sanitary planners – in additional markets. Some 30,000 professionals were provided with education and further training on Geberit products, tools and software tools at 29 Geberit Information Centres in Europe and overseas. Furthermore, Geberit gave support to plumbers, architects and sanitary planners via webinars on fire protection and sound insulation, drinking water hygiene and other issues. Around 90,000 customers became more familiar with Geberit know-how and products at external events, some of which were organised in cooperation with market partners.

The successful Geberit On Tour campaign was repeated for the seventh time in the reporting year. Specially fitted-out mobile showrooms visited local and regional wholesalers, offering plumbers the opportunity to assess Geberit innovations and solutions directly on site. In 2017, around 20,000 people in 12 countries were addressed with this campaign.

Most of Geberit's marketing activities continued to target plumbers and planning offices. Besides new or revamped → **digital tools**, proven measures were continued – such as customer visits, trainings, the publication of regularly updated technical documents, catalogues, brochures and magazines.

FULLY INTEGRATED TRADE FAIR PRESENCE

In 2017, numerous trade fairs were once again used as platforms to foster and enlarge the network of contacts in the market and to demonstrate Geberit's innovative strength. The new trade fair concept, which had been already developed in the previous year, made it possible to exhibit several brands jointly at Geberit's booth and ensured a high-end presentation of ceramic appliances and bathroom furniture in addition to the regular, more technical product range. Consequently, not only the exhibition space that was needed has been optimised, but also improved the scope for cross-selling.

At ISH 2017 in Frankfurt (DE) the entire Geberit product range was showcased to both craftsmen and interior designers. This ranged from sophisticated sanitary technology to shower toilets and the full array of bathroom equipment. Other important trade fair appearances followed at Batibouw in Brussels (BE), Idéo Bain in Paris (FR), MosBuild in Moscow (RU), Unicera in Istanbul (TR) and Kitchen & Bath China in Shanghai (CN). Architects and designers were specifically targeted at the Fuori Salone during Design Week in Milan (IT).

SHOWER TOILETS BECOMING MORE POPULAR

Following the launch of shower toilets in Russia during the reporting year, the comprehensive advertising measures for Geberit AquaClean are now being implemented in a total of 14 European campaign markets. As in the previous year, the Geberit AquaClean truck went on a major tour, this time to France, the Czech Republic and Slovakia. Under the motto "My first time", the mobile showroom and test unit offered interested parties the opportunity to try out an AquaClean shower toilet at their leisure and assess the various models.

The strategy of allowing potential end users to try out a shower toilet for themselves was also followed in other markets. Mobile AquaClean WC lounges were made available to the public at selected major events such as concerts and sporting events. In the reporting year, it was possible to establish contact with over 28,000 end users with these lounges alone.

The international sales initiative for mid-range and high-end hotels also made excellent progress. More hotel projects were acquired in the reporting year, including the newly opened Bürgenstock Resort in Switzerland and The Fontenay in Hamburg. The number of four- and five-star hotels equipped with AquaClean shower toilets in Europe rose to 375.

MORE TARGETED INTERACTION WITH INDIVIDUAL CUSTOMER GROUPS THANKS TO DIGITAL TOOLS

The reporting year saw the launch of a range of new digital tools, including a web-based planning and tendering platform for sanitary planners and architects, and an "inspiration app" for end users that is due to be piloted in the Swiss market. In addition, the Geberit website was given a completely new look with a new navigation system to enhance user-friendliness and make product information more easily accessible. For owners of the AquaClean shower toilet, an app was developed that provides users with options such as saving their personal settings and applying these to other AquaClean devices.

The Geberit ProApp for craftsmen was enhanced and expanded. For example, additional functions such as a fire protection module and a product finder for urinal flush controls were introduced for the Scandinavian markets. In 2017, the app was downloaded onto 26,000 devices across Europe (cumulated 115,000 downloads) and actively used on a regular basis by some 12,000 users. The Geberit Sales App – a mobile sales supporting app for the Geberit field service – was launched in 12 countries. Around three-quarters of all European sales representatives use this digital presentation tool.

Building Information Modelling (BIM) is an interdisciplinary planning method for optimising the entire planning and building process. Architects, sanitary planners and building owners use BIM to share information efficiently. This helps them to avoid planning errors and improve productivity. In 2017, a dedicated team of BIM experts was put together to develop BIM tools and prepare BIM data within the Geberit Group.

NEW CORPORATE LOOK

The corporate appearance, which was launched seven years ago, underwent a subtle yet comprehensive revamp in the reporting year. The new corporate design now has greater elegance and versatility. The main purpose of this is to make the Geberit brand more attractive to end users, interior designers and showroom operators. However, communication materials such as catalogues, assembly instructions, documentation and online tools for plumbers have remained unchanged for the most part and therefore retain their familiar appearance.

INNOVATION

HIGH LEVEL OF INVESTMENT ENSURES FUTURE SUCCESS

Geberit's innovative strength, which is above average for the sector, is founded on its own, wide-ranging research and development (R&D) activities. In the reporting year, a total of CHF 77.8 million (previous year CHF 72.3 million) – or 2.7% of net sales – was invested in the development and improvement of processes, products and technologies. 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 32 patents, bringing the total for the last five years to 128.

All product developments go through an established innovation and development process, which ensures that the Group's creative potential and know-how are used to the optimum extent and that development activities focus on the needs of the market. Customer benefits and a system approach are of central importance here. Since the beginning of 2016, the development projects for ceramic products and bathroom equipment have also been following this process.

NEW PRODUCTS FOR SOPHISTICATED MARKETS

The following products were newly launched on the market in 2017:

- The shower toilet → **Geberit AquaClean Tuma Comfort** stands out due to its sophisticated product concept and elegant design. It is offered as a complete solution including a rimless WC ceramic appliance. Alternatively, it is also available as a WC enhancement solution that can be combined with previously installed ceramic appliances, making it a particularly good solution for rented flats.
- The shower surface → **Geberit Setaplano** is made of a high-quality solid surface material. It feels warm, is non-slip and easy to clean. To simplify the work at the building site and ensure reliable sealing, as many components as possible are preassembled at the plant. New, ultra-flat traps were developed for the shower surface.
- The new, modular → **tap system** features sophisticated installation technology, a convincing energy concept and elegant tap housings for the wall-mounted and deck-mounted taps. The taps can be mounted quickly and flawlessly. The mixer, valves, electronics and power supply are stored in a function box, which is mounted under the washbasin where it is protected from moisture.
- The competitively priced new supply system → **Volex** consists of multilayer pipes and brass pressfittings. It is suitable for drinking water as well as heating installations. The range, which was introduced in the expansion markets in Europe, comprises all standard pipe diameters and fittings.
- The comprehensive → **bathroom series Acanto** comprises washbasins and bathroom furniture, rimless toilets, bidets and bathtubs. The bathroom furniture offers a wide range of possibilities for creating a functionally sophisticated bathroom. The bathroom series was developed based on an extensive study that examined the optimum reach within which things used every day should be stored.

For more details on new products in 2017, see → **the magazine Facts & Figures 2017**.

Several new product launches are planned for 2018. Among them will be:

- The new → **Geberit AquaClean Tuma Classic** builds on the success of the Tuma Comfort model, which was launched in the previous year. However, this new model is limited to the basic functions of a shower toilet, including the patented WhirlSpray shower technology and a rimless WC ceramic appliance. It therefore complements the shower toilet range as a perfect entry-level model. The AquaClean Tuma Classic is also available as an en-

R&D expenditures

(in CHF million)

	2013	2014	2015	2016	2017
	50.9	55.8	63.4	72.3	77.8
In % of net sales	2.5	2.7	2.4	2.6	2.7

hancement solution that can be easily fitted to previously installed WC ceramic appliances. Because it can be easily retrofitted, the enhancement solution is a particularly good solution for rented flats.

- The launch of the → **VariForm washbasin portfolio** sees Geberit add a more systematic approach and diversity to the range for public and private washbasin areas. The washbasins stand out due to their generous basin depth and high-quality ceramics. They are available in the four basic shapes round, oval, elliptic and rectangular, with a lay-on, countertop and under-countertop model available for each shape.
- The → **Rapid sanitary flush unit** automatically flushes unused sections of drinking water pipes, thus preventing water from stagnating over a longer period. After all, if the water in a pipe section stagnates for too long, germs and bacteria such as legionella can multiply there, which can develop into a health risk.
- The modular → **control system for underfloor heating systems** is fully compatible with the Volex piping system, which was launched in the previous year. The control system consists of a central controller, various room thermostats and temperature sensors as well as all other components required to install an underfloor heating system in residential properties or business premises.
- The **Showerama shower cubicles** for the Scandinavian markets were revised and modernised with regard to design and technical aspects. The elegant cubicles, which are now equipped with Geberit's tried-and-tested drainage technology, offer customers a very ergonomic and comfortable showering experience.

For more details on new products in 2018, see → **the magazine Facts & Figures 2018**.

PRODUCTION

SOLIDLY POSITIONED

At the end of the reporting year, the Geberit Group operated 30 plants, six of which are located overseas. The plants fall into the following three categories depending on the production technologies used:

- Ceramic moulding (CER)
- Injection moulding, blow moulding, assembly (IBA)
- Extrusion, metalforming and thermoforming, assembly (EFA)

The sale of the company Varicor, including the plant in Wisches (FR), was announced in January 2017. Due to its specialisation in the manufacture of customised products made of the solid surface material Varicor, the site occupied a special position within the Group. However, Varicor remains an important partner for Geberit as a strategic supplier.

In July 2017, the result of a strategic review of two plants owned by the French subsidiary Allia that had been announced in the previous year were made known. Accordingly, in agreement with the trade unions and following approval by the authorities, the La Villeneuve-au-Chêne site was closed and ceramics production in Digoin was discontinued. In addition to a social plan, the agreement included the continuation of a packaging and logistics area in Digoin for the French market.

FOCUS ON CONTINUOUS FLOW PRODUCTION

The workshop principle of step-by-step manufacturing is increasingly becoming a thing of the past in production at Geberit. It is being replaced by a comprehensive system of continuous flow production aimed at maximising efficiency and greatest possible value added. The methods used here are described in detail in the Geberit Production System (GPS 2.0). The effectiveness of these methods is subject to an ongoing review on many levels. It is a fixed agenda item at the annual Group-wide plant manager meeting as well as at the meeting for production managers. At the local GPS manager level, the focus is on the consistent orientation towards improvements in efficiency and quality, combined with a link to concrete projects involving the responsible employees.

In the reporting year, the efforts made in this regard concerned all three production areas (CER, IBA and EFA). They ranged from the principle of continuous improvement that is lived and breathed each day to complex infrastructure projects. In terms of the latter, the conversion and new-build work at the site in Langenfeld (DE) were paramount. Parallel to the successful relocation of the production of labour-intensive metal fittings to Ozorków (PL) and of logistics to Pfullendorf (DE), work has already begun on using the newly gained space to further establish the principle of continuous flow production. An important milestone was reached in September 2017 with the ground-breaking ceremony for a new production hall that is fully committed to this principle.

Crucial initial steps with regard to continuous flow production were also taken in the ceramics plant in Ekenäs (FI), where all process steps after the firing stage were fundamentally redesigned – with the measurable result that an increase in productivity of 10 percent was achieved in 2017.

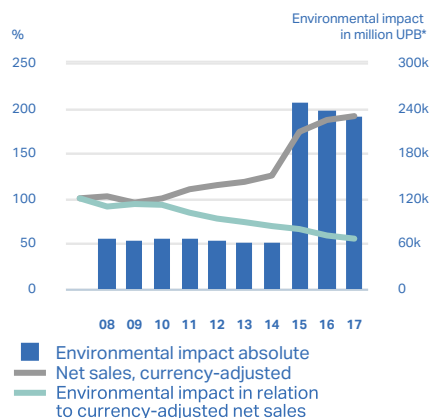
Meanwhile, the shell of a new production hall was completed in Pfullendorf. Once in operation, it will increase the useful floor space by 4,500 m² and facilitate a significant increase in capacity in terms of the manufacture of concealed cisterns. The commissioning of the hall is scheduled to take place in mid-2018.

FURTHER HARMONISATION OF PROCESSES

In spite of the diversity of production technologies, efforts to further standardise and optimise the various processes within production continued to progress well in the reporting year. "OneERP", which aims to harmonise the IT systems and standardise resource planning in the plants of the former Sanitec, was implemented at the beginning of 2017 at the Polish production sites

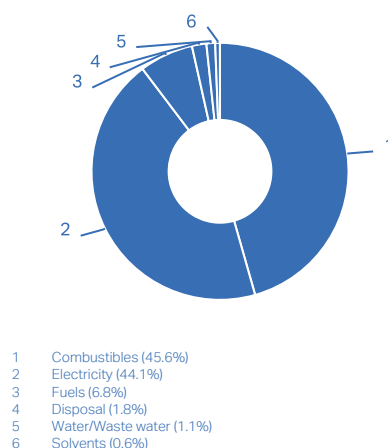
Environmental impact 2008–2017

(Index: 2007 = 100)



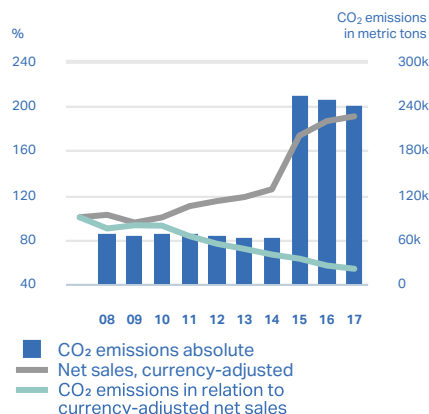
* UPB = Ecopoints in accordance with the Swiss Ecological Scarcity Method (upgraded version 2013)

Distribution environmental impact 2017



CO₂ emissions 2008–2017

(Index: 2007 = 100)



Koło, Włocławek and Ozorków. At the beginning of 2018, preparatory work began at the Scandinavian sites Bromölla, Ekenäs and Mörrum with the goal of replacing the systems at the beginning of 2019. The remaining changes are to follow step by step in the coming years.

With the creation of a department for OpEx (operational excellence), Geberit is now closer to its goal of standardising central processes and further improving efficiency within its entire network of plants. The new department's first project will be to tackle the standardisation of maintenance processes.

ENVIRONMENTAL MANAGEMENT IN PRODUCTION

The integration of the ceramics plants into the production network in 2015 had a considerable impact on Geberit's ecological footprint. Because of the processes involved, the manufacture of ceramic sanitary appliances is very energy-intensive. In 2017, Geberit was able to reduce its environmental impact thanks to consistent energy management – in particular of the ceramics plants. The absolute environmental impact decreased by 3.7%, even though currency-adjusted net sales increased by 2.3% in the same period. The environmental impact in relation to currency-adjusted net sales (eco-efficiency) decreased by 5.8%. As regards the long-term target, which is based on a decrease of 5% per year, Geberit therefore remains on course.

CO₂ emissions were reduced in 2017 by 2.9% to 242,796 tonnes. In relation to currency-adjusted net sales, they decreased by 5.1%. This enabled the targets set out in the long-term → **CO₂ strategy** for reducing → **CO₂ emissions** to be met. In addition to relative targets, this strategy also includes long-term absolute targets. A three-pillar model is used for implementing the CO₂ strategy. The first pillar is about savings in energy consumption. The second pillar relates to increasing efficiency and the third pillar comprises the selective purchasing of high-quality, renewable energy. The detailed → **CO₂ balance sheet** and all measures taken to reduce CO₂ emissions are also disclosed in detail as part of the company's participation in the Carbon Disclosure Project (CDP).

Geberit aims to further reinforce its position as industry leader in the area of sustainability. Eco-efficiency and relative CO₂ emissions are to be improved by 5% per year (see also → **Sustainability Strategy 2018-2020**). 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 ceramics plants are to be integrated into this system. At the end of the reporting year, all 30 production plants were already certified to ISO 14001 and 27 to OHSAS 18001. Adding certification according to ISO 50001 (energy management) will be targeted for selected sites.

LOGISTICS AND PROCUREMENT

CONTINUED INTEGRATION OF CERAMICS LOGISTICS INTO GROUP LOGISTICS

At the end of 2017, Group logistics comprised the central logistics centre for sanitary and piping systems in Pfullendorf (DE) as well as a decentralised network of 14 European distribution sites for the ceramics business.

The integration of the ceramics business into Group logistics continued in 2017. The Geberit Logistics Operation System (G-LOS) was successfully introduced. G-LOS is the standard system for logistics used to continuously improve business processes. This system is used by all employees in logistics and aims to bring about a sustained increase in competitiveness.

In connection with the → **OneERP project**, the storage management system SAP EWM – which had been introduced at the Pfullendorf site in 2016 – was also launched in Poland in December 2017. It is planned to also introduce the new system at other logistics sites.

COMMISSIONING OF THE EXPANDED LOGISTICS CENTRE

The logistics centre in Pfullendorf is the hub for products from Geberit's Sanitary Systems and Piping Systems areas. With a view to future growth and the continued optimisation of existing logistics processes, the decision was made in 2014 to further expand the capacities of this centre. The commissioning of the new buildings and infrastructures, which also include a storage area for long goods (i.e. pipes of up to six metres in length), was carried out as planned in the first quarter of 2017. Geberit was able to keep within the investment budget of EUR 40 million that was set for the expansion.

The distribution of the Mapress piping range, which had been operated separately at the production site in Langenfeld (DE) to date, was therefore relocated to Pfullendorf in the second quarter of 2017. As a result, the global distribution of Geberit's sanitary technology is now coordinated in Pfullendorf and handled there for all markets.

Man and technology work hand in hand in the new logistics centre. Touchscreens, glove scanners, integrated voice control systems and built-in lift tables as well as lifting devices make the work efficient, safe and ergonomic. The new building brought about a further optimisation of logistics processes, with the use of modern conveyor technology and automated workflows perfectly complementing the flexible logistics system.

TRANSPORT MANAGEMENT SYNERGIES USED

Great importance is attached to central transport management as the interface between plants, markets and transport service providers in order to enable cost- and resource-optimised transport solutions. By integrating the Mapress range into the logistics center in Pfullendorf, customers now receive their entire sanitary technology order in a single truck delivery. This not only reduces the number of empty kilometres, it also increases truck capacity utilisation and reduces CO₂ emissions (see also → **Strategy Green Logistics**). Furthermore, Geberit's key transport service providers are required to report regularly on reductions in energy consumption and emissions. In the reporting year, the implementation of Geberit processes and standards also continued in relation to transport service providers for ceramic products and bathroom furniture.

GLOBALLY ACTIVE CORPORATE PURCHASING DEPARTMENT

Structured like a network, the Corporate Purchasing department is responsible worldwide (except in the USA) for procuring raw materials, semi-finished and finished products, commercial products, and services. Besides minimising risks of downtime as well as costs, the primary purpose of comprehensive supplier management is to safeguard supplies.

All the Geberit Group's business partners and suppliers are obligated to comply with → **comprehensive standards**. This applies to quality, socially responsible and healthy working conditions, 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 Com-

pact and is available in 15 languages. By the end of the reporting year, 1,379 suppliers had signed the Code. This represents over 90% of the Geberit Group's purchasing volume.

SUPPLIER INTEGRITY LINE LAUNCHED

The "Supplier Integrity Line", which was launched in May 2017, allows suppliers to anonymously report any violations of the guidelines set out in the Code of Conduct for Suppliers by Geberit employees and by competitors. The free hotline is operated by an independent service company and is available in a total of eleven languages. Violations can also be reported online at any time via an external URL. In 2017, one case that was deemed significant was reported. Appropriate steps are being taken to investigate this matter.

EHS AUDITS CARRIED OUT

During the reporting year, four EHS (Environmental, Health and Safety) audits were carried out in the area of procurement. The goal of these audits was to check compliance with the respective national legislation and regulations in the areas of environmental protection and occupational health and safety. The audits were carried out by an independent third-party company.

SUSTAINABILITY

SUSTAINABLE ACTION – AN IMPORTANT PART OF CORPORATE CULTURE

For decades, sustainability has been an important part of Geberit's corporate culture. A firmly established sustainability strategy ensures that the objectives are measurable, making a significant contribution to the business success in the process. The focus of sustainable business management is on water-saving and durable products, resource-saving and environmentally friendly production, procurement and logistics with high environmental and ethical standards, and on good, safe working conditions for all employees worldwide. Geberit also exercises its social responsibility just as consistently, through the continuance of its own social projects as well as its partnership with the Swiss development organisation Helvetas.

WATER MANAGEMENT IS A GLOBAL CHALLENGE

Approved by the United Nations in 2015, the Sustainable Development Goals comprise 17 specific targets and indicators which countries are required to implement by 2030. The business world plays a pivotal role in implementing these targets and indicators. The goal calling for equitable access to clean drinking water and basic sanitation for all people worldwide is of particular importance to Geberit. The company also focuses on the goals concerning "Industry, Innovation and Infrastructure" and "Sustainable Cities and Communities". In cities and globally expanding urban areas, water-saving, resource-efficient and reliable sanitary technology plays an important role. As a globally operating company, Geberit advocates sustainable design and development and a robust infrastructure in cities and in rural areas.

Sparing, careful use of water as a valuable resource is one of Geberit's core areas of focus. A Geberit value chain analysis in the form of a water footprint shows that nearly 100% of water consumption is attributable to the product usage phase. The following water footprint chart also includes the impact of ceramic cisterns for the first time.

WATER FOOTPRINT THROUGHOUT THE VALUE CHAIN IN 2017

PROVISION OF RAW MATERIALS

0.15% of the total amount of water is required in the manufacture of raw materials for products.



0.15%
(6.5 million m³)

MANUFACTURING

A mere 0.03% of the water is used in the manufacture of products in 2017.



0.03%
(1.1 million m³)

USE

The greatest water consumption by far occurs during the use of products manufactured in 2017 during their entire service life (cisterns, urinal flushing systems and lavatory taps).



99.81%
(4,392 million m³)

DISPOSAL

0.01% of the total amount of water is used for disposal of products.



0.01%
(0.2 million m³)

A GROWING FOCUS ON GREEN BUILDING

Green building is becoming ever more important in both the public and private construction sector, with European standards that define the use of sustainable products and systems in buildings gaining in significance. More and more buildings are being constructed in accordance with sustainability standards such as LEED, DGNB, Minergie or BREEAM. Consequently, there is demand among investors, project developers, owners and tenants for system providers with comprehensive know-how in green building which will enable the relevant standards to be met. Geberit is addressing this demand with water-saving, energy-saving, low-noise and durable products, thereby positioning itself in the front line with regard to green building, as numerous green building reference projects prove. For example, → **Raffles City** was opened in the commercial centre of Hangzhou (CN) during the reporting year. The whole block of buildings, which boasts a floor area of almost 400,000 m² and has achieved LEED Gold certification, is home to a hotel as well as office and retail space and apartments. Furthermore, a new → **Vitsoe furniture production facility** was built in Leamington (UK). The new headquarters of the furniture company (founded in 1959) is considered a flagship project when it comes to sustainability.

SUSTAINABILITY MEANS LONG-TERM VALUE ADDED

Geberit is committed to a binding sustainability strategy that is closely linked to the company's core areas of focus.

A total of eleven sustainability modules continue to form the basis of this strategy. Among these are → **green procurement**, → **green logistics**, → **environmental management in production**, → **occupational safety**, → **eco-design in product development** and → **social responsibility**.

SUSTAINABILITY STRATEGY



Since 2007, a sustainability performance review of the Geberit Group has been prepared annually in accordance with the guidelines of the Global Reporting Initiative (GRI). An internal process to define the essential aspects of sustainability at Geberit was the key starting point when introducing the GRI G4 guidelines. The → **materiality analysis** reviewed by an external stakeholder panel in 2016 as well as the sustainability strategy and related communication were applied without any changes and pursued further in the reporting year.

All aspects of the GRI G4 guidelines can be found in the → **Sustainability Performance Report** for 2017. The information disclosed within the scope of this report fulfils the "comprehensive" transparency grade set out in the GRI G4 guidelines, as 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 anti-corruption is submitted annually. Geberit is also a member of the local network of the UN Global Compact. The → **Code of Conduct for Employees** and the → **Code of Conduct for Suppliers** further incorporate the

topic of sustainability. Continuously improved → **compliance processes** ensure compliance with guidelines and directives. In addition, a system for the control and management of all risks involved in entrepreneurial activities is in place throughout the Group. For more information, see → **Risk management**.

The activities 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. For example, the share is a component of the STOXX Europe Sustainability Index and the FTSE4Good 100 Index Series. Renowned sustainability funds also hold the shares in their portfolios. Geberit wants to continue to play a pivotal role in the "Sustainability" and "Water" investment segments, which are still gaining in importance.

SUSTAINABLE TECHNOLOGY AND INNOVATION PROCESSES

Sustainability is an integral part of the technology and innovation processes at Geberit. This is why the eco-design approach has been consistently applied since 2007 as part of the Group's innovation and development process. All environmental aspects are examined, from the selection of raw materials right through to disposal. Every new product must be better than its predecessor from an ecological perspective. An example here is the new fill valve type 333, which despite requiring fewer resources to manufacture (the product is 15% lighter; 20% of the plastic in the valve is recycled material) is also flow-optimised and quiet.

Product life cycle assessments are important decision-making tools for the development processes, providing arguments for the use of resource-efficient products. Geberit has produced detailed life cycle assessments for various important products, with 2017 also seeing such assessments produced for Sanitary Ceramics for the first time. The environmental product declarations (EPDs) in accordance with the European standard EN 15804 are also becoming increasingly important and can also be used directly for green building standards such as LEED. The EPD present relevant, comparable and verified information about a product's environmental performance in a transparent manner.

COMPLIANCE

TRAINING FOCUSING ON ANTITRUST LEGISLATION

In the reporting year, the focus was on in-house training events and developing the available instruments for reporting breaches of the Geberit Code of Conduct.

E-learning courses represent an efficient way to train staff on antitrust legislation, an issue that is particularly sensitive for Geberit. In the reporting year, the sales companies outside Europe were trained on this topic using this mode of learning. The same topic was also taught to staff directly at the sales company in the UK by one of the Group's antitrust legislation specialists.

Antitrust legislation audits, which focused primarily on the local conditions systems, were carried out in the UK, Belgium, the Netherlands and Luxembourg as part of the internal audit, revealing only very little need for action.

Given Geberit's business model, the topics of corruption and antitrust legislation are considered particularly sensitive areas. They are therefore a main topic in the → **Geberit Code of Conduct**, which was drawn up in 2008, and of which a new version has been available since the start of 2015. Like every year, all Geberit Group companies had to draw up a status report on the Code of Conduct in their country for the attention of the Group. The topics enquired about here ranged from issues concerning occupational health and safety right through to environmental protection. No serious shortcomings came to light in these status reports.

In the reporting year, the Integrity Line for Geberit employees, which was established in 2013, recorded one significant incident, which was subsequently investigated. This resulted in the discovery of shortcomings at a local company, which were then rectified.

Furthermore, in the area of procurement, a "Supplier Integrity Line" was introduced in May 2017 for the first time. For more information, see → **Logistics and procurement, Supplier Integrity Line launched**.

LEGAL ADVICE ON MARKETING AND SALES CAMPAIGNS

In the reporting year, the Group's legal department dealt with a series of market enquiries concerning the permissibility of marketing and sales campaigns, with the team receiving such enquiries from Austria, South Africa, Romania, Denmark, Ukraine and Germany. All the campaigns in question were ultimately approved, some after slight modifications were made.

SOCIAL RESPONSIBILITY

SOCIAL PROJECTS CLOSE TO THE CORE BUSINESS

Innovative sanitary technology continuously improves the quality of people's lives. Geberit rigorously pursues this mission. The guideline for employees, the → **Geberit Compass**, sets this out.

In addition to improving quality of life through innovative sanitary products, Geberit also lives up to its social responsibility through its social projects, which it has been carrying out with its own apprentices for many years. These projects always exhibit a relationship to the topic of water and to the company's core competencies. Apart from being involved in the projects, the young people who take part become familiar with other cultures and acquire new social, linguistic and professional competencies – experiences that will aid their personal and professional development. Furthermore, these social projects make a tangible contribution to the Sustainable Development Goals of the United Nations, which include giving all humans access to clean drinking water and basic sanitation by 2030.

In 2017, the apprentices travelled to Odessa (UA) to help out at a → **Ukrainian vocational school** attended by over 500 students, most of whom come from disadvantaged backgrounds. This school offers young people training in a total of 31 professions. The local Geberit company planned the renovation and expansion of the sanitary facilities, then supported by nine Geberit apprentices with work on site in September 2017. Ukrainian students at the vocational school who are training to become plumbers also worked on the project.

GLOBAL COMMITMENTS

Geberit continued its extensive partnership with the Swiss development organisation Helvetas and supported the new Helvetas campaign with a substantial sum of money. The "Change of Perspective" project was also implemented once again, with two Swiss plumbers travelling to Nepal in the autumn, working there for a week with two Nepalese colleagues. This project is set to continue in 2018. In addition, 16 Geberit employees visited Nepal for a voluntary two-week assignment in November 2017, helping a village community in western Nepal to construct a water pipeline. Geberit also made a major donation to support Helvetas-run water projects in Nepal.

The cooperation with the non-profit organisation Swiss Water Partnership was continued. This platform seeks 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.

The Geberit Group's activities in the area of social responsibility are rounded off by a multitude of other initiatives and fundraising campaigns at a 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), including after completion of the projects in question. For an overview of donations and financial contributions, see → **Investments in infrastructure and services primarily for public benefit**. All donations 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

The Geberit Group's management structure was adapted to the changed conditions as a consequence of the integration of the ceramics business. With effect from 1 January 2017, product management was reorganised and structured as follows:

- **Bathroom Systems** – comprises bathroom ceramics and furniture, ceramics complementary products such as showers, bathtubs and washbasins made of other materials, waste fittings and traps, taps and electronic flushing systems as well as shower toilets
- **Installation and Flushing Systems** – comprises installation systems as well as cisterns and mechanisms
- **Piping Systems** – comprises building drainage and supply systems (unchanged)

The goal of this structural change is to organise product management according to the required development competencies and at the same time align it even better to customer needs. Linked to this is the aspiration to launch products that convince thanks to both their exceptional design and their customary high degree of functionality.

Apart from diverse changes as a result of the Sanitec integration and the divestment of the Varicor Group, there were no significant changes to the legal structure of the Geberit Group (see also → **Financial Statements of the Geberit Group, Notes to the Consolidated Financial Statements, 2. Changes in Group structure**) and → **33. Group companies as of 31 December 2017**.

OUTLOOK

CONSTRUCTION INDUSTRY LOOKING MORE POSITIVE

The situation in the construction industry should be generally favourable in 2018. However, the individual regions/markets and construction sectors will perform differently. In **Europe**, the recovery should continue. However, despite healthy demand, growth potential in Germany is severely limited due to capacity constraints of installers. A favourable market environment is expected for Austria, France and the Benelux Countries. The construction industry in Switzerland should remain stable at a high level. In the Nordic Countries, the situation for the individual countries is expected to be mixed, with a simultaneous slackening of the growth dynamic. The Eastern European markets are also predicted to perform differently, with a positive environment expected in Poland and a stabilisation anticipated in Russia, for example. A slight easing of the market environment is expected in Italy, whereas a downward trend is foreseeable in the United Kingdom as a result of Brexit. In **North America**, a moderate recovery is predicted in the institutional construction industry – which is important to Geberit's business in the USA – along with growth in residential construction. In the **Far East/Pacific** region, the Chinese residential construction sector has been performing better since the beginning of the second half of 2017. The construction industry in Australia is expected to stagnate and the business climate in India is likely to become more challenging. In terms of the **Middle East/Africa** region, the Gulf States should recover. However, the construction market in South Africa is likely to stagnate.

Fluctuations in the Swiss franc compared to other important currencies used by the Geberit Group will continue to affect sales and results. Gains and losses result mainly from the translation of local results into Swiss francs (translation effects). In general, the effects of currency fluctuations on margins are minimised to the greatest possible extent 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. 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 2018, raw material prices are likely to exceed their prior-year level – driven mainly by higher prices for industrial metals and for plastics.

GEBERIT

In 2017, the most important milestones regarding the integration of the ceramics business were reached. From 2018, line managers will promote further activities as part of daily business, with the focus on continually optimising and harmonising shared processes and the IT systems, developing combined products, making ongoing improvements in ceramics manufacturing and promoting cultural integration. The objective is to perform strongly across the entire sanitary product business and in all markets and, as in previous years, to gain market shares. There will be concerted marketing of the new products that have been introduced in recent years. Markets in which Geberit products or technologies are still under-represented will be intensely cultivated, and the promising shower toilet business will be expanded further. 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 the market partners in both commerce and trade, and the Group's continued solid financial foundation are vital to our future success.

BUSINESS REPORT

CORPORATE GOVERNANCE

2017

1. GROUP STRUCTURE AND SHAREHOLDERS

1.1 GROUP STRUCTURE

The operational Group structure is shown in the diagram → **Annual Report 2017, Business report, Management structure, p. 15.**

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 → **Annual Report 2017, Business report, Geberit share information, p. 13.**

The Group's consolidated subsidiaries are listed in the → **Annual Report 2017, Financials, Consolidated financial statements Geberit Group, Notes to the Consolidated Financial Statements, Note 33, p. 129**, stating the company name and head office, share capital and equity interest held by the Group companies. 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) and Art. 120 Para. 1 of the Financial Market Infrastructure Act (Finanzmarktinfrustrukturgesetz, FinfraG) were entered in the company's share register on 31 December 2017 as holding more than 3% of the voting rights or share capital recorded in the Commercial Register, or held more than 3% of the voting rights or share capital recorded in the Commercial Register on 31 December 2017.

Disclosure notifications reported to Geberit during 2017 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

No amendments to the Articles of Incorporation were made in the 2015 and 2017 financial years. In the 2016 financial year, the Articles of Incorporation were amended due to the capital reduction agreed on 6 April 2016 (see → **Annual Report 2017, Business report, Corporate Governance, 2. Capital structure, 2.4 Shares and participation certificates, p. 49**).

The current Articles of Incorporation can be viewed online at → www.geberit.com/investors/downloads/publications.

Significant shareholders*

(as of 31 December 2017)

in %

BlackRock Inc., New York, USA

4.99

* In accordance with the corresponding reports to the company/SIX Swiss Exchange

2. CAPITAL STRUCTURE

2.1 CAPITAL

Amount of ordinary, authorised and conditional capital of the company as of 31 December 2017:

Ordinary capital:	CHF 3,704,142.70
Conditional capital:	–
Authorised capital:	–

2.2 AUTHORISED AND CONDITIONAL CAPITAL DETAILS

As of 31 December 2017, the Geberit Group had no conditional or authorised capital.

2.3 CHANGES IN CAPITAL

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

For further details on changes in capital, reference is made to the Geberit Group's Consolidated Financial Statements in the Financial Report of this Annual Report 2017 (→ **Annual Report 2017, Financials, Consolidated financial statements Geberit Group, Consolidated Statements of Changes in Equity, p. 91** including the Notes to the Consolidated Financial Statements, → **Annual Report 2017, Financials, Consolidated financial statements Geberit Group, Notes to the Consolidated Financial Statements, Note 21, p. 121**), to the information in the → **Annual Report 2017, Financials, Financial statements Geberit AG, p. 136** as well as to the 2015 figures in the 2016 Annual Report (Consolidated Financial Statements Geberit Group: → **Annual Report 2016, Financials, Consolidated Financial Statements Geberit Group, Consolidated Statements of Changes in Equity, pp. 91-92** and → **Annual Report 2016, Financials, Consolidated Financial Statements Geberit Group, Notes to the Consolidated Financial Statements, Note 21, pp. 122**; → **Annual Report 2016, Financials, Financial Statements Geberit AG, pp. 138**.

The changes in capital in 2016 are attributable to the cancellation of 757,000 shares as part of the share buyback programme announced in March 2014. This capital reduction was entered in the Commercial Register on 20 June 2016.

	31.12.2015	31.12.2016	31.12.2017
	MCHF	MCHF	MCHF
Share capital	3.8	3.7	3.7
Reserves	875.1	617.2	637.2
Retained earnings	305.0	393.6	505.2

2.4 SHARES AND PARTICIPATION CERTIFICATES

The share capital of Geberit AG is fully paid in and amounts to CHF 3,704,142.70. It is divided into 37,041,427 registered shares with a par value of CHF 0.10 each. The entire share capital of Geberit AG, amounting to CHF 3,704,142.70, is listed on the SIX Swiss Exchange.

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 2017, the company held 391,640 treasury shares.

No participation certificates of the Geberit Group are outstanding.

The current Articles of Incorporation can be viewed online at
→ www.geberit.com/investors/downloads/publications.

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** stipulate that the Board of Directors may register nominees as shareholders with voting rights in the share register up to a maximum of 3% of the share capital. 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 2017, 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.

According to the → **Articles of Incorporation**, amendments to the provisions regarding the restriction of the transferability of registered shares require a resolution of the general meeting passed by at least two-thirds of the votes represented. For the procedure and the conditions for cancelling the restriction of the transferability, see → **Annual Report 2017, Business report, Corporate Governance, 6. Participatory Rights of Shareholders, p. 63.**

The current Articles of Incorporation can be viewed online at
→ www.geberit.com/investors/downloads/publications.

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 → **Annual Report 2017, Business report, Remuneration Report, 7. Summary of share and option plans 2017, p. 84** and → **Annual Report 2017, Financials, Consolidated financial statements Geberit Group, Notes to the Consolidated Financial Statements, Note 17, p. 117** 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 2017, the Board of Directors was composed of six non-executive members. The composition of the Board of Directors should reflect strategic requirements, the company's targets, geographical presence and corporate culture. The Board of Directors should be diverse in every respect, i.e. in terms of gender, nationality, geographical/regional experience and business experience.

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), Member of the Board of Directors since 2011**
- **Swiss citizen**
- **Member of the Board of Directors Lonza Group AG, Basel (CH); Member of the Board of Directors Investis, Crans-Montana (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 to 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.



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); 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. He was admitted to practice as a lawyer in Switzerland in 1985. In 1986, he completed an LL.M. at the McGeorge School of Law in Sacramento (US). During his career to date, he has completed a number of management training courses, including at Harvard University in Boston (US). He has been Group General Counsel of Novartis since October 2011 and, since 1 January 2012, a member of the Executive Committee of the Novartis Group, a company in which he has held a number of other executive positions (e.g. Global Head Compliance, Country Management). 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. During his career to date, Felix R. Ehrat was a chairman and member of various Boards of Directors at listed and non-listed companies, including a chairman and member of various respective audit committees.

Felix R. Ehrat was not a member of any Management Board of a Geberit Group company in the three years preceding the reporting period. 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., Luxembourg (LU); Chairman of the Board of Directors Burger King SEE S.A., Brussels (BE); Member of the Board of Directors bpost NV, Brussels (BE)**

Thomas M. Hübner completed a Master's degree in International Restaurant & Hospitality Management at the Hotel Management School in Zurich (CH) in 1982. In 1996, he received an Executive MBA from the University of St. Gallen (CH). Thomas M. Hübner was Chief Operating Officer at McDonald's in Switzerland from 1988 to 1990, and was responsible for the Czech Republic and Slovakia from 1990 to 1995. He held the role of CEO at Prodega AG (CH) from 1996 to 2000. 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. 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). 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). 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 was not a member of any Management Board of a Geberit Group company in the three years preceding the reporting period. Apart from his Board of Directors' mandate, he does not have any significant business relations with the Geberit Group.

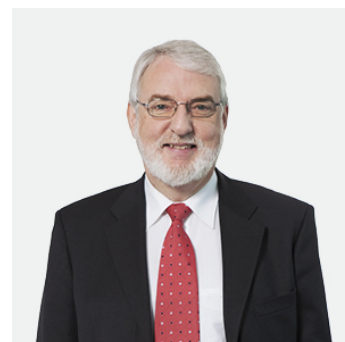


Hartmut Reuter (1957)

- **Vice Chairman of the Board of Directors since April 2016, 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 Münden (DE)**

After graduating (Master's in Industrial Engineering; majoring in Controlling and Finance) from Technical University Darmstadt (DE), Hartmut Reuter joined the Bosch Group in Stuttgart (DE) as a Business Management Trainee in 1981. During more than 15 years with Bosch, he occupied various finance and management positions in various industrial business units, until finally becoming Director in the planning and controlling division at Bosch headquarters. From 1997 to 2009, Hartmut Reuter was a member of the Group Executive Board of the Rieter Group in Winterthur (CH). During his first five years, he started as Head of Controlling, then he became the Head of the Corporate Center, responsible for all financial and strategic functions. From 2002, he was CEO of the Rieter Group. Since 2009, he has worked as a freelance management consultant and has held positions in various supervisory boards.

Hartmut Reuter was not a member of any Management Board of a Geberit Group company in the three years preceding the reporting period. 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**
- **CEO VELUX A/S, Hørsholm (DK); Member of the Board of Directors Coloplast A/S (DK); Member of the Confederation of Danish Industry Business Political Committee; Chairman of the Board of Directors Danish Green Investment Fund (DK); Member of the Board of Directors Rockwool International A/S, Hedehusene (DK)**



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 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. 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 in 2001. As a managing director, he was responsible for the respective national companies in Denmark from 1989 to 1991, France from 1991 to 1992, the United States in 1996 and Germany from 1999 to 2000.

Jørgen Tang-Jensen was not a member of any Management Board of a Geberit Group company in the three years preceding the reporting period. Apart from his Board of Directors' mandate, he does not have any significant business relations with the Geberit Group.

Eunice Zehnder-Lai (1967)

- **Non-executive, independent member of the Board of Directors since 2017**
- **Citizen of Switzerland and Hong Kong**
- **Board member of the Asia Society Switzerland**

Eunice Zehnder-Lai holds a Master of Business Administration from Harvard Business School (US) and a Bachelor of Arts from Harvard University (US). She is CEO of IPM Institut für Persönlichkeitsorientiertes Management, a firm headquartered in Pfäffikon (CH) that offers solutions for enhancing the efficiency of interaction with customers, teams and employees in companies. Before joining IPM, she spent almost 20 years working in the finance industry for LGT Capital Partners, Goldman Sachs and Merrill Lynch in New York, London, Hong Kong and Switzerland. She worked in asset management, private wealth management and corporate finance, as well as for Procter & Gamble in marketing and brand management.



Eunice Zehnder-Lai was not a member of any Management Board of a Geberit Group company in the three years preceding the reporting period. Apart from her Board of Directors' mandate, she 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 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.

The current Articles of Incorporation can be viewed online at → **www.geberit.com/investors/downloads/publications**.

3.4 ELECTIONS AND TERMS OF OFFICE

The term of office for a member of the Board of Directors is one year and 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.

In addition to the members of the Board of Directors, the Chairman of the Board of Directors is also elected by the General Meeting. The term of office for the Chairman of the Board of Directors is also one year and 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.

The members of the Nomination and Compensation Committee are elected annually and on an individual basis by 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.

Regi Aalstad no longer stood for re-election at the ordinary General Meeting on 5 April 2017. Eunice Zehnder-Lai was newly elected to the Board of Directors. Hartmut Reuter (Chairman), Jørgen Tang-Jensen and Eunice Zehnder-Lai were elected to the Nomination and Compensation Committee. The constitution subsequent to the ordinary General Meeting resulted in the following composition of the Audit Committee: Felix R. Ehrat (Chairman), Thomas M. Hübner, Hartmut Reuter. Hartmut Reuter continues to hold the office of Vice Chairman of the Board of Directors.

The Chairman of the Board of Directors and all members of the Board of Directors will be standing for re-election for a further year. The composition of the committees and holder of the office of Vice Chairman are also to remain unchanged.

3.5 INTERNAL ORGANISATIONAL STRUCTURE

The organisation of the Board of Directors is governed by law, the company's → **Articles of Incorporation** (www.geberit.com/investors/downloads/publications) and the → **Organisational Regulations of the Board of Directors of Geberit AG** (www.geberit.com/investors/downloads/publications) (see also → **Annual Report 2017, Business report, Corporate Governance, 3. Board of Directors, 3.6 Definition of areas of responsibility, p. 56**).

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 ordinary 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.

The Board of Directors meets whenever business so requires, but at least four times a year generally for a half day each (2017: nine meetings or telephone conferences). Each meeting or telephone conference that took place in 2017 lasted four hours on average. 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. During the reporting year, one or more members of the Group Executive Board took part in the nine meetings, with one particular meeting involving the participation of external consultants.

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 2017 was 96%.

	8 Mar	13 Mar	5 Apr	22 Jun	16 Aug	30 Aug	31 Aug	27 Oct	8 Dec
Albert M. Baehny	X	X	X	X	X	X	X	X	X
Regi Aalstad ¹	X	X	-	n/a	n/a	n/a	n/a	n/a	n/a
Felix R. Ehrat	X	X	X	X	X	X	X	X	X
Thomas M. Hübner	X	X	X	X	-	X	X	X	X
Hartmut Reuter	X	X	X	X	X	X	X	X	X
Jørgen Tang-Jensen	X	X	X	X	X	X	X	X	X
Eunice Zehnder-Lai ²	n/a	n/a	n/a	X	X	X	X	X	X

1) Regi Aalstad was a member of the Board of Directors until 5 April 2017.

2) Eunice Zehnder-Lai has been a member of the Board of Directors since 5 April 2017.

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

NOMINATION AND COMPENSATION COMMITTEE (NCC)

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 ordinary 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 2017 were Hartmut Reuter (Chairman), Jørgen Tang-Jensen and Eunice Zehnder-Lai. The committee meets at least three times a year generally for a half day each (2017: three meetings). Each meeting or telephone conference that took place in 2017 lasted three hours on average.

The participation rate for meetings in 2017 was 100%.

	8 Mar	30 Aug	8 Dec
Hartmut Reuter	X	X	X
Regi Aalstad ¹	X	n/a	n/a
Jørgen Tang-Jensen	X	X	X
Eunice Zehnder-Lai ²	n/a	X	X

1) Regi Aalstad was a member of the Nomination and Compensation Committee until 5 April 2017.

2) Eunice Zehnder-Lai has been a member of the Nomination and Compensation Committee since 5 April 2017.

The Nomination and Compensation Committee supports the Board of Directors in fulfilling its duties specified by law and the → **Articles of Incorporation (www.geberit.com/investors/downloads/publications)** 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 for the Nomination and Compensation Committee (NCC)** (www.geberit.com/investors/downloads/publications) 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 2017, the Audit Committee was composed of Felix R. Ehrat (Chairman), Thomas M. Hübner and Hartmut Reuter. It meets at least twice a year, generally for a half day each (2017: five meetings). Each meeting or telephone conference that took place in 2017 lasted four hours on average.

The participation rate for meetings in 2017 was 93%.

	24 Feb	28 Apr	11 Aug	30 Aug	7 Dec
Felix R. Ehrat	X	X	X	X	X
Hartmut Reuter	-	X	X	X	X
Thomas M. Hübner	X	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 (see also → **Annual Report 2017, Business report, Corporate Governance, 3. Board of Directors, 3.7 Information and control instruments vis-à-vis the Group Executive Board, p. 57**). 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 for the Audit Committee** (www.geberit.com/investors/downloads/publications) of the Board of Directors of Geberit AG.

The current Articles of Incorporation as well as the Organisational Regulations of the Board of Directors of Geberit AG (including the Allocation of Powers and Duties), the Nomination and Compensation Committee and the Audit Committee can be viewed online at → www.geberit.com/investors/downloads/publications.

3.6 DEFINITION OF AREAS OF RESPONSIBILITY

Pursuant to Swiss Corporate Law and the → **Articles of Incorporation** (www.geberit.com/investors/downloads/publications) 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 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 of Geberit AG** (www.geberit.com/investors/downloads/publications) and the → **Supplement to the Organisational Regulations** (http://annualreport2017.geberit.com/geberit/annual/2017/gb/English/pdf/supplement_BoD.pdf).

To the extent legally permissible and in accordance with its → **Organisational Regulations of the Board of Directors of Geberit AG**, the Board of Directors has assigned the operational management to the Chief Executive Officer (CEO). The individual duties assigned to the CEO are governed in particular by the → **Supplement to the Organisational Regulations**. The 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 2017, the Group Executive Board is composed of the Chief Executive Officer and six 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 of Geberit AG** 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 current → **Articles of Incorporation** as well as the → **Organisational Regulations of the Board of Directors**, the → **Nomination and Compensation Committee (NCC)** and the → **Audit Committee** can be viewed at → www.geberit.com/company/downloads/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.

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 of Geberit AG (www.geberit.com/investors/downloads/publications)** and the → **Organisational Regulations for the Audit Committee (www.geberit.com/investors/downloads/publications)** of the Board of Directors, the Audit Committee has implemented a comprehensive system for monitoring and controlling the risks associated with 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 (see → **Annual Report 2017, Business report, Business and financial review, Strategy and goals, Risk management, p. 21**). For information on the management of financial risks, refer to → **Annual Report 2017, Financials, Consolidated financial statements Geberit Group, Notes to the Consolidated Financial Statements, Note 4, p. 99**. 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.

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

4. GROUP EXECUTIVE BOARD

4.1/4.2 MEMBERS OF THE GROUP EXECUTIVE BOARD

At the end of 2017, the Group Executive Board was composed of seven members.

Christian Buhl (1973)

- **Chairman of the Group Executive Board since 2015**
- **Member of the Group Executive Board since 2015**
- **with Geberit since 2009**
- **Swiss citizen**

Christian Buhl studied physics (Dipl. Phys. ETH) at the Swiss Federal Institute of Technology (ETH) in Zurich (CH) before undertaking his doctorate (Dr. oec. HSG) in the area of financial market research at the University of St. Gallen (CH). 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 (CH). From 2004 to 2008, Christian Buhl worked at McKinsey & Company, Zurich (CH), where he undertook projects for various Swiss and international industrial companies, supporting them in the areas of strategy, M&A, marketing and organisation. He joined Geberit in 2009, initially as Head of 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 2015; see also → **Annual Report 2017, Business report, Management structure, p. 15.**



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; see also → **Annual Report 2017, Business report, Management structure, p. 15.**



Martin Baumüller (1977)

- **Member of the Group Executive Board since 2016**
- **with Geberit since 2011**
- **Head of Group Division Marketing & Brands**
- **Swiss citizen**

Martin Baumüller completed his Master's degree in International Management at the University of St. Gallen (CH) and an MBA at Nanyang Technological University in Singapore (SG) in 2001. In 2005, he received his doctorate from the University of Bern (CH) with his dissertation on "Managing Cultural Diversity". He began his career as a freelance consultant for strategy and market expansion projects from 2001 to 2003. From 2005 to 2010 he worked for McKinsey & Company in Zurich (CH), first on various projects for pharmaceutical, chemical and transportation clients and later as Engagement Manager responsible for global projects in various industries and as a member of the Strategy & Corporate Finance team. He joined Geberit as Head of Strategic Planning in 2011. From 2012 to 2016 he was responsible as Head of Geberit AquaClean for the management and development of the entire shower toilet



business of the Geberit Group. He has been Head of Group Division Marketing & Brands since 2016; see also → **Annual Report 2017, Business report, Management structure, p. 15.**

Michael Reinhard (1956)

- **Member of the Group Executive Board since 2005**
- **with Geberit since 2004**
- **Head of Group Division Operations**
- **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 management functions of increasing overall responsibility. 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. From 2006 to 2016, he was Head of Group Division Products. Since 1 September 2016 he has been Head of Group Division Operations; see also → **Annual Report 2017, Business report, Management structure, p. 15.**



Egon Renfordt-Sasse (1957)

- **Member of the Group Executive Board since 2015**
- **with Geberit since 1997**
- **Head of Group Division Product Management & Innovation**
- **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 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. From 2015 to 2016 he was Head of Group Division Marketing & Brands. He has been Head of Group Division Product Management & Innovation since 2016; see also → **Annual Report 2017, Business report, Management structure, p. 15.**



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 and press officer until 1990. In 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 Group Division Sales Europe since 2011; see also → **Annual Report 2017, Business report, Management structure, p. 15.**



Ronald van Triest (1969)

- **Member of the Group Executive Board since 2015**
- **with Geberit since 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 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 Southeast Asia and the Middle East, as well as a joint venture in India. Since 2015, Ronald van Triest has been Head of Group Division Sales International of the Geberit Group; see also → **Annual Report 2017, Business report, Management structure, p. 15.**



The Board of Directors of Geberit AG has appointed Martin Ziegler as the new Head of Operations and a member of the Group Executive Board. He has taken up his role on 1 January 2018, replacing Michael Reinhard, who has retired having worked at Geberit for 13 years.

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.

The current Articles of Incorporation can be viewed online at → **www.geberit.com/investors/downloads/publications**.

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 → **Annual Report 2017, Business report, Remuneration Report, p. 68.** The Remuneration Report is also available at → **www.geberit.com/investors/corporate-governance/remuneration-report**.

6. PARTICIPATORY RIGHTS OF SHAREHOLDERS

6.1 VOTING RIGHTS RESTRICTIONS AND REPRESENTATION

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.

According to the → **Articles of Incorporation**, resolutions may also be passed and elections carried out at General Meetings by electronic means at the instruction of the Chairman.

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 → **Annual Report 2017, Business report, Corporate Governance, 2. Capital structure, 2.6 Limitations on transferability and nominee registrations, p. 50**.

Art. 10 f. of the → **Articles of Incorporation** contains provisions regarding voting rights, proxy and independent proxy. The current Articles of Incorporation can be viewed online at → www.geberit.com/investors/downloads/publications.

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.

The current Articles of Incorporation can be viewed online at → www.geberit.com/investors/downloads/publications.

6.3/6.4 CONVOCAION 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.

The current Articles of Incorporation can be viewed online → www.geberit.com/investors/downloads/publications.

7.2 CHANGE OF CONTROL CLAUSES

For agreements and plans in the event of a change of control, see → **Annual Report 2017, Business report, Remuneration Report, p. 68.**

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. The lead auditor is rotated every seven years.

8.2 AUDITING FEES

In 2017, PricewaterhouseCoopers invoiced the Geberit Group TCHF 1,731 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 539 relating to tax consultancy and support as well as TCHF 58 for other services. Therefore, the non-audit fees amount to 34% 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 three meetings of the Audit Committee in the reporting year 2017.

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 ordinary General Meeting. The Audit Committee uses the following criteria to assess the performance and fees of the auditors: technical and operational expertise; independence and objectivity; adequate use of resources; focus on areas that involve significant risk for Geberit; willingness to challenge and re-evaluate; ability to provide effective, practical recommendations; open and effective communication and coordination with the Audit Committee, the internal auditors and the Group Executive Board. 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 → **Annual Report 2017, Business report, Corporate Governance, 3. Board of Directors, 3.5 Internal organisational structure, Audit Committee (AC), p. 54.**

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 of 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/maillinglist** 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**.

Official publications of Geberit AG shall be made in the Swiss Official Commercial Gazette (SOCG). Notices to shareholders shall be made by official publications or may also be made in writing to the addresses of the shareholders recorded in the share register.

For further details on the Geberit Group's information policy, including a time schedule, please refer to the → **Annual Report 2017, Business report, Geberit share information, Communication, p. 13.**

BUSINESS REPORT

REMUNERATION REPORT

2017

REMUNERATION REPORT

The Remuneration Report provides an overview of Geberit's remuneration principles and programmes, as well as information about the determination method for the remuneration. It also includes the remuneration of the members of the Board of Directors and of the Group Executive Board for the business year 2017. The report provides the relevant information to be considered by the shareholders when making their decision regarding the votes on the remuneration of the Board of Directors and the Group Executive Board submitted to the 2018 General Meeting for approval.

The report is written in accordance with the provisions of the Ordinance against Excessive Compensation in Listed Stock Corporations (Ordinance), 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 2017
6. Group Executive Board: remuneration and share/option ownership in 2017
7. Summary of share and option plans 2017
8. Summary of shares and options held by employees and management as of 31 December 2017
9. Report of the statutory auditor

For additional information on business development in 2017 see also → **Business and financial review**.

1. INTRODUCTION BY THE CHAIRMAN OF THE NOMINATION & COMPENSATION COMMITTEE

Dear shareholders,

On behalf of the Nomination and Compensation Committee (NCC), I am pleased to present the 2017 Remuneration Report.

As of the 2017 General Meeting, we welcomed Eunice Zehnder-Lai as a new member of the NCC.

The 2017 financial year was shaped by a generally positive market environment as well as the achievement of the most important milestones regarding the integration of the ceramics business. Good results were achieved overall. Increased sales volumes, a positive product mix effect, and synergies from the Sanitec integration had a positive effect on the operating results. Three factors in particular – namely higher raw material prices, increased personnel expenses and depreciation – had a negative impact. The Remuneration Report summarises how these results impacted the variable remuneration made to the members of the Group Executive Board under the different remuneration components.

During the reporting year, future changes were announced for the management of Geberit: Martin Ziegler was appointed to the Group Executive Board as the new Head of Operations as of 1 January 2018, succeeding Michael Reinhard, who retired after 13 years with Geberit. This internal appointment is a result of our continued focus on the assessment of performance and succession planning for positions on the Group Executive Board.

The NCC also continued to review the compensation programmes in order to ensure their alignment with the business strategy and with the long-term interests of our shareholders. Otherwise, the NCC performed its regular activities throughout the year such as the performance goal setting at the beginning of the year and the performance assessment at year end, the determination of the compensation of the members of the Board of Directors and of the Group Executive Board, as well as the preparation of the Remuneration Report and of the say-on-pay vote for the General Meeting. You will find further information on our activities and on Geberit's compensation system and governance on the following pages.

At the 2018 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 the maximum aggregate remuneration awarded to the Executive Board for the 2019 business year. Additionally, 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 2018 General Meeting and the remuneration awarded to the Group Executive Board in 2017 are within the limits approved at the 2017 General Meeting and 2016 General Meeting respectively.

Looking ahead, we will continue to assess and review our compensation programmes to ensure that they are still fulfilling their purpose in the evolving context in which the company operates. We will pursue an open and regular dialogue with our shareholders as we continue to enhance the compensation system. We have every confidence that you will find this report informative. We are confident that our remuneration system rewards performance in a balanced and sustainable manner and aligns well with shareholders' interests.

Yours sincerely,



Hartmut Reuter
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 programmes 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 talents
- Both company performance and individual contributions are recognised and rewarded
- Remuneration programmes are balanced between rewarding short-term success and long-term value creation
- Participation plans 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 programmes

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 shares, with a blocking period of four years. The remuneration system for the Board of Directors does not contain any performance-related components (see also → **Remuneration architecture, Board of Directors**).

REMUNERATION OF THE GROUP EXECUTIVE BOARD

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

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

Variable remuneration drives and rewards best-in-class performance based on ambitious and stretched targets. It consists of short-term and long-term elements:

- Short-term variable remuneration is based on the value drivers 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 element rewards individual performance as well as company success.
- 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 with those of shareholders and to foster retention of the executives.

Variable remuneration is capped to avoid rewarding inappropriate risk-taking or short-term profit maximisation at the expense of the long-term health of the company (see also → **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 General Meeting. In addition, the Remuneration Report for the preceding period is subject to a consultative vote (see also → **Determination of remuneration**).

3. DETERMINATION OF REMUNERATION

3.1 NOMINATION AND COMPENSATION COMMITTEE (NCC)

Pursuant to the Articles of Incorporation and the Organisational Regulations of Geberit AG, the NCC supports the Board of Directors (BoD) in the fulfilment 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 (GEB)
- 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 BoD and for the GEB		Proposes	Reviews	Binding vote
Individual remuneration of members of the BoD		Proposes	Approves	
Individual remuneration of the CEO (including fixed remuneration, STI ¹ , LTI ²)		Proposes	Approves	
Individual remuneration of the other members of the GEB	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 NCC consists of independent and non-executive members of the Board of Directors only who are elected annually by the shareholders at the General Meeting. Since the 2017 General Meeting, the NCC has consisted of Hartmut Reuter as Chairman as well as Eunice Zehnder-Lai and Jørgen Tang-Jensen as members.

The NCC meets at least three times per year. In 2017, it held three meetings covering, among others, the predefined recurring agenda items illustrated below. The participation rate for NCC meetings in 2017 was 100%.

	February	August	December
Remuneration policy	- Participation programme (employee participation programme, LTI grant)		- Target income Head Internal Audit (following year)
GEB matters	<ul style="list-style-type: none"> - Individual performance appraisal (previous year) - STI payout (previous year) - Vesting of equity awards (previous years) 	<ul style="list-style-type: none"> - Benchmarking of GEB remuneration - Succession planning for GEB positions - Talent management session 	<ul style="list-style-type: none"> - Target remuneration (following year) - Target setting for STI (following year) - Option valuation and definition of performance criteria LTI for next grant
BoD matters			<ul style="list-style-type: none"> - BoD remuneration (following year) - BoD evaluation
Governance	- AGM preparation (maximum amounts of remuneration of GEB and BoD to be submitted to say-on-pay votes)	<ul style="list-style-type: none"> - Review of shareholders' and proxy advisors' feedback on the Remuneration Report - Corporate update - Update on diversity 	<ul style="list-style-type: none"> - 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 NCC. The Chairman of the NCC 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 discussed. At the end of each meeting, a closed session takes place among the members of the NCC only.

After each meeting, the Chairman of the NCC reports to the Board of Directors on its activities and recommendations. The minutes of the NCC 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, every two to three years, in benchmark studies on comparable functions in other industrial companies. In 2017, 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, Willis Towers Watson (Switzerland). This consulting firm has no other mandates from Geberit. The remuneration analysis was conducted on the basis of a peer group of industrial companies headquartered in Switzerland: ABB, AMS, Aryszt, Barry Callebaut, Clariant, Dätwyler, dormakaba, Forbo, Georg Fischer, Givaudan, LafargeHolcim, Logitech, Lonza, OC Oerlikon, Schindler, Sika, Sonova, Straumann and Sulzer. The study, together with other published data, was used to determine the target remuneration levels of the CEO and other members of the Group Executive Board for the business year 2018. While many different factors (such as the individual role, experience in the role and contribution, company performance and affordability) are considered to determine remuneration levels, the policy of Geberit is to provide a target remuneration that is in principle positioned around the market median.

With regard to the remuneration of the Board of Directors, the remuneration and levels are reviewed periodically by the NCC. Such a review took place in 2015 with a benchmarking analysis provided by Willis Towers Watson, which covered companies of the Swiss Market Index Mid (SMIM).

PERFORMANCE- MANAGEMENT

The actual remuneration effectively paid out in a given year to the Group Executive Board members depends on the corporate results and on the individual performance. The 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 achievement against those objectives is assessed after year-end. The performance appraisal is the basis for the determination of the actual remuneration.



3.3 SHAREHOLDER INVOLVEMENT

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

ARTICLES OF INCORPORATION

As required by the Ordinance, the → **Articles of Incorporation** 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.
- Binding votes on maximum aggregate compensation amounts of the Board of Directors and Group Executive Board:
shareholders vote prospectively on the maximum aggregate remuneration amount for the Board of Directors until the next ordinary General Meeting and for the maximum aggregate remuneration amount for the Group Executive Board for the following business year. Further, shareholders can express their opinion on the remuneration principles and structure through a consultative vote on the Remuneration Report.
- Additional amount for payments to members of the Group Executive Board appointed after the vote on remuneration at the General Meeting:
for the remuneration of members of the Group Executive Board who have been appointed after the approval of the maximum aggregate remuneration amount by the General Meeting, and to the extent that the maximum aggregate remuneration amount as approved does not suffice, an amount of up to 40% of the maximum aggregate remuneration amount approved for the Group Executive Board is available without further approval of the General Meeting.
- Loans, credit facilities and post-employment benefits for members of the Board of Directors and of the Group Executive Board:
no loans or credits shall be granted to members of the Board of Directors or the Group Executive Board.

The provisions of the Articles of Incorporation have been kept broad so that the Board of Directors has sufficient flexibility to make any necessary amendments to the remuneration programmes. The remuneration principles currently in place are more restrictive than the provisions of the Articles of Incorporation and are aligned with 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 (see also the → **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 remuneration for committee work. The remuneration is paid in form of 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 expense allowance but is not entitled to additional fees for committee attendance.

The compensation amounts have remained unchanged since the last review in 2016 as follows:

Annual fees	in CHF	Delivery
Chairman	885,000	Cash and restricted shares
Vice Chairman	245,000	Restricted shares
Member of the BoD	190,000	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 contributions to social security. The members of the Board of Directors are not covered 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 2018 General Meeting to the 2019 General Meeting is provided in the invitation to the 2018 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:

- Fixed 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

	Programme	Instrument	Purpose	Plan/ Performance period	Performance metrics in 2017
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	5-year performance period (staged), 10-year plan period	ROIC
Benefits	Pension	Gemeinschafts-stiftung, Wohlfahrtsfonds	Cover retirement, death and disability risks		
	Perquisites	Company car, expense policy	Attract & retain		

BASE SALARY

The base salary is a fixed remuneration paid in cash on a monthly basis. It is determined on the basis of the scope and responsibilities of the position, the market value of the role and the qualifications and experience of the incumbent. The base salary is reviewed annually based on market salary information, considerations from the perspective of 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 approximately 200 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 equal weightings of sales performance, earnings before interest and taxes (EBIT) and earnings per share (EPS) compared with the previous year as well as the return on invested capital (ROIC). These financial objectives have been chosen because they are key value drivers for Geberit and generally reward for growing the business and gaining market share (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 NCC, 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, significant improvements against the previous year's achievements are generally required in order to meet the target level of performance, in line with the company's ambitious financial plan. The intention of this demanding target setting is to deliver best-in-class performance and to stay ahead of the market. In addition, a threshold level of performance, below which no variable remuneration is paid out, and a maximum level of performance, above which the variable remuneration is capped, are determined as well. The payout level between the threshold, the target and the maximum is calculated by linear interpolation. The maximum payout for the financial objectives shall not exceed 60% of the target income.

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 Di-

To find out how the remuneration model works, visit the interactive graphic in the online Annual Report at

→ www.geberit.com/annualreport >
Business report > Remuneration report.

rectors 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 of 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 programme, a free share option is provided for each share purchased through the programme. 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 at → **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 full vesting based on effective performance at the date of termination as determined by the BoD	Regular exercise period	Immediate unblocking
Retirement or disability	Full vesting at regular vesting date	Regular exercise period	Immediate unblocking
Other reasons than death, retirement or disability	Forfeiture	90-day exercise period	Regular blocking period
Change of control*	Accelerated full vesting based on effective performance at date of termination as determined by the BoD	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, effective 1 January 2016.

Every year, the Board of Directors determines the grant of share options. In 2017, the market value of options granted amounts to 60% of the target income for the CEO and to between 40 and 50% for the other members of the Group Executive Board. For some 100 additional participants of the Group management, the market value amounts to 10% of the target income.

The options granted in 2017 are subject to a vesting period staged over five years as follows: one third of the options can be exercised three years after the grant, an additional third can be exercised four years after the grant and the remaining third can be exercised five years after the grant. The options have a term of 10 years (counted from the grant date) after which they expire.

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

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

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 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 based on effective performance at date of termination as determined by the BoD	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 full vesting based on effective performance at date of termination as determined by the BoD	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, significant 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 148 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 148 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 programme, 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 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 2017

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 2017, members of the Board of Directors received a total remuneration of TCHF 2,283 (previous year TCHF 2,296). Remuneration for regular board activities and committee assignments amounted to TCHF 2,100 (previous year TCHF 2,100). The structure of remuneration of the members of the Board of Directors has not changed compared to the previous year.

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

	A. Baehny Chairman CHF	H. Reuter Vice Chairman CHF	E. Zehnder-Lai ¹ CHF	F. Ehret CHF	T. Hübner CHF	J. Tang- Jensen CHF	Total CHF
2017							
Remuneration of the Board of Directors							
Accrued remuneration ²	270,000	320,000	165,000	235,000	220,000	220,000	1,430,000
Cash remuneration	615,000						615,000
Expenses	15,000	15,000	11,250	15,000	15,000	15,000	86,250
Contributions to social insurance	44,843	15,161	8,140	11,360	10,689	0 ³	90,193
Total	944,843	350,161	184,390	261,360	245,689	235,000	2,221,443

¹ E. Zehnder-Lai has been a member of the Board of Directors since 5 April 2017.

² Director's fee booked, but not yet paid as at 31 December. Payment will be made in the first quarter of 2018 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. 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.

³ No more social insurance contributions in Switzerland in 2017.

	CHF
Remuneration of former members of the Board of Directors (R. Aalstad*)	
Accrued remuneration	55,000
Expenses	3,750
Contributions to social insurance	2,713
Total	61,463

* R. Aalstad was a member of the Board of Directors until 5 April 2017.

	A. Baehny Chairman CHF	H. Reuter Vice Chairman ¹ CHF	R. Aalstad ² CHF	F. Ehrat CHF	T. Hübner CHF	J. Tang- Jensen CHF	Total CHF
2016							
Remuneration of the Board of Directors							
Accrued remuneration ³	270,000	306,250	165,000	231,250	212,500	220,000	1,405,000
Cash remuneration	615,000						615,000
Expenses	15,000	15,000	11,250	15,000	15,000	15,000	86,250
Contributions to social insurance	47,156	14,527	8,152	11,204	10,361	10,709	102,109
Total	947,156	335,777	184,402	257,454	237,861	245,709	2,208,359

¹ H. Reuter has been Vice Chairman of the Board of Directors since 6 April 2016.

² R. Aalstad has been a member of the Board of Directors since 6 April 2016.

³ Director's fee booked, but not yet paid as at 31 December. Payment was made in the first quarter of 2017 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. 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.

	CHF
Remuneration of former members of the Board of Directors (R. Spoerry*)	
Accrued remuneration	80,000
Expenses	3,750
Contributions to social insurance	3,959
Total	87,709

* R. Spoerry was a member and Vice Chairman of the Board of Directors until 6 April 2016.

For the period from the 2017 General Meeting to the 2018 General Meeting, the remuneration paid to the Board of Directors is expected to amount to CHF 2,279,943. This is within the limit of CHF 2,350,000 approved by the 2017 General Meeting.

RECONCILIATION BETWEEN THE REPORTED BOARD COMPENSATION AND THE AMOUNT APPROVED BY THE SHAREHOLDERS AT THE GENERAL MEETING

	1*	2**	3***	4****	5*****	6*****
GM17–GM18	2017	1 Jan 2017 to 2017 GM	1 Jan 2018 to 2018 GM	2017 GM to 2018 GM	2017 GM	2017 GM
BoD (total)	2,282,906	-574,920	+571,957	2,279,943	2,350,000	97%
GM16–GM17	2016	1 Jan 2016 to 2016 GM	1 Jan 2017 to 2017 GM	2016 GM to 2017 GM	2016 GM	2016 GM
BoD (total)	2,296,068	-574,948	+574,920	2,296,040	2,350,000	98%

* Compensation earned during financial year as reported (A)

** Less compensation earned from January to General Meeting of financial year (B)

*** Plus compensation accrued from January to General Meeting of year following financial year (C) / budget value for 2018

**** Total compensation earned for the period from General Meeting to General Meeting (A-B+C)

***** Amount approved by shareholders at respective General Meeting

***** Ratio between compensation earned for the period from General Meeting to General Meeting versus amount approved by shareholders

As of the end of 2017 and 2016, the members of the Board of Directors held the following shares in the company:

	A. Baehny Chairman	H. Reuter Vice Chairman	E. Zehnder- Lai	F. Ehrat	T. Hübner	J. Tang- Jensen	Total
2017							
Shareholdings Board of Directors							
Shares	56,812	8,318	0	2,281	858	2,511	70,780
Options	55,231*	0	0	0	0	0	55,231
Percentage voting rights shares	0.15%	< 0.1%	0%	< 0.1%	< 0.1%	< 0.1%	0.19%

* A. Baehny options until 2014 as CEO

	A. Baehny Chairman	H. Reuter Vice Chairman	R. Aalstad	F. Ehrat	T. Hübner	J. Tang- Jensen	Total
2016							
Shareholdings Board of Directors							
Shares	56,219	7,649	0	1,776	394	2,131	68,169
Options	55,231*	0	0	0	0	0	55,231
Percentage voting rights shares	0.15%	< 0.1%	0%	< 0.1%	< 0.1%	< 0.1%	0.18%

* A. Baehny options until 2014 as CEO

As of 31 December 2017, 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 2017

This section is audited by the external auditor.

6.1 PERFORMANCE IN 2017

Consolidated net sales in 2017 increased by 3.5% to CHF 2,908.3 million. Total growth comprised organic growth in local currencies of 3.5%, a foreign currency effect of +1.2% and a divestment effect of -1.2%. As in previous years, one-off costs related to the Sanitec acquisition and integration had an impact on the results. Operating profit (EBIT) adjusted for these effects increased by 2.9% to CHF 706.1 million and the correspondingly adjusted EBIT margin came to 24.3%. Increased sales volumes and a positive product mix effect had a positive impact on the operating results, as did synergies from the Sanitec integration. In particular higher raw material prices, increased personnel expenses and depreciation had a negative impact. Adjusted net income rose by 3.5% to CHF 604.2 million, with an adjusted return on net sales of 20.8%. Adjusted earnings per share improved by 3.7% to CHF 16.43. The average Return on Invested Capital (ROIC) was 22.4% (prior year 21.5%).

To determine the variable cash remuneration (STI) of the members of the Group Executive Board, the following Key Performance Indicators (KPI) are used: sales performance, EBIT and EPS compared with the previous year as well as ROIC. The achievement of qualitative individual targets is also taken into consideration. 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 2017

The remuneration of the Group Executive Board amounted to TCHF 9,608 in 2017 (previous year TCHF 9,126). The remuneration of the CEO amounted to TCHF 2,401 in 2017 (previous year TCHF 2,287). The higher total remuneration in 2017 for the Group Executive Board compared to the previous year is the result of various factors:

Increasing effects:

- Expansion of Group Executive Board by one member (as of 1 September 2016)
- Selected base salary increases to align remuneration to the market
- Selected higher option grants (LTI) to align remuneration to the market or due to promotion to Group Executive Board
- Increase of MSPP options as a larger amount of variable remuneration was drawn in shares
- One-off employer contribution to company pension funds due to reduction of pension conversion rate

Reducing effect:

- Target achievement in the STI programme lower than in the previous year

At the 2016 General Meeting, the shareholders approved a maximum aggregate compensation amount of TCHF 9,950 for the Group Executive Board for the year 2017. The compensation paid for that period amounts to TCHF 9,608 and is therefore within the approved amount.

Further information on the remuneration awarded to the Group Executive Board for the business year 2017, compared with the maximum potential amount of remuneration, is provided with the invitation to the Ordinary General Meeting 2018.

The following table shows details of remuneration for 2017 and 2016:

	2017		2016	
	C. Buhl CEO	Total	C. Buhl CEO	Total
	CHF	CHF	CHF	CHF
Salary				
- Fixed salary	861,809	3,449,744	791,804	3,145,644
- Variable salary ¹	516,250	2,013,879	709,550	2,776,122
<i>thereof in shares in 2017²</i>			707,983	2,099,536
Shares/options				
- Call options MSOP 2017/2016 ³	749,955	2,475,927	574,986	2,123,866
- Call options MSPP 2017/2016 ⁴	56,385	167,211	29,705	81,824
Non-cash benefits				
- Private share of company vehicle ⁵	7,056	48,978	7,056	45,040
Expenditure on pensions				
- Pension plans and social insurance	206,854 ⁶	1,433,489 ⁶	171,254	937,049
- Contribution health/accident insurance	2,497	18,319	2,454	16,382
Total⁷	2,400,806	9,607,547	2,286,809	9,125,927

¹ The amounts to be paid (current year), respectively the amounts effectively paid (previous year) 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 435.95 (PY CHF 361.75).

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 Option Programme (MSOP); 1 option entitles to purchase 1 registered share at an exercise price of CHF 435.95 (previous year CHF 361.75); definitive acquisition of the option ("vesting") dependent on various conditions, 3-5-year blocking period (3 tranches at 33%). Market value of CHF 39.87 (previous year CHF 31.42) 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 Programme (MSPP); 1 option entitles to purchase 1 registered share at an exercise price of CHF 435.95 (previous year CHF 361.75); definitive acquisition of the option ("vesting") dependent on various conditions, 1-4-year blocking period (4 tranches at 25%), market value of CHF 34.72 (previous year CHF 26.81) 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 Including one-off compensation in pension provision due to pension scheme modifications (reduction of pension conversion rate).

⁷ 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.

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 2017 and 2016, 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	M. Baumüller	Total
2017										
Shareholdings Group Executive Board										
Shares			6,212	32,840	2,500	2,452	12,407	200	2,850	59,461
Percentage voting rights shares			< 0.1%	< 0.1%	< 0.1%	< 0.1%	< 0.1%	< 0.1%	< 0.1%	0.16%
Call options*										
End of vesting period:										
Vested	2018–2023	306.01	7,474	9,172	3,783	4,779	3,236	10	2,922	31,376
2018	2021–2024	357.20	5,745	7,091	7,261	2,631	6,140	50	784	29,702
2019	2022–2026	382.28	11,302	7,484	7,989	4,074	6,647	2,596	697	40,789
2020	2023–2027	398.85	13,053	7,427	7,895	3,664	6,632	4,602	1,926	45,199
2021	2024–2027	398.85	12,776	7,299	7,770	3,567	6,554	4,592	1,878	44,436
2022	2027	435.95	6,270	3,176	3,314	1,504	2,926	2,006	1,504	20,700
Total options			56,620	41,649	38,012	20,219	32,135	13,856	9,711	212,202
Percentage potential share of voting rights options			0.15%	0.11%	0.1%	< 0.1%	< 0.1%	< 0.1%	< 0.1%	0.57%

* Purchase ratio 1 share for 1 option

	Maturity	Average exercise price in CHF	C. Buhl CEO	R. Iff CFO	M. Reinhard	E. Renfordt-Sasse	K. Spachmann	R. van Triest	M. Baumüller	Total
2016										
Shareholdings Group Executive Board										
Shares			4,588	31,812	2,500	2,336	8,691	40	1,343	51,310
Percentage voting rights shares			< 0.1%	< 0.1%	< 0.1%	< 0.1%	< 0.1%	< 0.1%	< 0.1%	0.14%
Call options*										
End of vesting period:										
Vested	2017–2022	242.80	1,633	0	0	1,990	7,314	0	3,046	13,983
2017	2020–2023	306.01	5,841	9,172	9,308	2,789	8,013	10	995	36,128
2018	2021–2023	330.95	5,339	6,834	7,011	2,477	6,140	10	687	28,498
2019	2022–2026	355.45	10,896	7,227	7,739	3,920	6,647	2,556	600	39,585
2020	2023–2026	361.75	6,377	3,994	4,331	2,006	3,706	2,556	325	23,295
2021	2026	361.75	6,100	3,866	4,206	1,909	3,628	2,546	277	22,532
Total options			36,186	31,093	32,595	15,091	35,448	7,678	5,930	164,021
Percentage potential share of voting rights options			0.1%	< 0.1%	< 0.1%	< 0.1%	0.1%	< 0.1%	< 0.1%	0.44%

* Purchase ratio 1 share for 1 option

As of 31 December 2017, 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 2017

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

In 2017, 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 (participation plans). Under the three different **share plans**, a total of the following numbers of shares were allocated.

	End of blocking period	Number of participants	Number of shares issued	Issuing price CHF
Employee share purchase plan 2017 (ESPP)	2019	2,785	19,783	239.77
Management share purchase plan 2017 (MSPP)	2020	110	14,204	435.95
Directors programme 2017	2021	7	3,145	435.95
Total			37,132	

The 37,132 shares required for these plans were taken from the stock of treasury shares.

In 2017, 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, a total of 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 2017 (MSPP)	2018–2021	2024	110	14,204	435.95
Option plan 2017 (MSOP)	2020–2022	2027	93	109,590	435.95
Total				123,794	

The fair value of the options granted in 2017 amounted to CHF 34.72 (MSPP) and CHF 39.87 (MSOP) 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*	Expected Ø volatility	Expected Ø dividend yield	Contractual period	Risk free Ø interest rate
	CHF	%	%	Years	%
Management share purchase plan 2017 (MSPP)	435.95	16.95	2.28	7	-0.33
Option plan 2017 (MSOP)	435.95	16.88	2.28	10	-0.10

* The exercise price corresponds to the average price of Geberit shares for the period from 07.–20.03.2017.

Costs resulting from participation plans amounted to CHF 4.3 million in 2017 (previous year CHF 2.6 million); those for option plans totalled CHF 3.2 million (previous year CHF 2.9 million).

8. SUMMARY OF SHARES AND OPTIONS HELD BY EMPLOYEES AND MANAGEMENT AS OF 31 DECEMBER 2017

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

Geberit is committed to a vigilant management of equity dilution. As of 31 December 2017, the Board of Directors, the Group Executive Board and the employees owned a combined total of 362,011 (previous year 353,688) shares, i.e. 1.0% (previous year 1.0%), of the share capital of Geberit AG.

The following table summarises all option plans in place as of 31 December 2017:

End of vesting period	Maturity	Number of options outstanding	Ø exercise price CHF	Number of options in the money	Ø exercise price CHF
Vested	2018–2023	130,426	282.31	130,426	282.31
2018	2021–2024	73,781	319.79	70,230	313.92
2019	2022–2026	70,294	361.09	66,743	357.11
2020	2023–2027	82,242	397.91	42,161	361.75
2021	2024–2027	80,102	398.88	40,021	361.75
2022	2027	36,530	435.95	0	435.95
Total		473,375	351.52	349,581	321.62

The following movements took place in 2017 and 2016:

	MSOP		MSPP		Total 2017		Total 2016	
	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	364,838	314.35	37,877	309.68	402,715	313.91	347,084	279.07
Granted options	109,590	435.95	14,204	435.95	123,794	435.95	131,219	361.75
Forfeited options	1,920	361.87	67	305.66	1,987	359.97	3,269	296.03
Expired options	0	0	0	0	0	0	0	0
Exercised options	45,651	258.34	5,496	268.04	51,147	259.38	72,319	233.25
Outstanding 31 December	426,857	351.34	46,518	353.09	473,375	351.52	402,715	313.91
Exercisable at 31 December	114,128	280.71	16,298	293.21	130,426	282.31	86,867	260.16

The options outstanding at 31 December 2017 had an exercise price of between CHF 231.20 and CHF 435.95 and an average remaining contractual life of 6.1 years.

9. 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 TO THE GENERAL MEETING ON THE REMUNERATION REPORT 2017

We have audited the accompanying → **remuneration report** of Geberit AG for the year ended 31 December 2017. The audit was limited to the information according to articles 14–16 of the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance) contained in sections 5 to 8 of the remuneration report.

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 2017 complies with Swiss law and articles 14–16 of the Ordinance.

PricewaterhouseCoopers AG

A handwritten signature in black ink, appearing to read 'B. Inauen'.

Beat Inauen
Audit expert
Auditor in charge

A handwritten signature in black ink, appearing to read 'M. Knöpfel'.

Martin Knöpfel
Audit expert

Zurich, 12 March 2018

GEBERIT GROUP

FINANCIAL REPORT

2017

FINANCIAL REPORT

GEBERIT GROUP

2017

CONSOLIDATED BALANCE SHEETS

	Note	31.12.2017 MCHF	31.12.2016 MCHF
Assets			
Current assets			
Cash and cash equivalents		412.7	509.7
Trade accounts receivable	6	201.7	174.4
Other current assets and current financial assets	7	122.3	111.0
Inventories	8	313.3	275.6
Total current assets		1,050.0	1,070.7
Non-current assets			
Property, plant and equipment	9	812.8	726.5
Deferred tax assets	18	96.1	96.7
Other non-current assets and non-current financial assets	10	35.0	26.1
Goodwill and intangible assets	11	1,748.9	1,681.1
Total non-current assets		2,692.8	2,530.4
Total assets		3,742.8	3,601.1
Liabilities and equity			
Current liabilities			
Short-term debt	12	4.5	4.2
Trade accounts payable		126.1	112.3
Tax liabilities and tax provisions		101.8	120.0
Other current liabilities	13	286.4	263.5
Current provisions	13	52.7	37.7
Total current liabilities		571.5	537.7
Non-current liabilities			
Long-term debt	14/15	890.7	966.7
Accrued pension obligations	16	309.2	325.8
Deferred tax liabilities	18	76.5	89.7
Other non-current liabilities	19	9.6	11.2
Non-current provisions	19	48.1	34.8
Total non-current liabilities		1,334.1	1,428.2
Equity			
Capital stock	21	3.7	3.7
Reserves		2,194.7	2,084.9
Cumulative translation adjustments		-361.2	-453.4
Total equity		1,837.2	1,635.2
Total liabilities and equity		3,742.8	3,601.1

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

CONSOLIDATED INCOME STATEMENTS

1.1. – 31.12.

	Note	2017 MCHF	2016 MCHF
Net sales	29	2,908.3	2,809.0
Cost of materials		829.8	774.9
Personnel expenses		746.8	702.0
Depreciation	9	105.7	102.0
Amortisation of intangible assets	11	44.6	43.1
Other operating expenses, net	23	559.7	546.9
Total operating expenses, net		2,286.6	2,168.9
Operating profit (EBIT)		621.7	640.1
Financial expenses	24	-13.0	-13.5
Financial income	24	1.2	1.9
Foreign exchange loss (-)/gain	24	2.4	2.3
Financial result, net		-9.4	-9.3
Profit before income tax expenses		612.3	630.8
Income tax expenses	25	84.9	82.6
Net income		527.4	548.2
- Attributable to shareholders of Geberit AG		527.4	548.2
EPS (CHF)	22	14.34	14.88
EPS diluted (CHF)	22	14.31	14.85

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

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

1.1. – 31.12.

	Note	2017 MCHF	2016 MCHF
Net income according to the income statement		527.4	548.2
Cumulative translation adjustments		92.0	-19.0
Taxes		0.2	-0.3
Cumulative translation adjustments, net of tax		92.2	-19.3
Total other comprehensive income to be reclassified to the income statement in subsequent periods, net of tax		92.2	-19.3
Remeasurements of pension plans	16	29.0	-20.8
Taxes		-4.3	4.5
Remeasurements of pension plans, net of tax		24.7	-16.3
Total other comprehensive income not to be reclassified to the income statement in subsequent periods, net of tax		24.7	-16.3
Total other comprehensive income, net of tax		116.9	-35.6
Total comprehensive income		644.3	512.6
- Attributable to shareholders of Geberit AG		644.3	512.6

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to shareholders of Geberit AG					Total equity
	Ordinary shares	Reserves	Treasury shares	Pension plans	Cum. translation adjustments	
	MCHF	MCHF	MCHF	MCHF	MCHF	MCHF
Balance at 31.12.2015	3.8	2,352.5	-276.5	-163.5	-434.1	1,482.2
Net income		548.2				548.2
Other comprehensive income				-16.3	-19.3	-35.6
Distribution		-309.3				-309.3
Share buyback programme			-42.9			-42.9
Purchase (-)/Sale of treasury shares		7.0	-8.0			-1.0
Capital reduction	-0.1	-247.9	248.0			0.0
Management option plans		-6.4				-6.4
Balance at 31.12.2016	3.7	2,344.1	-79.4	-179.8	-453.4	1,635.2
Net income		527.4				527.4
Other comprehensive income				24.7	92.2	116.9
Distribution		-368.4				-368.4
Share buyback programme			-91.8			-91.8
Purchase (-)/Sale of treasury shares		8.1	14.8			22.9
Management option plans		-5.0				-5.0
Balance at 31.12.2017	3.7	2,506.2	-156.4	-155.1	-361.2	1,837.2

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

CONSOLIDATED STATEMENTS OF CASHFLOWS

1.1. – 31.12.

	Note	2017 MCHF	2016 MCHF
Cash provided by operating activities			
Net income		527.4	548.2
Depreciation and amortisation	9/11	150.3	145.1
Financial result, net	24	9.4	9.3
Income tax expenses	25	84.9	82.6
Other non-cash income and expenses		34.2	18.5
Operating cashflow before changes in net working capital and taxes		806.2	803.7
Income taxes paid		-129.7	-98.6
Changes in trade accounts receivable		4.2	-29.4
Changes in inventories		-20.0	-2.6
Changes in trade accounts payable		6.7	13.4
Changes in other positions of net working capital		-27.0	28.7
Net cash from/used (-) in operating activities		640.4	715.2
Cash from/used (-) in investing activities			
Sales of subsidiaries	2/10	9.7	32.8
Purchase of property, plant & equipment and intangible assets	9/11	-159.0	-139.1
Proceeds from sale of property, plant & equipment and intangible assets		3.5	6.2
Interest received		0.0	0.9
Other, net		-2.0	-0.5
Net cash from/used (-) in investing activities		-147.8	-99.7
Cash from/used (-) in financing activities			
Proceeds from borrowings	14/15	70.2	50.3
Repayments of borrowings	14/15	-207.5	-223.1
Interest paid		-6.4	-6.2
Distribution		-368.4	-309.3
Share buyback programme		-88.3	-50.7
Purchase (-)/Sale of treasury shares		-2.1	-22.2
Financing cost paid		-1.5	-0.4
Other, net		-1.3	-1.3
Net cash from/used (-) in financing activities		-605.3	-562.9
Effects of exchange rates on cash and cash equivalents		15.7	-2.5
Net increase/decrease (-) in cash and cash equivalents		-97.0	50.1
Cash and cash equivalents at beginning of year		509.7	459.6
Cash and cash equivalents at end of year		412.7	509.7

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 117 countries. The Group is present in 49 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. A company is consolidated for the first time or deconsolidated from the date on which the Group exercises or loses control over the company.

In 2017, the value-at-risk (VaR) method was replaced by the cashflow-at-risk (CfaR) method to measure the currency risks as this method better reflects the Geberit business model. See → **Note 4**.

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**)
- Capitalisation 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

2017

SALE OF THE VARICOR GROUP

The Varicor Group was sold at a sales price of MEUR 13.8 and deconsolidated as at 1 January 2017. The Varicor Group companies are Varicor S.A.S. and Varicor GmbH which were acquired as part of the Sanitec acquisition in 2015 and employed 86 people as at 31 December 2016. The Varicor Group did not contribute to the net income in 2017. In 2016, the Varicor Group contributed MEUR 8.7 to the Geberit Group's net sales, MEUR 0.8 to the EBIT, and MEUR 0.7 to the net income. On 31 December 2016, the Varicor Group had current assets of MEUR 5.6, non-current assets of MEUR 11.7, current liabilities of MEUR 2.4, and non-current liabilities of MEUR 1.0.

In addition the sales company Geberit UAB was established in Vilnius and there were various changes to the legal structure of the Group mainly in connection with the integration of the Sanitec Group but with no effect on the consolidated results.

2016

SALE OF THE KORALLE GROUP

The Group sold the Koralle Group to AFG Arbonia-Forster-Holding AG on 1 July 2016. The sales price was MEUR 33.0 plus net cash and cash equivalents. The Koralle Group companies are Bekon Koralle AG, Koralle Sanitärprodukte GmbH, Baduscho Dusch- und Badeeinrichtungen Produktions- und Vertriebsgesellschaft mbH and Servico Gesellschaft für Sanitärtechnik mbH. The Koralle Group was acquired as part of the Sanitec acquisition in 2015. The provider of shower enclosures primarily operates in the Swiss, German and Austrian markets and employed 240 people as at 30 June 2016. The Koralle Group contributed MCHF 22.6 to the Geberit Group's net sales, MCHF 2.1 to the EBIT, and MCHF 1.7 to the net income as at 30 June 2016. In 2015 (11 months), the Koralle Group contributed MCHF 42.2 to the Geberit Group's net sales, MCHF 2.4 to

the EBIT, and MCHF 1.9 to the net income. On 30 June 2016, the Koralle Group had current assets of MCHF 17.1, non-current assets of MCHF 33.7, current liabilities of MCHF 7.3, and non-current liabilities of MCHF 7.3.

In addition there were various changes to the legal structure of the Group mainly in connection with the integration of the Sanitec Group but with no effect on the consolidated results.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

New or revised IFRS standards and interpretations 2017 and their adoption by the Group

Standard/Interpretation	Enactment	Relevance for Geberit	Adoption
IAS 7 – Statement of Cash Flows	1.1.2017	The amendments to IAS 7 Statement of Cash Flows are part of the IASB's Disclosure Initiative and are directed to improve the understanding about the development of changes to financial liabilities. The amendments require disclosures about changes in financial liabilities arising from financing activities, including changes arising from cash flows and changes arising from non-cash changes (such as foreign exchange gains or losses). These amendments had limited impact on the notes to the consolidated financial statements.	1.1.2017
IAS 12 – Income Taxes	1.1.2017	These amendments on the recognition of deferred tax assets for unrealised losses clarify how to account for deferred tax assets related to debt instruments measured at fair value. These amendments had no impact on the consolidated financial statements.	1.1.2017

New or revised IFRS standards and interpretations as from 2018 and their adoption by the Group

Standard/Interpretation	Enactment	Relevance for Geberit	Adoption
IFRS 2 – Share-based Payment	1.1.2018	The amendment clarifies the accounting treatment of: 1) The effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments (clarification that the valuation is not in the scope of IFRS 13 'Fair Value Measurement') 2) Share-based payment transactions with a net settlement feature for withholding tax obligations 3) Modifications to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled. This amendment has no impact on the consolidated financial statements.	1.1.2018
IFRS 9 – Financial Instruments	1.1.2018	Geberit adopted IFRS 9 early as of 1 January 2017. The Group elected to apply the limited exemption in IFRS 9 relating to transition for classification and measurement and impairment, and accordingly has not restated comparative periods. The nature of the main changes resulting from the new standard is as follows: 1) Classification and measurement of financial instruments: Financial assets are classified and subsequently measured at amortised cost or fair value through income statement based on both the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. The classification of financial liabilities does not follow the approach used for the financial assets and remains unchanged. 2) Impairment of financial assets: The new impairment model is an expected credit loss ("ECL") model which implies both an earlier recognition of impairment losses and a disclosure of more timely and forward-looking information. A simplified approach must be applied for trade receivables or contract assets that result from transactions within the scope of IFRS 15 and that do not contain a significant financing component. With this approach no changes in credit risk are tracked but instead a loss allowance is recognised based on lifetime ELCs at each reporting date. 3) Hedge accounting: The new hedge accounting model is less rules-based, aligning accounting more closely with the Group's risk management practices and enabling a wider range of different economic hedging strategies. The early adoption of IFRS 9 did not have a material impact on the consolidated financial statements and no adjustment was required to equity at 1 January 2017.	1.1.2017
IFRS 15 – Revenue from Contracts with Customers	1.1.2018	IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers. Revenue shall be recognised at an amount that reflects the consideration to which the Group expects to be entitled in exchange for transferring goods or services. The Group focuses on sanitary technology and bathroom ceramics in the sanitary industry. The products are primarily sold through the wholesale channel for which revenue is recognised at a point in time according to the different terms of delivery. Certain contracts include variable consideration components such as discounts or sales based rebates. Based on an analysis the Group reallocated certain payments to customers but this does not have any material impact on the consolidated financial statements. Based on an assessment IFRS 15 does not have any material impact on recognition and measurement of revenue. IFRS 15 mainly results in increased disclosures.	1.1.2018

New or revised IFRS standards and interpretations as from 2018 and their adoption by the Group

IFRS 16 – Leases	1.1.2019	Under current IAS 17 lessees are required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). The new standard requires lessees to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. The IASB included an optional exemption for certain short-term leases and leases of low-value assets. 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 have an impact on the consolidated financial statements and the impact is currently under evaluation. Based on a preliminary assessment the value of right-of-use assets will be around MCHF 100. A financial liability representing the future lease payments will be shown at approximately the same amount.	1.1.2019
IFRIC 22 – Foreign Currency Transactions and Advance Considerations	1.1.2018	The interpretation clarifies the recognition of a non-monetary asset or non-monetary liability arising from the pre-payment or receipt of advance consideration denominated in a foreign currency, before the related asset, expense or income is recognised. It determines that the applicable exchange rate shall be the date of the transaction on which the Group initially recognises the non-monetary pre-payment asset or non-monetary deferred liability. If there are multiple payments or receipts in advance, the entity must determine a date of the transactions for each payment or receipt of advance consideration. The amendment has no impact on the consolidated financial statements.	1.1.2018
IFRIC 23 – Uncertainty over income tax treatments	1.1.2019	This IFRIC clarifies the accounting treatment when there is uncertainty over whether a tax treatment will be accepted by tax authorities and defines that it is in the scope of IAS 12 and not IAS 37. The interpretation clarifies that the uncertainties may be treated separately or together as a group, providing factors to determine the unit of account. It is to be assumed that tax authorities will examine those treatments and have full knowledge of all related information. Both current and deferred income taxes are accounted based on the probabilities that certain treatments will be accepted, determined by the most likely amount method or the expected value method. Uncertain tax treatments are reassessed following a change in circumstances or due to new information, while the absence of comment from the tax authority alone is unlikely to lead to a change in the estimate. The amendment has no material impact on the consolidated financial statements.	1.1.2019
Annual improvements of IFRS	various	The ordinary annual clarifications and minor amendments of various standards 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 realisable 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 realisable 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 capitalised 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), moulds (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 are charged to the income statement as incurred.

Borrowing costs of all material qualifying assets are capitalised 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 capitalised 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 capitalised must be determined by applying a capitalisation 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 the difference is 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, trademarks and other intangible assets with an indefinite useful life are not regularly amortised but tested for impairment on an annual basis. Since the capitalised 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 amortisation 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 capitalised 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 recognises 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 recognised 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 recognised 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 realisation of future tax savings related to tax loss carryforwards and other deferred tax assets is not or no longer probable, the deferred tax assets are reduced accordingly.

A liability for deferred taxes is recognised 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 acquired on a lease and deemed to be owned in respect of their risks and rewards are classified under finance leasing. Leased property, plant and equipment are capitalised and depreciated over their estimated useful life. The corresponding lease obligations are recognised 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 COST

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 whether the capitalisation criteria of IAS 38.57 are fulfilled. In the case that all criteria are fulfilled, the expenses are capitalised and amortised over a period of six years (see → **Note 27**).

RETIREMENT BENEFIT PLANS

The Group manages different employee pension plans structured as both defined benefit and defined contribution plans. These pension funds are usually 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 recognised in other comprehensive income as "Remeasurements of 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 capitalised in compliance with IAS 19.64 and IFRIC 14. The annual net periodic pension cost calculated for defined benefit plans are recognised 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 future 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 programmes 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 programmes. The dilution from option programmes 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

Financial assets are carried at amortised cost less allowances for expected credit losses. IFRS 9 was early adopted on 1 January 2017. Consequently, allowances must be made on the basis of the expected credit losses of financial instruments rather than on the basis of any loss incurred as has been the case to date.

Financial liabilities are carried at amortised cost. The carrying amount of such items reasonably approximates to their fair value.

Debts are initially recorded at fair value, net of transaction costs, and subsequently measured at amortised cost according to the effective interest rate method. The Group classifies debts 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** for an allocation of the balance sheet items to the classification by categories.

HEDGE ACCOUNTING

Geberit purchases derivative financial instruments for the purpose of economically hedging specific commitments (see → **Note 4**). No hedge accounting was applied in 2017 or 2016.

4. RISK ASSESSMENT AND MANAGEMENT

GENERAL

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

The policy defines a structured process to which the business risks are systematically managed. In this process, risks are identified, analysed 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 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 recognising, analysing 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 the foreign exchange rate risks and interest rate risks with the cashflow-at-risk method.

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 as 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 a period of 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 held at banks on a short-term basis. 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 Group generates sales and costs in Switzerland and abroad in foreign currencies. Therefore, exchange rate changes have an impact on the consolidated results. 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 neutralised 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.

The currency risk over a period of 12 months is measured via the cashflow-at-risk (CfaR) method. By using statistical methods, the effect of probable changes in foreign exchange rates on the financial result of the Group is evaluated. On 31 December 2017, the Group's CfaR amounted to MCHF 34.5 (PY: MCHF 39.5), hence there was a 95% likelihood that any loss resulting from currency risk would not exceed MCHF 34.5.

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

Model	Method	Confidence level	Holding period
J. P. Morgan	Variance-covariance approach	95%	12 months

MANAGEMENT OF INTEREST RATE RISK

Basically, two types of interest rate risk exist:

- the fair market value risk for financial positions bearing fixed interest rates
- 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 considered 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 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 at 31 December:

	2017	2016
	MCHF	MCHF
EBITDA	772.0	785.2
Financial result, net + CfaR	9.8	9.8
EBITDA/(Financial result, net + CfaR)	79x	80x

MANAGEMENT OF LIQUIDITY RISK

Liquid funds, including the committed unused credit lines, must be available to cover future cash drains in due time amounting to a certain liquidity reserve. This reserve considers interest and amortisation 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 631.4 (PY: MCHF 561.2).

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 based on an expected credit loss (ECL) model in accordance with IFRS 9 (see → **Note 6**). 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 trade receivables at year-end is not representative because of the low sales volume in December. In 2017, the average balance of trade receivables is about 131% (PY: 141%) 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 to make sure that they meet the requirements of financial markets, changes in the Group organisation 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	2017	2016
Foreign exchange rate risk	Cashflow-at-Risk (CfaR)	MCHF 34.5	MCHF 39.5
Interest rate risk	EBITDA/(financial result, net + CfaR)	79x	80x
Liquidity risk	(Deficit)/excess of liquidity reserve	MCHF 631.4	MCHF 561.2

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
- ensure 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 programmes
- capital increases
- draw 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 at 31 December are outlined below:

	2017 MCHF	2016 MCHF
Gearing		
Debt	895.2	970.9
Liquid funds and marketable securities	412.7	509.7
Net debt	482.5	461.2
Equity	1,837.2	1,635.2
Net debt/equity	26.3%	28.2%
Return on equity (ROE)		
Equity (rolling)	1,718.7	1,526.3
Net income	527.4	548.2
ROE	30.7%	35.9%
Return on invested capital (ROIC)		
Invested capital (rolling)	2,696.0	2,704.6
Net operating profit after taxes (NOPAT)	526.2	545.8
ROIC	19.5%	20.2%

6. TRADE ACCOUNTS RECEIVABLE

According to IFRS 9, it is no longer necessary for a loss event to occur before an impairment loss is recognised. Impairment is determined based on expected credit losses, which is the present value of the cash shortfalls over the expected life of the financial assets. Geberit incorporates forward-looking information into its historical customer default rates, grouping receivables by customer sector, rating and geography taking into account the existence of collateral, if any. In the prior year, the allowance for trade accounts receivable was determined based on the incurred credit loss model required by IAS 39.

	2017 MCHF	2016 MCHF
Trade accounts receivable	212.6	187.1
Allowances	-10.9	-12.7
Total trade accounts receivable	201.7	174.4

Of the total trade accounts receivable, MCHF 7.9 were denominated in CHF, MCHF 71.6 in EUR, MCHF 22.2 in USD, MCHF 24.1 in GBP, MCHF 16.8 in SEK, MCHF 11.0 in DKK, MCHF 13.1 in NOK and MCHF 7.4 in PLN.

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

	2017	2016
	MCHF	MCHF
Allowances for trade accounts receivable		
1 January	12.7	14.8
Changes in scope of consolidation	-0.6	-0.2
Additions	1.0	4.5
Used	-0.4	-5.4
Reversed	-2.4	-0.8
Translation differences	0.6	-0.2
31 December	10.9	12.7

	2017	2016
	MCHF	MCHF
Maturity analysis of trade accounts receivable		
Not due	144.4	120.0
Past due < 30 days	36.1	43.0
Past due < 60 days	20.8	5.2
Past due < 90 days	1.4	4.0
Past due < 120 days	1.3	3.8
Past due > 120 days	8.6	11.1
Allowances	-10.9	-12.7
Total trade accounts receivable	201.7	174.4

7. OTHER CURRENT ASSETS AND CURRENT FINANCIAL ASSETS

	2017	2016
	MCHF	MCHF
Value-added tax receivables	78.3	77.0
Income tax refunds receivable	20.2	13.9
Short-term derivative financial instruments ¹	0.2	0.3
Prepaid expenses	11.2	9.7
Other current assets	12.4	10.1
Total other current assets and current financial assets (see → Note 15)	122.3	111.0

¹ Not part of the calculation of net working capital

8. INVENTORIES

	2017	2016
	MCHF	MCHF
Raw materials, supplies and other inventories	102.0	94.2
Work in progress	55.9	46.3
Finished goods	128.2	116.8
Merchandise	27.1	18.2
Prepayments to suppliers	0.1	0.1
Total inventories	313.3	275.6

As at 31 December 2017, inventories included allowances for slow-moving and obsolete items of MCHF 43.5 (PY: MCHF 37.9).

9. PROPERTY, PLANT AND EQUIPMENT

	Total	Land and buildings	Machinery and equipment	Office equipment	Assets under constr. / advance payments
	MCHF	MCHF	MCHF	MCHF	MCHF
2017					
Cost at beginning of year	2,088.7	619.8	1,349.3	55.7	63.9
Changes in scope of consolidation	-6.8	-1.7	-5.0	-0.1	
Additions	149.8	8.6	51.4	9.2	80.6
Disposals	-96.7	-14.1	-74.5	-8.1	
Transfers	0.0	7.7	39.6	1.7	-49.0
Translation differences	132.0	35.9	84.4	7.0	4.7
Cost at end of year	2,267.0	656.2	1,445.2	65.4	100.2
Accumulated depreciation at beginning of year	1,362.2	323.6	1,004.4	34.2	0.0
Changes in scope of consolidation	-5.9	-1.3	-4.5	-0.1	
Depreciation	105.7	18.5	76.7	10.5	
Disposals	-91.3	-12.3	-71.1	-7.9	
Translation differences	83.5	16.5	61.5	5.5	
Accumulated depreciation at end of year	1,454.2	345.0	1,067.0	42.2	0.0
Carrying amounts at end of year	812.8	311.2	378.2	23.2	100.2

	Total	Land and buildings	Machinery and equipment	Office equipment	Assets under constr. / advance payments
	MCHF	MCHF	MCHF	MCHF	MCHF
2016					
Cost at beginning of year	2,122.2	614.4	1,361.2	58.7	87.9
Changes in scope of consolidation	-26.3	-6.0	-20.3		
Additions	127.9	15.3	54.3	7.7	50.6
Disposals	-114.3	-15.1	-82.5	-16.7	
Transfers	0.0	16.4	50.3	6.8	-73.5
Translation differences	-20.8	-5.2	-13.7	-0.8	-1.1
Cost at end of year	2,088.7	619.8	1,349.3	55.7	63.9
Accumulated depreciation at beginning of year	1,406.8	324.4	1,039.1	43.3	0.0
Changes in scope of consolidation	-24.6	-5.0	-19.6		
Depreciation	102.0	18.3	75.9	7.8	
Disposals	-107.2	-12.5	-78.5	-16.2	
Translation differences	-14.8	-1.6	-12.5	-0.7	
Accumulated depreciation at end of year	1,362.2	323.6	1,004.4	34.2	0.0
Carrying amounts at end of year	726.5	296.2	344.9	21.5	63.9

As at 31 December 2017, there were no qualified assets for which borrowing costs were capitalised during the production phase. As at 31 December 2017, the Group had entered into firm commitments for capital expenditures of MCHF 15.0 (PY: MCHF 7.8).

10. OTHER NON-CURRENT ASSETS AND NON-CURRENT FINANCIAL ASSETS

	2017	2016
	MCHF	MCHF
Reinsurance policies for pension obligations (see → Note 16)	22.3	19.3
Assets from defined benefit plans (see → Note 16)	0.9	0.4
Deposits	2.6	2.6
Capitalised financing costs	1.2	0.5
Other	8.0	3.3
Total other non-current assets and non-current financial assets	35.0	26.1

As at 31 December 2017, the position "Other" mainly includes long-term receivables in connection with the sale of the Vari-cor Group.

11. GOODWILL AND INTANGIBLE ASSETS

	Total	Goodwill	Patents and technology	Trademarks	Other intangible assets ¹
	MCHF	MCHF	MCHF	MCHF	MCHF
2017					
Cost at beginning of year	2,213.2	1,467.6	260.0	377.8	107.8
Changes in scope of consolidation	-11.8	-11.6			-0.2
Additions	9.2				9.2
Disposals	-1.9				-1.9
Translation differences	133.2	112.3	11.8	7.6	1.5
Cost at end of year	2,341.9	1,568.3	271.8	385.4	116.4
Accumulated amortisation at beginning of year	532.1	212.5	192.1	61.8	65.7
Changes in scope of consolidation	-0.2				-0.2
Amortisation	44.6		35.0		9.6
Disposals	-1.9				-1.9
Translation differences	18.4	9.7	7.7		1.0
Accumulated amortisation at end of year	593.0	222.2	234.8	61.8	74.2
Carrying amounts at end of year	1,748.9	1,346.1	37.0	323.6	42.2
2016					
Cost at beginning of year	2,256.4	1,508.0	260.9	381.5	106.0
Changes in scope of consolidation	-32.9	-31.3			-1.6
Additions	11.2				11.2
Disposals	-7.7				-7.7
Translation differences	-13.8	-9.1	-0.9	-3.7	-0.1
Cost at end of year	2,213.2	1,467.6	260.0	377.8	107.8
Accumulated amortisation at beginning of year	499.3	213.2	158.5	59.8	67.8
Changes in scope of consolidation	-1.4				-1.4
Amortisation	43.1		34.4		8.7
Disposals	-7.5				-7.5
Transfer	0.0			2.0	-2.0
Translation differences	-1.4	-0.7	-0.8		0.1
Accumulated amortisation at end of year	532.1	212.5	192.1	61.8	65.7
Carrying amounts at end of year	1,681.1	1,255.1	67.9	316.0	42.1

¹ Others: mainly software and capitalised product development costs (see → Note 27: Research and development cost)

Goodwill and intangible assets from acquisitions with an indefinite useful life are tested for impairment on an annual basis. No impairment arose on 31 December 2017. The following table lists the carrying amounts and parameters of the items that are material for the Group.

	Carrying amount	Carrying amount	Calculation of recoverable amount (PY numbers in brackets)			
	31.12.2017	31.12.2016	Value in use (U) or fair value less cost to sell (F)	Growth rate beyond planning period	Discount rate pre-tax	Discount rate post-tax
	MCHF	MCHF		%	%	%
Goodwill	1,346.1	1,255.1	U	2.9 (2.4)	6.2 (7.3)	5.6 (6.4)
Geberit trademark	84.6	84.6	U	2.9 (2.4)	6.2 (7.4)	5.6 (6.4)
Various other trademarks	239.0	231.4	U	2.0 - 2.9 (2.4)	5.9 - 7.2 (5.7 - 8.5)	5.8 - 6.8 (5.6 - 7.2)

The discounted cashflow method is applied to test the goodwill for impairment. The Group bases the impairment test on the current business plan (for a four-year period) and its assumptions regarding price, market and market share developments. Growth rates after the end of the planning period are based on Euroconstruct forecasts and the Group's own assumptions based on past experience regarding price and market share trends. A discount rate based on the Group's weighted cost of capital is used to calculate the discounted future cashflows. Management regards the discount rate, growth rates and development of the operating margin as the key factors in calculating the recoverable amount.

Trademarks are tested using the relief from royalty method. The item "Various other trademarks" mainly includes the trademarks Ifö, Keramag, Kolo, IDO, Twyford, Allia and Sphinx. Impairment is tested against the Group's estimated net sales attributable to the trademarks according to the current business plan (four-year period). Growth rates after the end of the planning period are based on Euroconstruct forecasts and the Group's own assumptions based on past experience regarding price and market share trends. Discounted future cashflows are calculated using discount rates based on the Group's weighted cost of capital taking into account country- and currency-specific risks.

The sensitivity analysis shows that changes to the key assumptions (discount rate +0.5% and growth rate -1.0%) that are possible and realistic from today's perspective would not result in any need to impair the goodwill or the trademarks.

12. SHORT-TERM DEBT

	2017	2016
	MCHF	MCHF
Other short-term debt	4.5	4.2
Total short-term debt	4.5	4.2

SHORT-TERM CREDIT LINES

The Group maintains credit lines of MCHF 41.9 (PY: MCHF 40.6) from various lenders, which can be cancelled 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 at 31 December 2017 and 2016, the Group did not have any outstanding drawings on the above-mentioned credit lines.

OTHER SHORT-TERM DEBT

As at 31 December 2017, the Group had MCHF 4.5 in other short-term debt (PY: MCHF 4.2). This debt incurred an effective interest rate of 5.4% (PY: 5.4%).

CURRENCY MIX

Of the short-term debt outstanding as at 31 December 2017, MCHF 4.5 was denominated in EUR (PY: MCHF 4.1).

13. OTHER CURRENT LIABILITIES AND PROVISIONS

	2017	2016
	MCHF	MCHF
Compensation-related liabilities	88.5	89.9
Customer-related liabilities	107.8	77.3
Value added tax payables	44.5	49.7
Short-term derivative financial instruments (see → Note 15)	1.1	0.1
Short-term interest payables	3.8	3.5
Other current liabilities	40.7	43.0
Total other current liabilities	286.4	263.5

The position "Other current liabilities" mainly includes accruals for not invoiced services and deliveries.

	2017	2016
	MCHF	MCHF
Current provisions	16.4	25.8
Provisions for restructuring	36.3	11.9
Total current provisions	52.7	37.7

The movements of current provisions for 2017 and 2016 are shown in the following table:

	2017	2016
	MCHF	MCHF
Current provisions		
1 January	25.8	15.4
Additions	4.6	15.9
Used	-11.9	-4.3
Reversed	-2.2	-0.6
Translation differences	0.1	-0.6
31 December	16.4	25.8

The movements of provisions for restructuring for 2017 and 2016 are shown in the following table:

	2017	2016
	MCHF	MCHF
Provisions for restructuring		
1 January	11.9	16.2
Additions	50.9	1.5
Transfers	-19.6	2.8
Used	-6.6	-8.0
Reversed	-2.5	-0.2
Translation differences	2.2	-0.4
31 December	36.3	11.9

In July 2017, the result of a strategic review of two plants owned by the French subsidiary Allia that had been announced in the previous year, was communicated. In agreement with the trade unions and following approval by the authorities, the La Villeneuve-au-Chêne site was closed and ceramics production in Digoin was discontinued. In addition to a social plan, the agreement included the continuation of a packaging and logistics area in Digoin for the French market. The costs of the closure had a negative impact of MCHF 45 on the result of the Geberit Group in 2017. As at 31 December 2017, the restructuring provision for this case amounted to MCHF 37.8 and is split into a current (MCHF 29.0) and non-current (MCHF 8.8) provision.

14. LONG-TERM DEBT

	2017	2016
	MCHF	MCHF
Bonds	878.8	829.5
Syndicated bank loan	0.0	128.4
Credit facility	0.0	0.0
Other long-term debt	11.9	8.8
Total long-term debt	890.7	966.7
Short-term portion of long-term debt	0.0	0.0
Total long-term debt	890.7	966.7

BONDS

Geberit has the following three bonds outstanding: a bond for MCHF 150 (fair value as at 31 December 2017: MCHF 150.7) with a term of four years and a coupon of 0.05% due 2019, a bond for MCHF 150 (fair value as at 31 December 2017: MCHF 151.4) with a term of eight years and a coupon of 0.3% due 2023, and a bond for MEUR 500 (fair value as at 31 December 2017: MEUR 507.9) with a term of six years and a coupon of 0.688% due 2021.

SYNDICATED BANK LOAN

The syndicated bank loan was used for medium-term financing and had a term of three years (due in 2018). Its variable interest rate was based on the LIBOR plus a margin that depends on the ratio of net debt to EBITDA. MEUR 0 of the loan had been drawn as at 31 December 2017 (PY: MEUR 120). MEUR 155 was repaid in 2016 and the term loan facility was repaid in full and cancelled on 11 September 2017.

REVOLVING CREDIT FACILITY

The revolving credit facility was a firmly committed credit line of MCHF 300 dating from October 2014 which was replaced by a new firmly committed credit line of MCHF 500 in November 2017. Like its predecessor, the new credit line also has a term of five years (due in 2022) as well as two renewal options of one additional year each. The interest rate continues to be 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 as of 31 December 2017. A commitment fee – recorded as financial expenses – is charged in respect of the undrawn portion.

The MEUR 500 bond and the MCHF 500 credit facility are secured by guarantees from Geberit AG. The credit facility contains conditions typical for syndicated financing.

OTHER LONG-TERM DEBT

As at 31 December 2017, the Group had MCHF 11.9 of other long-term debt (PY: MCHF 8.8). This debt incurred an effective interest rate of 6.0% (PY: 5.9%).

CURRENCY MIX

Of the total long-term debt outstanding as at 31 December 2017, MCHF 592.3 was denominated in EUR (PY: MCHF 669.3) and MCHF 298.4 in CHF (PY: MCHF 297.4).

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 at 31 December 2017 and 2016, the following derivative financial instruments were outstanding:

Forward foreign exchange contracts

	Contract values					Fair value 31.12.	Calculation method
2017	MCZK	MEUR	MGBP	MPLN	MNOK	MCHF	
Foreign exchange contracts	0.0	-200.0	-0.3	-48.5	-5.0	-0.9	Mark-to-Market
2016	MCZK	MEUR	MGBP	MPLN	MNOK	MCHF	
Foreign exchange contracts	-5.0	-55.0	-1.0	0.0	0.0	0.2	Mark-to-Market

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

Measurement of financial instruments by categories in accordance with IFRS 9

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 in accordance with IFRS 9. In addition, a fair value measurement hierarchy was introduced for assets and liabilities that are measured at fair value in accordance with IFRS 13. 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 at 31.12.2017	Financial assets at amortised cost	Financial assets at fair value through profit and loss	Fair value measurement hierarchy
	MCHF	MCHF	MCHF	
Financial assets				
Cash and cash equivalents	412.7	412.7	0.0	
Trade accounts receivable	201.7	201.7	0.0	
Other current assets (see → Note 7)	122.1	122.1	0.0	
Other non-current assets	11.1	10.9	0.2	Level 2
Derivative financial instruments (see → Note 7)	0.2	0.0	0.2	Level 2
Total	747.8	747.4	0.4	

	Carrying amount as at 31.12.2017	Financial liabilities at amortised cost	Financial liabilities at fair value through profit and loss	Fair value measurement hierarchy
	MCHF	MCHF	MCHF	
Financial liabilities				
Short-term debt	4.5	4.5	0.0	
Trade accounts payable	126.1	126.1	0.0	
Bonds	878.8	878.8	0.0	
Syndicated bank loan	0.0	0.0	0.0	
Other financial liabilities	11.9	11.9	0.0	
Derivative financial instruments	1.1	0.0	1.1	Level 2
Total	1,022.4	1,021.3	1.1	

	Carrying amount as at 31.12.2016	Financial assets at amortised cost ¹	Financial assets at fair value through profit and loss	Fair value measurement hierarchy
	MCHF	MCHF	MCHF	
Financial assets				
Cash and cash equivalents	509.7	509.7	0.0	
Trade accounts receivable	174.4	174.4	0.0	
Other current assets (see → Note 7)	110.7	110.7	0.0	
Other non-current assets	5.4	5.2	0.2	Level 2
Derivative financial instruments (see → Note 7)	0.3	0.0	0.3	Level 2
Total	800.5	800.0	0.5	

¹ Under IAS 39 "Loans and receivables" category. No change in measurement basis under IFRS 9 (amortised cost).

	Carrying amount as at 31.12.2016	Financial liabilities at amortised cost	Financial liabilities at fair value through profit and loss	Fair value measurement hierarchy
	MCHF	MCHF	MCHF	
Financial liabilities				
Short-term debt	4.2	4.2	0.0	
Trade accounts payable	112.3	112.3	0.0	
Bonds	829.5	829.5	0.0	
Syndicated bank loan	128.4	128.4	0.0	
Other financial liabilities	8.8	8.8	0.0	
Derivative financial instruments	0.1	0.0	0.1	Level 2
Total	1,083.3	1,083.2	0.1	

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

There is no change to Geberit's classification or measurement of financial assets and financial liabilities as a result of the early adoption of IFRS 9. Only the descriptions of the categories were changed in accordance with IFRS 9.

MATURITY ANALYSIS OF FINANCIAL INSTRUMENTS

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

	Carrying amount	Maturity				
	31.12.2017	2018	2019	2020	2021	2022 and later
	MCHF	MCHF	MCHF	MCHF	MCHF	MCHF
Short-term debt	4.5	4.8	0.0	0.0	0.0	0.0
Trade accounts payable	126.1	126.1	0.0	0.0	0.0	0.0
Bonds	878.8	4.5	154.5	4.5	588.8	150.9
Syndicated bank loan	0.0	0.0	0.0	0.0	0.0	0.0
Other financial liabilities	11.9	0.7	3.3	3.1	2.8	4.6
Total non-derivative financial liabilities	1,021.3	136.1	157.8	7.6	591.6	155.5
Derivative financial assets/liabilities, net	0.9	248.3	0.0	0.0	0.0	0.0
Total derivative financial instruments	0.9	248.3	0.0	0.0	0.0	0.0
Total	1,022.2	384.4	157.8	7.6	591.6	155.5

	Carrying amount	Maturity				
	31.12.2016	2017	2018	2019	2020	2021 and later
	MCHF	MCHF	MCHF	MCHF	MCHF	MCHF
Short-term debt	4.2	4.4	0.0	0.0	0.0	0.0
Trade accounts payable	112.3	112.3	0.0	0.0	0.0	0.0
Bonds	829.5	4.2	4.2	154.2	4.1	691.8
Syndicated bank loan	128.4	1.0	129.8	0.0	0.0	0.0
Other financial liabilities	8.8	0.5	2.7	2.3	2.1	3.1
Total non-derivative financial liabilities	1,083.2	122.4	136.7	156.5	6.2	694.9
Derivative financial assets/liabilities, net	-0.2	60.5	0.0	0.0	0.0	0.0
Total derivative financial instruments	-0.2	60.5	0.0	0.0	0.0	0.0
Total	1,083.0	182.9	136.7	156.5	6.2	694.9

ADDITIONAL INFORMATION TO THE CASHFLOW STATEMENT

The following table shows the reconciliation of the items for which cashflows were or in future will be generated and that are reported as net cash from financing activities in the consolidated statements of cashflows:

	2017		Noncash movements			2016
	Total	Cashflows	Changes in scope of consolidation	Translation differences	Others	Total
	MCHF	MCHF	MCHF	MCHF	MCHF	MCHF
Long-term debt	890.7	-137.0	0.0	52.3	8.7	966.7
Short-term debt	4.5	-0.3	0.0	0.3	0.3	4.2
Interest liabilities	3.8	-6.4	0.0	0.3	6.4	3.5
Total	899.0	-143.7	0.0	52.9	15.4	974.4

"Others" mainly contains the transfer of pension liabilities to long-term debt as well as interest and financing costs booked according to the effective interest rate method to "financial result, net".

16. RETIREMENT BENEFIT PLANS

The Group manages defined benefit plans for its employees in various countries. The most relevant defined benefit plans exist in Switzerland and in Germany and account together for 92% (PY: 92%) 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.

	2017	2016
	MCHF	MCHF
Switzerland		
Benefit obligation (for funded retirement benefit plans)	597.5	582.9
Plan assets at fair value	573.9	510.6
Funded status	-23.6	-72.3
Germany		
Benefit obligation (for unfunded retirement benefit plans)	250.1	220.9
Plan assets at fair value	0.0	0.0
Funded status	-250.1	-220.9
Reimbursement rights	15.2	12.3

	2017	2016
	MCHF	MCHF
Other plans		
Benefit obligation (for funded retirement benefit plans)	44.1	42.2
Benefit obligation (for unfunded retirement benefit plans)	34.4	30.8
Plan assets at fair value	43.9	40.8
Funded status	-34.6	-32.2
Reimbursement rights	7.1	7.0
Total		
Benefit obligation (for all retirement benefit plans)	926.1	876.8
Plan assets at fair value	617.8	551.4
Funded status	-308.3	-325.4
Reimbursement rights	22.3	19.3

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 technical funding ratio of this Foundation in accordance with the BVG was 118.2% as at 31 December 2017 (PY: 114.6%).

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.

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 labour-management contracts. The employer can change the conditions by applying provisos. There can be special commitments based on the labour-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 instalments. Annuitisation 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 makes adjustments when necessary.

If a lump-sum benefit is annuitised, 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 annuitisation, the statutory obligation to make (and review) adjustments is not currently seen to harbour 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 labour-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 harbour 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 is 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:

	2017 MCHF	2016 MCHF
Current service cost	35.3	33.2
Past service cost	-7.2	0.0
Contributions of employees	-9.4	-9.2
Net interest cost for retirement benefit plans	3.9	4.2
Net periodic pension cost	22.6	28.2

The current service cost for the Swiss retirement benefit plans was MCHF 23.7 in 2017 (PY: MCHF 22.5) and for the German retirement benefit plans MCHF 10.6 (PY: MCHF 9.7). The past service cost for the Swiss retirement benefit plan (Gemeinschaftsstiftung) was MCHF -5.6 which is a technical effect related to a plan change according to IAS 19. The future pension benefits of the active members were reduced due to the steadily increasing life expectancy and low interest rates environment.

The net interest cost for the Swiss retirement benefit plans was MCHF 0.3 in 2017 (PY: MCHF 0.4) and for the German retirement benefit plans MCHF 3.3 (PY: MCHF 3.5).

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

	2017 MCHF	2016 MCHF
Actuarial gains (-)/losses:	17.0	43.1
- of which from changes in demographic assumptions	-0.1	-1.0
- of which from changes in financial assumptions	-4.4	43.4
- of which from experience adjustments	21.5	0.7
Return on plan assets (excluding interest based on discount rate)	-46.0	-22.2
Return on reimbursement rights (excluding interest based on discount rate)	0.0	-0.1
Asset ceiling adjustment	0.0	0.0
Total pre-tax remeasurements recognised in other comprehensive income	-29.0	20.8

The remeasurements recognised in other comprehensive income in the Consolidated Statements of Comprehensive Income in 2017 for the Swiss retirement benefit plans amounted to MCHF -35.3 (PY: MCHF 13.6) and for the German retirement benefit plans to MCHF 4.8 (PY: MCHF 5.4).

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

	2017 MCHF	2016 MCHF
Benefit obligation		
At beginning of year	876.8	834.2
Changes in scope of consolidation	-0.9	-15.1
Current service cost	35.3	33.2
Past service cost	-7.2	0.0
Interest cost	8.8	10.0
Actuarial gains (-)/losses	17.0	43.1
New plans/plan adjustments	0.0	1.5
Benefits paid	-28.0	-22.8
Translation differences	24.3	-7.3
Benefit obligation at end of year	926.1	876.8

	2017 MCHF	2016 MCHF
Plan assets at fair value		
At beginning of year	551.4	534.8
Changes in scope of consolidation	0.0	-9.5
Interest income (based on discount rate)	4.3	5.3
Return on plan assets (excluding interest based on discount rate)	46.0	22.2
Contributions of employees	8.8	8.7
Contributions of employers	23.3	9.0
New plans/plan adjustments	-0.5	0.0
Benefits paid	-17.8	-13.8
Translation differences	2.3	-5.3
Plan assets at fair value at end of year	617.8	551.4
Funded status at end of year	-308.3	-325.4
Asset ceiling adjustment	0.0	0.0
Assets from defined benefit plans (see → Note 10)	-0.9	-0.4
Net funded status at end of year	-309.2	-325.8

The position "Contributions of employers" includes a one-off payment to the amount of MCHF 13.8 to partly mitigate the reduction of the future pension benefits of the active members resulting from the plan change above.

	2017 MCHF	2016 MCHF
Fair value of reimbursement rights		
At beginning of year	19.3	17.2
Changes in scope of consolidation	0.0	0.0
Interest income (based on discount rate)	0.6	0.5
Return on reimbursement rights (excluding interest based on discount rate)	0.0	0.1
Contributions of employers	1.4	1.3
Contributions of employees	0.6	0.5
Benefits paid	-0.4	-0.3
Translation differences	0.8	0.0
Fair value of reimbursement rights at end of year	22.3	19.3

As at 31 December 2017, the fair value of the reinsurance policies for the German retirement benefit plans was MCHF 15.2 (PY: MCHF 12.3).

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

	2017			2016		
	Listed on an active market	Other	Total	Listed on an active market	Other	Total
	MCHF	MCHF	MCHF	MCHF	MCHF	MCHF
Equity instruments	224.2	17.0	241.2	192.8	9.0	201.8
Bonds and other debt instruments	108.3	41.6	149.9	108.5	38.0	146.5
Real estate property	57.9	123.2	181.1	54.8	121.1	175.9
Cash and cash equivalents	36.3	0.0	36.3	20.1	0.0	20.1
Other	3.0	6.3	9.3	2.4	4.7	7.1
Total	429.7	188.1	617.8	378.6	172.8	551.4

The plan asset of the Swiss retirement benefit plans was MCHF 573.9 as at 31 December 2017 and the effective income on the plan assets was +9.4% in 2017 and +3.45% in 2016. As at the end of 2017, the plan assets included MCHF 6.6 (PY: MCHF 6.3) 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:

	2017				2016			
	Active members	Deferred members	Pensioners	Total	Active members ¹	Deferred members	Pensioners	Total
Plan members (number)								
Swiss retirement benefit plans	1,278		516	1,794	1,238		500	1,738
German retirement benefit plans	5,178	581	364	6,123	4,941	525	355	5,821
Total plan members	6,456	581	880	7,917	6,179	525	855	7,559
Benefit obligation (in MCHF)								
Swiss retirement benefit plans	346.9		250.6	597.5	346.6		236.3	582.9
German retirement benefit plans	181.8	26.9	41.4	250.1	156.4	23.7	40.8	220.9
Total benefit obligation	528.7	26.9	292.0	847.6	503.0	23.7	277.1	803.8
Share in %	62.3	3.2	34.5	100.0	62.6	2.9	34.5	100.0

¹ Error in number Active members for German retirement benefit plans. Correction according to IAS 8.

The weighted average duration of the benefit obligation for the Swiss retirement benefit plans is approx. 16 years (PY: approx. 17 years) and for the German retirement benefit plans approx. 12 years (PY: approx. 12 years).

Employer contributions of MCHF 9.1 are expected for the Swiss retirement benefit plans in 2018. 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 %):

	2017		2016	
	CH	DE	CH	DE
Discount rate	0.6	1.45	0.6	1.6
Salary increase rate	1.2	0 - 2,5	1.2	0 - 2,5
Pension increase rate	0.0	2.0	0.0	2.0
Mortality	BVG 2015 generations table	2005G actuarial tables	BVG 2015 generations table	2005G actuarial tables

The trend for sickness cost 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 was changed. Every assumption change was analysed 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	-7.1%	-5.5%
Reduced by 50 basis points	+8.3%	+6.2%
Salaries		
Increased by 25 basis points	+0.40%	+0.02%
Reduced by 25 basis points	-0.38%	-0.02%

In addition, the Group's consolidated income statement for 2017 included expenses for defined contribution plans of MCHF 7.1 (PY: MCHF 7.4).

17. PARTICIPATION PLANS

SHARE PLANS

In 2017, employees were able to purchase a defined number of shares at a discount of 45% (PY: 35%) compared to the market price ("Employee share purchase plan"). 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"). For each of these shares, management participants received one option (see part 2: "Option plans"). As part of the "Directors programme", members of the Board of Directors received their compensation for 2016 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 2017 are summarised below:

	End of blocking period	Number of participants	Number of shares issued	Issuing price CHF
Employee share purchase plan (ESPP)	2019	2,785	19,783	239.77
Management share purchase plan (MSPP)	2020	110	14,204	435.95
Directors programme (DSPP)	2021	7	3,145	435.95
Total			37,132	

The 37,132 shares required for these plans were taken from the stock of treasury shares.

As at 31 December 2017, the Board of Directors, the Group Executive Board and the employees owned a combined total of 362,011 (PY: 353,688) shares, i.e. 1.0% (PY: 1.0%) of the share capital of Geberit AG under these plans.

OPTION PLANS

The management has the opportunity to invest part or all of their variable remuneration in shares of Geberit AG 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 programme, a free option is provided for each share purchased through the programme. 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 members of the Group Executive Board and managing directors are entitled to additional options. The options are subject to a vesting period of five years: a third of the options can be exercised three years after the grant, a further third four years after the grant and a further third five 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 (MSPP) or ten years (MSOP) respectively after which they expire. They can be exercised between the vesting date and the maturity 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 2017:

	End of vesting period	Maturity	Number of participants	Number of options allocated	Exercise price CHF
Management share purchase plan (MSPP)	2018 - 2021	2024	110	14,204	435.95
Option plan (MSOP)	2020 - 2022	2027	93	109,590	435.95
Total				123,794	

The fair value of the options granted in 2017 amounted on average to CHF 34.72 (PY: CHF 26.81) for MSPP and CHF 39.87 (PY: CHF 31.42) for MSOP at the respective granting date. The fair value was determined using the binomial model for "American Style Call Options".

The calculation model was based on the following parameters:

	Exercise price ¹	Expected Ø volatility	Expected Ø dividend yield	Contractual period	Riskfree Ø interest rate
	CHF	%	%	Years	%
Management share purchase plan (MSPP)	435.95	16.95	2.28	7	-0.33
Option plan (MSOP)	435.95	16.88	2.28	10	-0.10

¹ The exercise price corresponds to the average price of Geberit shares for the period from 7. – 20.3.2017.

The following table summarises all option plans in place as at 31 December 2017:

End of vesting period	Maturity	Number of options outstanding	Ø exercise price CHF	Number of options in the money	Ø exercise price CHF
Vested	2018 - 2023	130,426	282.31	130,426	282.31
2018	2021 - 2024	73,781	319.79	70,230	313.92
2019	2022 - 2026	70,294	361.09	66,743	357.11
2020	2023 - 2027	82,242	397.91	42,161	361.75
2021	2024 - 2027	80,102	398.88	40,021	361.75
2022	2027	36,530	435.95	0	435.95
Total		473,375	351.52	349,581	321.62

The following movements took place in 2017 and 2016:

	MSOP		MSPP		Total 2017		Total 2016	
	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	364,838	314.35	37,877	309.68	402,715	313.91	347,084	279.07
Granted options	109,590	435.95	14,204	435.95	123,794	435.95	131,219	361.75
Forfeited options	1,920	361.87	67	305.66	1,987	359.97	3,269	296.03
Expired options	0	0	0	0	0	0	0	0
Exercised options	45,651	258.34	5,496	268.04	51,147	259.38	72,319	233.25
Outstanding 31 December	426,857	351.34	46,518	353.09	473,375	351.52	402,715	313.91
Exercisable at 31 December	114,128	280.71	16,298	293.21	130,426	282.31	86,867	260.16

The 473,375 options outstanding represent 1.3% of the outstanding shares of Geberit AG. In principle, the Group hedges this exposure with treasury shares.

The options outstanding as at 31 December 2017 had an exercise price of between CHF 231.20 and CHF 435.95 and an average remaining contractual life of 6.1 years.

Cost resulting from participation plans amounted to MCHF 4.3 in 2017 (PY: MCHF 2.6); those for option plans totalled MCHF 3.2 (PY: MCHF 2.9).

18. DEFERRED TAX ASSETS AND LIABILITIES

	2017	Movements 2017					2016
	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	12.2	4.2	0.0	0.0	0.0	-0.2	8.2
Accrued pension obligations	32.2	-3.1	0.0	-4.3	-0.2	2.6	37.2
Property, plant and equipment	10.6	2.6	0.0	0.0	0.0	0.5	7.5
Intangible assets	13.4	-5.4	0.0	0.0	-0.2	0.0	19.0
Other	27.7	2.0	0.4	0.2	0.0	0.3	24.8
Total deferred tax assets	96.1	0.3	0.4	-4.1	-0.4	3.2	96.7
Deferred tax liabilities							
Inventories	-3.6	1.3	0.0	0.0	0.0	0.1	-5.0
Property, plant and equipment	-29.3	4.4	0.0	0.0	0.0	-2.7	-31.0
Intangible assets	-37.5	11.4	-0.1	0.0	0.0	-0.1	-48.7
Assets from defined benefit plans	-0.3	-0.1	0.0	0.0	0.0	0.0	-0.2
Other	-5.8	-0.8	0.0	0.0	0.0	-0.2	-4.8
Total deferred tax liabilities	-76.5	16.2	-0.1	0.0	0.0	-2.9	-89.7

¹ Recorded in other comprehensive income

	2016	Movements 2016					2015
	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	8.2	4.0	0.0	0.0	0.0	0.0	4.2
Accrued pension obligations	37.2	0.4	0.0	3.8	-0.6	-0.1	33.7
Property, plant and equipment	7.5	1.6	0.0	0.0	0.0	-0.3	6.2
Intangible assets	19.0	-9.6	0.0	0.0	0.0	0.0	28.6
Other	24.8	0.9	0.8	0.2	0.1	-0.2	23.0
Total deferred tax assets	96.7	-2.7	0.8	4.0	-0.5	-0.6	95.7
Deferred tax liabilities							
Inventories	-5.0	-0.2	0.0	-0.1	0.1	-0.1	-4.7
Property, plant and equipment	-31.0	-1.5	0.0	0.0	0.1	0.2	-29.8
Intangible assets	-48.7	40.1	0.0	-0.4	0.0	0.0	-88.4
Assets from defined benefit plans	-0.2	0.0	0.0	0.7	0.0	0.1	-1.0
Other	-4.8	-1.0	0.0	0.0	0.2	0.1	-4.1
Total deferred tax liabilities	-89.7	37.4	0.0	0.2	0.4	0.3	-128.0

¹ Recorded 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 at 31 December 2017 and 2016, 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 taxes of MCHF 0.2 (PY: MCHF 0.1).

The Group recognises 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:

	2017	Without deferred tax asset	With deferred tax asset	2016	Without deferred tax asset	With deferred tax asset
	MCHF	MCHF	MCHF	MCHF	MCHF	MCHF
Maturity						
1 year	0.0	0.0	0.0	0.2	0.0	0.2
2 years	11.3	6.6	4.7	0.0	0.0	0.0
3 years	6.0	0.0	6.0	16.7	15.3	1.4
4 years	2.7	0.0	2.7	7.2	0.0	7.2
5 years	0.0	0.0	0.0	2.0	0.0	2.0
6 years	11.0	6.1	4.9	10.6	8.7	1.9
> 6 years	173.8	147.1	26.7	149.0	128.3	20.7
Total loss carryforwards	204.8	159.8	45.0	185.7	152.3	33.4

19. OTHER NON-CURRENT LIABILITIES AND PROVISIONS

	2017	2016
	MCHF	MCHF
Accrued investment grants	2.9	3.6
Other non-current liabilities	6.7	7.6
Total other non-current liabilities	9.6	11.2
Provisions for operating risks	35.1	31.6
Other non-current provisions	13.0	3.2
Total non-current provisions	48.1	34.8
Total other non-current liabilities and provisions	57.7	46.0

Movements of the provisions for operating risks in 2017 and 2016 are shown in the following table.

	2017	2016
	MCHF	MCHF
Provisions for operating risks		
1 January	31.6	28.6
Changes in scope of consolidation	-0.2	0.0
Additions	14.3	14.0
Used	-10.7	-8.4
Reversed	-2.0	-2.5
Translation differences	2.1	-0.1
31 December	35.1	31.6

Provisions for operating risks mainly include provisions for warranties. The payments for the warranty claims delay on average 4.0 years (PY: 3.6 years).

	2017 MCHF	2016 MCHF
Other non-current provisions		
1 January	3.2	2.3
Changes in scope of consolidation	0.0	0.0
Additions	2.7	0.0
Transfers	19.6	1.6
Used	-12.7	-0.6
Reversed	-0.5	-0.2
Translation differences	0.7	0.1
31 December	13.0	3.2

This position includes the non-current portion of the restructuring provision totalling MCHF 8.8 for the closure of the plants in France. The line item "Used" includes mainly payments for this closure in France. For a detailed explanation, see → **Note 13 "Other current liabilities and provisions"**.

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 are likely to have a material 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 reorganisations 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 impact on the Group's financial position or operating results.

21. CAPITAL STOCK AND TREASURY SHARES

	2017 pcs.	2016 pcs.
Issued shares		
1 January	37,041,427	37,798,427
Capital reduction	0	-757,000
31 December	37,041,427	37,041,427

Geberit AG launched a share buyback programme on 6 June 2017. Shares in an aggregate amount of up to CHF 450 million will be repurchased, less withholding tax, over a maximum period of three years. Based on the closing price of Geberit registered shares on 31 December 2017, this corresponds to around 1,050,000 registered shares or 2.8% of the share capital currently entered in the Commercial Register. The shares will be repurchased via a separate trading line on the SIX Swiss Exchange for the purpose of a capital reduction. By 31 December 2017, 205,250 shares had been repurchased for a total value of MCHF 91.8.

	2017 pcs.	2016 pcs.
Stock of treasury shares		
From share buyback programmes	205,250	0
Other treasury shares	186,390	239,869
Total treasury shares	391,640	239,869

The entire stock of treasury shares on 31 December 2017 amounted to 391,640 (PY: 239,869) with a carrying amount of MCHF 156.4 (PY: MCHF 79.4). Treasury shares are deducted from equity at historical cost.

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.

	2017	2016
Attributable net income according to income statement (MCHF)	527.4	548.2
Weighted average number of ordinary shares (thousands)	36,783	36,839
Total earnings per share (CHF)	14.34	14.88

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.

	2017	2016
Attributable net income according to income statement (MCHF)	527.4	548.2
Weighted average number of ordinary shares (thousands)	36,783	36,839
Adjustments for share options (thousands)	72	72
Weighted average number of ordinary shares (thousands)	36,855	36,911
Total diluted earnings per share (CHF)	14.31	14.85

23. OTHER OPERATING EXPENSES, NET

	2017 MCHF	2016 MCHF
Outbound freight cost and duties	106.6	98.0
Energy and maintenance expenses	133.1	129.2
Marketing expenses	108.1	105.2
Administration expenses	69.1	68.7
Other operating expenses	164.1	169.6
Other operating income	-21.3	-23.8
Total other operating expenses, net	559.7	546.9

"Other operating expenses" includes, among other things, commissions, rental and consulting expenses as well as warranty cost.

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

In 2017, costs of MCHF 12.9 (PY: MCHF 16.4) were capitalised as property, plant and equipment or intangible assets. This includes in particular tools, mould and assembly lines that are part of the production process, as well as capitalised product development cost. The amount was deducted pro-rata from "Personnel expenses", "Cost of materials" and "Other operating expenses, net".

24. FINANCIAL RESULT, NET

	2017	2016
	MCHF	MCHF
Interest expenses	-9.7	-9.5
Amortisation of deferred financing fees	-1.5	-2.1
Other financial expenses	-1.8	-1.9
Total financial expenses	-13.0	-13.5
Interest income and other	1.2	1.9
Total financial income	1.2	1.9
Foreign exchange loss (-)/gain	2.4	2.3
Total financial result, net	-9.4	-9.3

"Interest expenses" mainly includes the interest for the bonds and for the syndicated bank loans. "Other financial expenses" mainly includes commitment and other fees.

25. INCOME TAX EXPENSES

	2017	2016
	MCHF	MCHF
Current taxes	101.4	117.3
Deferred taxes	-16.5	-34.7
Total income tax expenses	84.9	82.6

The differences between income tax expenses computed at the weighted-average applicable tax rate of the Group of 12.5% (PY: 14.6%) and the effective income tax expenses were as follows:

	2017	2016
	MCHF	MCHF
Income tax expenses, at applicable rate	76.8	91.8
Operating losses with no current tax benefit	13.9	3.1
Offsetting of current profits against loss carryforwards without tax assets	-1.3	-6.1
Changes in future tax rates	-0.7	-0.4
Non-deductible expenses and non-taxable income, net	0.4	0.8
Other	-4.2	-6.6
Total income tax expenses	84.9	82.6

The reduction of the weighted-average applicable tax rate of the Group by -210 bp mainly results from the MCHF 45 restructuring costs in France, which are considered as deductible for the calculation of the theoretical tax rate, but also from an improved country mix.

In 2017 the position "Other" includes mainly tax benefits from the capitalisation of loss carryforwards which occurred from reorganisation projects. The position "Operating losses with no current tax benefit" mainly includes the non-capitalisable loss in France which resulted from the aforementioned restructuring costs.

26. OPERATING LEASING

	2017	2016
	MCHF	MCHF
Minimum lease payments		
< 1 year	18.9	19.8
1-5 years	51.1	53.7
> 5 years	64.7	71.3
Total minimum lease payments	134.7	144.8

The lease expenses for 2017 were MCHF 25.4 (PY: MCHF 24.8). The leasing agreements are mainly for rent of buildings and equipment.

27. RESEARCH AND DEVELOPMENT COST

	2017	2016
	MCHF	MCHF
Research and development expenses	77.8	72.3
Capitalised development expenses	-2.7	-5.7
Amortisation of capitalised development expenses	3.3	2.1
Research and development cost	78.4	68.7

Research and development expenses totalling MCHF 77.8 (PY: MCHF 72.3) were included in the items "Personnel expenses", "Depreciation" and "Other operating expenses, net". This corresponds with 2.7% of net sales (PY: 2.6%). For five major development projects, the capitalisation criteria according to IAS 38.57 were met and expenses of MCHF 2.7 (PY: MCHF 5.7) were capitalised.

28. CASHFLOW FIGURES

Net cashflow is calculated as follows:

	2017	2016 ³
	MCHF	MCHF
EBITDA ¹	772.0	785.2
Financial result, net	-9.4	-9.3
Income tax expenses	-84.9	-82.6
Changes in deferred taxes ² and current income tax liabilities and provisions	-41.2	-21.4
Changes in non-current provisions	71.5	33.2
Changes in non-current assets and other	0.0	-4.9
Net cashflow	708.0	700.2

¹ EBIT + Depreciation + Amortisation

² Only portion booked to the income statement

³ Previous year figures were adjusted for comparability reasons due to reclassification

"Changes in non-current provisions" mainly includes the changes in provisions for operating risks, restructurings and accrued pension obligations charged or credited to net income as well as non-cash expenses resulting from share participation and option plans.

"Changes in non-current assets and other" mainly includes the reclassification of gains from the disposal of property, plant and equipment and subsidiaries and the amortisation of deferred financing fees.

Free cashflow is calculated as follows:

	2017	2016 ³
	MCHF	MCHF
Net cashflow	708.0	700.2
Purchase of property, plant and equipment and intangible assets, net	-155.5	-132.9
Changes in net working capital	-36.1	10.1
Payments charged to non-current provisions	-33.0	-20.8
Free cashflow	483.4	556.6

³ Previous year figures were adjusted for comparability reasons due to reclassification

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, restructuring 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 commercial construction industry. The major part of the products is distributed through the wholesale channel in general to plumbers, who resell the products to the end users. Products are produced by plants that specialise 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 focuses mainly on the support of plumbers, sanitary planners and wholesalers. Research and development of the whole range of products are carried out centrally by Geberit International AG. All corporate tasks are also centralised 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 organised by function (Overall Management, Sales Europe, Sales International, Marketing & Brands, Operations, Product Management & Innovation, Finance). The financial management of the Group by the Board of Directors and the Group Executive Board is based on net sales by markets and product lines and on the consolidated income statements, balance sheets, and statements of cashflows.

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

The information is as follows:

	2017	2016
	MCHF	MCHF
Net sales by product lines		
Installation Systems	871.3	789.9
Cisterns and Mechanisms	252.5	254.7
Faucets and Flushing Systems	129.2	123.4
Waste Fittings and Traps	108.5	95.5
Sanitary Systems	1,361.5	1,263.5
Building Drainage Systems	329.9	300.6
Supply Systems	535.6	523.2
Piping Systems	865.5	823.8
Bathroom Ceramics	546.8	561.5
Ceramics Complementary Products	134.5	160.2
Sanitary Ceramics	681.3	721.7
Total net sales	2,908.3	2,809.0
	2017	2016
	MCHF	MCHF
Net sales by markets		
Germany	867.3	861.0
Nordic Countries	313.7	306.3
Switzerland	278.6	281.0
Central/Eastern Europe	280.1	256.8
Benelux	231.6	219.0
Italy	201.2	185.9
France	176.3	170.8
Austria	161.2	147.3
United Kingdom/Ireland	110.5	123.2
Iberian Peninsula	21.4	18.8
Other markets	266.4	238.9
Total net sales	2,908.3	2,809.0
	2017	2016
	MCHF	MCHF
Share of net sales by customers		
Customers with more than 10% of net sales: customer A	435.5	403.3
Total > 10%	435.5	403.3
Remaining customers with less than 10% of net sales	2,472.8	2,405.7
Total net sales	2,908.3	2,809.0

	2017	2016
	MCHF	MCHF
Property, plant and equipment by markets		
Germany	298.7	250.0
Nordic Countries	39.2	36.0
Switzerland	161.7	161.7
Central/Eastern Europe	128.5	107.4
Benelux	5.4	4.9
Italy	57.6	48.5
France	10.0	10.2
Austria	42.6	39.6
United Kingdom/Ireland	2.5	2.3
Iberian Peninsula	13.5	11.7
Other markets	53.1	54.2
Total property, plant and equipment	812.8	726.5

30. RELATED PARTY TRANSACTIONS

In 2017 and 2016, total booked compensation for the Group Executive Board and the Board of Directors was as follows:

	2017	2016
	MCHF	MCHF
Remuneration and salary fixed	5.5	5.2
Remuneration and salary variable	2.0	2.7
Options	2.7	2.2
Expenditure on pensions	1.5	1.1
Other	0.1	0.1
Total	11.8	11.3

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

In 2017 and 2016, there were no further material related party transactions.

31. FOREIGN EXCHANGE RATES

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

	Currency		2017		2016	
			Balance sheet	Income statement	Balance sheet	Income statement
European Currency Union	EUR	1	1.1687	1.1086	1.0736	1.0908
United Kingdom	GBP	1	1.3168	1.2675	1.2515	1.3344
USA	USD	1	0.9777	0.9844	1.0191	0.9845
Poland	PLN	100	28.0300	26.0350	24.2900	25.0150
China	CNY	100	15.0200	14.5750	14.6600	14.7610
Denmark	DKK	100	15.6920	14.9170	14.4400	14.6460
Australia	AUD	1	0.7620	0.7547	0.7368	0.7328
Czech Republic	CZK	100	4.5650	4.1890	3.9730	4.0380
Hungary	HUF	100	0.3764	0.3590	0.3453	0.3500
Norway	NOK	100	11.8630	11.9270	11.8130	11.7380
Sweden	SEK	100	11.8530	11.5290	11.2020	11.5210
Singapore	SGD	1	0.7314	0.7129	0.7048	0.7137
South Africa	ZAR	100	7.9100	7.3820	7.4800	6.7060
Turkey	TRY	100	25.8250	26.8470	28.8840	32.5180
Russia	RUB	100	1.6960	1.6840	1.6790	1.4940
Ukraine	UAH	100	3.4800	3.7060	3.7600	3.8600
India	INR	100	1.5300	1.5140	1.5000	1.4660
Nigeria	NGN	100	0.2720	0.2970	0.3230	0.3500
Romania	RON	100	25.0800	24.3080	23.6700	24.2850

32. SUBSEQUENT EVENTS

On 7 March 2018, the board of directors approved the new brand strategy. This strategy foresees, that some of the former Sanitec trademarks will be integrated into the Geberit trademark (see → **Note 11**) in the respective markets. Consequently, the affected trademarks will no longer have an indefinite useful life but a finite useful life causing annual amortisation over the remaining useful life of each individual trademark. The effect on the income statement is currently under review. Based on the analysis performed so far the impact is not expected to be material.

The consolidated financial statements are subject to approval by the General Meeting and were released for publication by the Board of Directors on 12 March 2018.

33. GROUP COMPANIES AS AT 31 DECEMBER 2017

Switzerland	Currency	Share capital ('000)	Ownership in %
Geberit AG, Rapperswil-Jona	CHF	3,704	
Geberit Holding AG, Rapperswil-Jona	CHF	39,350	100
Geberit International AG, Rapperswil-Jona	CHF	1,000	100
Geberit International Sales AG, Rapperswil-Jona	CHF	1,000	100
Geberit Verwaltungs AG, Rapperswil-Jona	CHF	1,000	100
Geberit Vertriebs AG, Rapperswil-Jona	CHF	1,000	100
Geberit Marketing e Distribuzione SA, Rapperswil-Jona	EUR	821	100
Geberit Produktions AG, Rapperswil-Jona	CHF	4,000	100
Geberit Apparate AG, Rapperswil-Jona	CHF	1,000	100
Geberit Fabrication SA, Givisiez	CHF	7,000	100
Geberit Finanz AG, Rapperswil-Jona	EUR	832	100
Australia			
Geberit Pty Ltd., North Ryde NSW	AUD	2,060	100
Austria			
Geberit Vertriebs GmbH & Co. KG, Pottenbrunn	EUR	728	100
Geberit Produktions GmbH & Co. KG, Pottenbrunn	EUR	7,995	100
Geberit Beteiligungsverwaltung GmbH, Pottenbrunn	EUR	35	100
Geberit Huter GmbH, Matrei	EUR	37	100
Belgium			
Geberit N.V., Machelen	EUR	62	100
Channel Islands			
Geberit Reinsurance Ltd., Guernsey	EUR	2	100
China			
Geberit Flushing Technology Co. Ltd., Daishan	CNY	63,376	100
Geberit Plumbing Technology Co. Ltd., Shanghai	CNY	152,453	100
Geberit Shanghai Trading Co. Ltd., Shanghai	CNY	5,000	100
Geberit Shanghai Investment Administration Co. Ltd., Shanghai	CNY	13,638	100
Sanitec Trading (Zhongshan) Co. Ltd., Zhongshan	CNY	2,130	100
Czech Republic			
Geberit spol. s.r.o., Prague	CZK	6,000	100
Denmark			
Geberit A/S, Lystrup	DKK	10,000	100
Finland			
Geberit Oy, Helsinki	EUR	50	100
Geberit Investment Oy, Helsinki	EUR	3	100
Geberit Production Oy, Tammisaari	EUR	1,046	100
France			
Geberit S.a.r.l., Samoreau	EUR	1,686	100
Geberit Holding France S.A., Samoreau	EUR	10,388	100
Allia S.A.S., Samoreau	EUR	26,582	100
Alliages Céramiques S.A.S., Limoges	EUR	4,577	100
Produits Céramiques de Touraine S.A.S., Samoreau	EUR	350	100

Germany

Geberit Verwaltungs GmbH, Pfullendorf	EUR	50	100
Geberit Service GmbH & Co. KG, Pfullendorf	EUR	50	100
Geberit Vertriebs GmbH, Pfullendorf	EUR	1,000	100
Geberit Produktions GmbH, Pfullendorf	EUR	7,500	100
Geberit Logistik GmbH, Pfullendorf	EUR	500	100
Geberit Mapress GmbH, Langenfeld	EUR	2,701	100
Geberit RLS Beteiligungs GmbH, Langenfeld	EUR	50	100
Geberit Lichtenstein GmbH, Lichtenstein	EUR	1,025	100
Geberit Weilheim GmbH, Weilheim	EUR	1,025	100
Allia Holding GmbH, Pfullendorf	EUR	65	100
Keramag Service GmbH & Co. KG, Pfullendorf	EUR	100	100
Keramag Keramische Werke GmbH, Ratingen	EUR	12,500	100
Ceraavid GmbH, Essen	EUR	26	100
ABC Verwaltungs GmbH, Vlotho	EUR	26	100

Hungary

Geberit Kft, Budapest	HUF	49,900	100
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India

Geberit Plumbing Technology India Pvt. Ltd., Bangalore	INR	12,861	100
Geberit India Manufacturing Pvt. Ltd., Bangalore	INR	56,875	100

Italy

Geberit Produzione S.p.a., Villadose	EUR	4,200	100
Geberit Service S.p.a., Spilimbergo	EUR	120	100
Pozzi Ginori S.p.a., Spilimbergo	EUR	10,000	100

Lithuania

Geberit UAB, Vilnius	EUR	1,250	100
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Netherlands

Geberit B.V., Nieuwegein	EUR	18	100
Geberit International B.V., Nieuwegein	EUR	51	100

Nigeria

Geberit Nigeria Ltd., Ikoyi, Lagos	NGN	10,000	100
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Norway

Geberit AS, Lorenskog	NOK	4,400	100
Geberit Service AS, Porsgrund	NOK	282	100

Poland

Geberit Sp. z o.o., Warsaw	PLN	10,638	100
Geberit Service Sp. z o.o., Lodz	PLN	1,800	100
Geberit Ozorków Sp.z o.o., Ozorkow	PLN	32,400	100
Geberit Produkcja Sp.z o.o., Kolo	PLN	100,000	100

Portugal

Geberit Tecnologia Sanitária S.A., Lisbon	EUR	275	100
Geberit Produção S.A., Carregado	EUR	2,750	100

Romania

Geberit SRL, Bucharest	RON	13,500	100
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Russia

Geberit RUS LLC, Moscow	RUB	150,010	100
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Singapore

Geberit South East Asia Pte. Ltd., Singapore	SGD	100	100
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Slovakia

Geberit Slovensko s.r.o., Bratislava	EUR	200	100
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Slovenia

Geberit proizvodnja d.o.o., Ruše	EUR	104	100
Geberit prodaja d.o.o., Ruše	EUR	42	100

South Africa

Geberit Southern Africa (Pty) Ltd., Johannesburg	ZAR	4	100
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Spain

Geberit S.A.U., Barcelona	EUR	3,823	100
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Sweden

Geberit AB, Bromölla	SEK	700	100
Geberit Service AB, Bromölla	SEK	50	100
Ifö Sanitär AB, Bromölla	SEK	20,000	100

Turkey

Geberit Tesisat Sistemleri Ticaret Ltd., Istanbul	TRY	17,922	100
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Ukraine

Slavuta Holdings LLC, Kiev	UAH	65,654	100
PJSC Slavuta Plant "Budfarfor", Slavuta	UAH	57,400	100
TOV Geberit Plastics Production LLC, Kiev	UAH	16,860	100
Geberit Trading LLC, Kiev	UAH	9,000	100

United Kingdom

Geberit Sales Ltd., Warwick	GBP	3,520	100
Geberit Service, Alsager	GBP	0.4	100
Twyford Ltd., Alsager	GBP	1,000	100
Twyfords Ltd., Alsager	GBP	2,528	100

USA

Duffin Manufacturing Co., Elyria	USD	69	100
The Chicago Faucet Company, Des Plaines	USD	100	100

REPORT OF THE STATUTORY AUDITOR



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

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

We have audited the consolidated financial statements of Geberit Group which comprise the → **consolidated balance sheet** as at 31 December 2017 and the → **consolidated income statement**, → **consolidated statement of comprehensive income**, → **consolidated statement of changes in equity** and → **consolidated statement of cash flows** for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2017 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and comply with Swiss law.

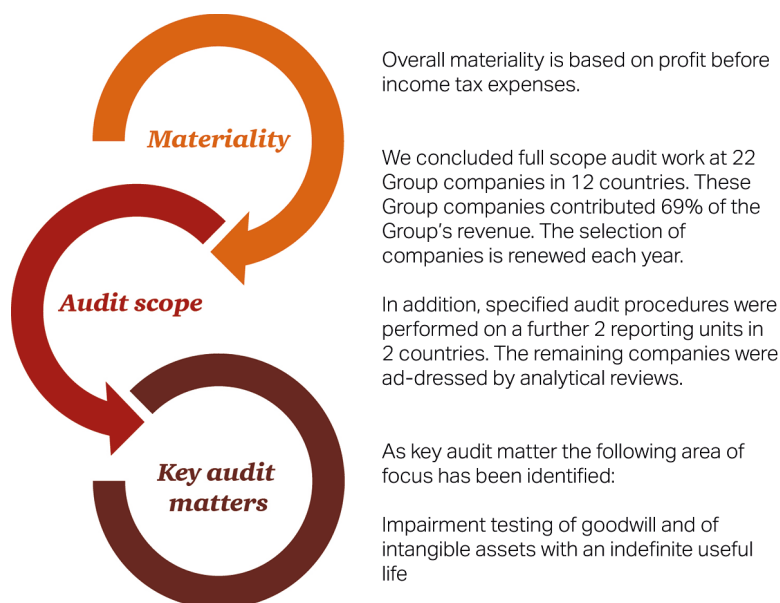
BASIS FOR OPINION

We conducted our audit in accordance with Swiss law, International Standards on Auditing (ISAs) and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section of our report.

We are independent of the Group in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, as well as the IESBA Code of Ethics for Professional Accountants, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

OUR AUDIT APPROACH

Overview



AUDIT SCOPE

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The approach for the audit of the consolidated financial statements was determined taking into account the work performed by the component auditors in the PwC network. The Group auditor performed the audit of the consolidation, disclosures and presentation of the consolidated financial statements. Through our involvement in the work of the component auditors, we were able to ensure sufficient appropriate audit evidence was obtained to provide a basis for our opinion on the consolidated financial statements. Our involvement comprised communicating the risks identified at Group level, evaluating the materiality thresholds participating in the closing meetings, examining the reporting and conducting conference calls with the component auditors during the interim audit and the year-end audit.

MATERIALITY

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the consolidated financial statements as a whole. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the consolidated financial statements as a whole. We chose profit before income tax expenses as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most commonly measured, and it is a generally accepted benchmark for materiality considerations.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

IMPAIRMENT TESTING OF GOODWILL AND OF INTANGIBLE ASSETS WITH AN INDEFINITE USEFUL LIFE

Key audit matter

Impairment testing of goodwill and of intangible assets with an indefinite useful life was deemed a key audit matter for the following two reasons.

Goodwill and intangible assets with an indefinite useful life represent significant amounts on the balance sheet (goodwill totalling CHF 1,346.1 million and intangible assets with an indefinite useful life totalling CHF 323.6 million). These assets are not regularly amortised but tested for impairment at least annually.

Further, in calculating the value-in-use for these tests, the Board of Directors and Management have significant scope for judgement in determining revenue and margin growth assumptions and the discount rate to be applied to the expected cash flows and in specifying the cash-generating units (CGUs).

With regard to the accounting policies and disclosures regarding goodwill and intangible assets with an indefinite useful life, please refer to the notes to the consolidated financial statements → 1 'Basic information and principles of the report – Main sources of estimation uncertainty', → 3 'Summary of significant accounting policies – Intangible assets and goodwill' and → 11 'Goodwill and intangible assets' (tables).

How our audit addressed the key audit matter

Impairment testing of goodwill and intangible assets with an indefinite useful life is based on a process defined by the Board of Directors. This process uses the business plans approved by the Board of Directors. As part of the process, Management estimates the cash flows for the cash-generating units concerned.

We assessed the identification of the CGUs taking into account the IFRS accounting standards and our knowledge of the organisation, structure and governance of the Group.

We compared the business results of the year under review with the forecasts prepared in the prior year in order to identify any assumptions that, with hindsight, appeared too optimistic regarding the cash flows. The business results of the year under review, after excluding one-off effects, slightly exceeded the budget. As in previous years, Management based its forecasts this year on the growth rates and margins used in the current business plan of the Geberit Group.

We compared Management's assumptions concerning long-term revenue growth and margin growth with industry growth figures and historical margin data, respectively. We compared the discount rate with the cost of capital of the Group and of analogous firms. In addition, we performed a plausibility check on the forecast change in net working capital.

The assumptions used were consistent and in line with our expectations.

We tested the sensitivity analyses of the key assumptions. These analyses enabled us to assess any potential impairment of goodwill or of intangible assets with an indefinite useful life.

On the basis of the evidence obtained from our audit, we consider the valuation method and the underlying assumptions to be an appropriate and adequate basis for the impairment testing of goodwill and of intangible assets with an indefinite useful life.

OTHER INFORMATION IN THE ANNUAL REPORT

The Board of Directors is responsible for the other information in the annual report. The other information comprises all information included in the annual report, but does not include the consolidated financial statements, the stand-alone financial statements and the compensation report of Geberit AG and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information in the annual report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information in the annual report and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Board of Directors is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law, ISAs and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Swiss law, ISAs and Swiss Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors or its relevant committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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, 12 March 2018

FINANCIAL REPORT

GEBERIT AG

2017

BALANCE SHEETS

	31.12.2017	31.12.2016
	MCHF	MCHF
Assets		
Current assets		
Cash	4.9	0.0
Other current receivable		
- Third parties	5.2	4.8
- Group companies	55.6	17.2
Prepaid expenses	1.6	2.6
Total current assets	67.3	24.6
Non-current assets		
Loan to group companies	300.0	300.0
Investments	996.9	996.9
Total non-current assets	1,296.9	1,296.9
Total assets	1,364.2	1,321.5
Liabilities		
Current liabilities		
- Third parties	6.0	2.7
- Group companies	3.9	4.3
Total current liabilities	9.9	7.0
Long term interest-bearing liabilities		
Bonds	300.0	300.0
Total long term interest-bearing liabilities	300.0	300.0
Shareholders' equity		
Capital stock	3.7	3.7
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	64.6	79.4
Free reserves from retained earnings		
- Free reserves	546.1	511.3
- Retained earnings	505.2	393.6
Treasury shares		
- against free reserves	-91.8	0.0
Total shareholders' equity	1,054.3	1,014.5
Total liabilities and shareholders' equity	1,364.2	1,321.5

INCOME STATEMENTS

	2017 MCHF	2016 MCHF
Income		
Dividends from Group companies	501.1	388.1
Other financial income	6.1	6.9
Other operating income	0.5	0.5
Total income	507.7	395.5
Expenses		
Administrative expenses	3.9	3.8
Financial expenses	1.7	1.6
Direct tax expenses	0.1	0.3
Total expenses	5.7	5.7
Net income	502.0	389.8

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

	31.12.2017	31.12.2016
	MCHF	MCHF
Guarantee notes, MEUR 500, 0.688%, due 30.03.2021	584.4	536.8
Guarantee Revolving Facility, due 06.11.2022	500.0	0.0
Guarantee Term Loan Facility, MEUR 0 (PY: MEUR 120), due 10.02.2018 ¹	0.0	128.8
Guarantee Revolving Facility, due 19.11.2019 ¹	0.0	300.0
Guarantee GRI Pensions	0.1	0.1

¹ early cancellation in 2017

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

2.2 SIGNIFICANT INVESTMENTS

	2017 Ownership in %	2017 capital stock	2016 Ownership in %	2016 capital stock
Geberit Holding AG, Rapperswil-Jona	100	TCHF 39 350	100	TCHF 39 350
Geberit Reinsurance Ltd., Guernsey	100	TEUR 2	100	TEUR 2

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 37,041,427 ordinary shares with a par value of CHF 0.10 each.

	2017	2016
Number of shares issued	pcs.	pcs.
January 1	37,041,427	37,798,427
Capital reduction as at June 2016	0	-757,000
December 31	37,041,427	37,041,427

2.4 CAPITAL CONTRIBUTION RESERVES

From the total of MCHF 25.7 shown as at 31.12.2017 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, 2016	239,869			
Purchases share buyback program 2017 - 2020	205,250	484.20	447.08	423.65
Other Purchases	35,000	439.47	434.85	429.40
Sales	-88,479	483.59	438.46	401.50
Balance at December 31, 2017	391,640			
Number of treasury shares held by Geberit AG	205,250			

The Board of Directors of Geberit AG decided in March 2017 to initiate a share buyback program. Over a maximum period of three years, shares amounting to a total of a maximum of CHF 450 million will be repurchased, less withholding tax. As at December 31, 2017, in total 205'250 shares equal to MCHF 91.8 were repurchased under the program.

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%, due 17.04.2019
- a bond of MCHF 150 with a term of eight years and a coupon of 0.3%, due 17.04.2023

2.7 SHAREHOLDINGS OF MEMBERS OF THE BOARD OF DIRECTORS AND OF THE GROUP EXECUTIVE BOARD

As of the end of 2017 and 2016, members of the Board of Directors held the following shares in the company:

	A. Baehny Chairman	H. Reuter Vice Chairman	F. Ehrat	T. Hübner	J. Tang-Jensen	E. Zehnder-Lai	Total
2017							
Shareholdings Board of Directors							
Shares	56,812	8,318	2,281	858	2,511	0	70,780
Options	55,231	0	0	0	0	0	55,231
Share of voting rights	0.15%	< 0.1%	< 0.1%	< 0.1%	< 0.1%	0.0%	0.19%
	A. Baehny Chairman	H. Reuter Vice Chairman	R. Aalstad	F. Ehrat	T. Hübner	J. Tang-Jensen	Total
2016							
Shareholdings Board of Directors							
Shares	56,219	7,649	0	1,776	394	2,131	68,169
Options	55,231	0	0	0	0	0	55,231
Share of voting rights	0.15%	< 0.1%	0.0%	< 0.1%	< 0.1%	< 0.1%	0.18%

As of December 31, 2017, there were no outstanding loans or credits between the company and members of the Board of Directors

As of the end of 2017 and 2016, the Group Executive Board held the following shares in the company:

	Maturity	Average exercise price in CHF	C. Buhl CEO	R. Iff CFO	M. Bau-müller	M. Rein-hard	E. Renfordt-Sasse	K. Spach-mann	R. van Triest	Total
2017										
Shareholdings Group Executive Board										
Shares			6,212	32,840	2,850	2,500	2,452	12,407	200	59,461
Percentage voting rights shares			< 0.1%	< 0.1%	< 0.1%	< 0.1%	< 0.1%	< 0.1%	< 0.1%	0.16%

Call options¹

End of vesting period:

Lapsed	2018-2023	306.01	7,474	9,172	2,922	3,783	4,779	3,236	10	31,376
2018	2021-2024	357.20	5,745	7,091	784	7,261	2,631	6,140	50	29,702
2019	2022-2026	382.28	11,302	7,484	697	7,989	4,074	6,647	2,596	40,789
2020	2023-2027	398.85	13,053	7,427	1,926	7,895	3,664	6,632	4,602	45,199
2021	2024-2027	398.85	12,776	7,299	1,878	7,770	3,567	6,554	4,592	44,436
2022	2027	435.95	6,270	3,176	1,504	3,314	1,504	2,926	2,006	20,700
Total options			56,620	41,649	9,711	38,012	20,219	32,135	13,856	212,202
Percentage potential share of voting rights options			0.15%	0.11%	< 0.1%	0.10%	< 0.1%	< 0.1%	< 0.1%	0.57%

¹ Purchase ratio 1 share for 1 option

	Maturity	Average exercise price in CHF	C. Buhl CEO	R. Iff CFO	M. Bau-müller	M. Rein-hard	E. Renfordt-Sasse	K. Spach-mann	R. van Triest	Total
2016										
Shareholdings Group Executive Board										
Shares			4,588	31,812	1,343	2,500	2,336	8,691	40	51,310
Percentage voting rights shares			< 0.1%	< 0.1%	< 0.1%	< 0.1%	< 0.1%	< 0.1%	< 0.1%	0.14%

Call options¹

End of vesting period:

Lapsed	2017-2022	242.80	1,633	0	3,046	0	1,990	7,314	0	13,983
2017	2020-2023	306.01	5,841	9,172	995	9,308	2,789	8,013	10	36,128
2018	2021-2023	330.95	5,339	6,834	687	7,011	2,477	6,140	10	28,498
2019	2022-2026	355.45	10,896	7,227	600	7,739	3,920	6,647	2,556	39,585
2020	2023-2026	361.75	6,377	3,994	325	4,331	2,006	3,706	2,556	23,295
2021	2026	361.75	6,100	3,866	277	4,206	1,909	3,628	2,546	22,532
Total options			36,186	31,093	5,930	32,595	15,091	35,448	7,678	164,021
Percentage potential share of voting rights options			< 0.1%	< 0.1%	< 0.1%	< 0.1%	< 0.1%	< 0.1%	< 0.1%	0.44%

¹ Purchase ratio 1 share for 1 option

As of December 31, 2017, 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:

	31.12.2017	31.12.2016
Black Rock, New York (notification dated: 08.07.2017)	4.99%	4.94%
Capital Group Companies, Inc., Los Angeles (notification dated: 25.11.2017)	< 3.00%	4.84%

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

	2017 CHF	2016 CHF
Available earnings		
Net income	501,972,181	389,770,714
Balance brought forward	3,169,266	3,812,822
Total available earnings	505,141,447	393,583,536
Transfer to free reserves	120,000,000	20,000,000
Proposed/paid dividend	383,096,241	370,414,270
Balance to be carried forward	2,045,206	3,169,266
Total appropriation of available earnings	505,141,447	393,583,536

DIVIDEND PAYMENTS

The Board of Directors proposes a dividend of CHF 10.40 per share (PY: CHF 10.00). 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 ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

We have audited the financial statements of Geberit AG which comprise the → **balance sheet** as at 31 December 2017, → **income statement** and → **notes** for the year then ended, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements as at 31 December 2017 comply with Swiss law and the articles of incorporation.

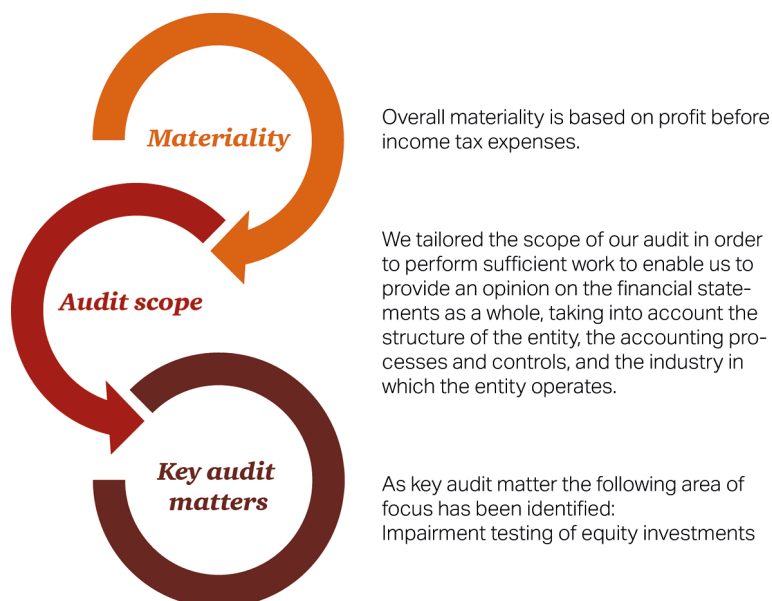
BASIS FOR OPINION

We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report.

We are independent of the entity in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

OUR AUDIT APPROACH

Overview



AUDIT SCOPE

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we considered where subjective judgements were made; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

MATERIALITY

The scope of our audit was influenced by our application of materiality. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the financial statements as a whole. We chose profit before income tax expenses as the benchmark because, in our view, it is the benchmark against which the performance of the entity is most commonly measured, and it is a generally accepted benchmark for materiality considerations.

REPORT ON KEY AUDIT MATTERS BASED ON THE CIRCULAR 1/2015 OF THE FEDERAL AUDIT OVERSIGHT AUTHORITY

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

IMPAIRMENT TESTS FOR GOODWILL AND INTANGIBLE ASSETS WITH AN INDEFINITE USEFUL LIFE

Key audit matter

How our audit addressed the key audit matter

Impairment testing of equity investments was deemed a key audit matter for the following two reasons:

Equity investments in Gerberit Holding AG and Geberit Reinsurance Ltd. in the amount of CHF 996.9 million represent the largest asset category on the balance sheet (73.1% of total assets). If this investment had to be written down, it would have a significant impact on the equity capital of the Company.

Testing for impairment depends on the future results of the companies concerned. In addition, there is significant scope for judgement in determining the assumptions underlying forecast results.

Please refer to the notes to the financial statements and, specifically, the recognition, valuation and disclosure methods in → **note 2.2 'Significant investments'**.

We tested the equity investments as at 31 December 2017 for impairment. Management has performed impairment tests on the investments in Geberit Holding AG and Geberit Reinsurance Ltd.

We performed the following:

- compared the actual results of each company with its budget in order to identify any assumptions that, with hindsight, appeared too optimistic regarding the cash flows;
- checked for plausibility the outlook based on the multi-year plan approved by the Board of Directors and discussed the outlook with Management;

On the basis of the audit procedures performed, we addressed the risk of the impairment of the equity investments. We have no findings to report.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS FOR THE FINANCIAL STATEMENTS

The Board of Directors is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law and the company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Swiss law and Swiss Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.

- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors or its relevant committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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, 12 March 2018

GEBERIT GROUP

SUSTAINABILITY

2017

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. Overall, Geberit thus wishes to demonstrate to its stakeholders the many ways in which added value is created. 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**, → **Production**, → **Logistics and procurement**, → **Sustainability**, → **Compliance** and → **Social responsibility**
- → **Sustainability strategy** with objectives, measures and results
- → **Materiality analysis**
- → **SDG Reporting**
- → **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), currently in accordance with the GRI G4 guidelines. The information disclosed within the scope of this report fulfils the "comprehensive" transparency grade set out in the GRI G4 guidelines. The switchover to the new GRI Standards is planned for the 2018 financial year. Sustainability reporting has been subjected to and has successfully completed the GRI Materiality Disclosures Service, see GRI label in the → **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 also consulted in 2012, 2014 and 2016. 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. The next stakeholder panel is planned for 2018.

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

CEO STATEMENT ON SUSTAINABILITY



"We are seeing visible proof of the added value generated by our continuous development, with reliable technology behind the wall supplemented by elegant, easy-to-use solutions in front of it. We therefore have an even greater leverage when it comes to the sustainability of our products."

Christian Buhl, CEO

"DESIGN MEETS FUNCTION" IS CREATING NEW OPPORTUNITIES

We are continually developing our product portfolio with system solutions in front of and behind the wall, generating added value not only for end users, sanitary engineers and plumbers, but for the environment too. Geberit's products are manufactured in a responsible manner, are innovative and perfectly coordinated with one another, and are quick and easy to install and maintain. In keeping with our brand slogan "Design Meets Function", we ensure that our products in front of the wall are a perfect mix of elegant design and outstanding functionality. With our solutions we cover the entire flow of water within a building, optimise water and energy consumption as well as hygiene and sound insulation. As a result, our products are becoming increasingly sustainable in a broad sense.

Sustainability is an integral part of our company. For us to be successful over the long term, a balance has to be struck between economic, environmental and social aspects in all our decision-making processes. Our products are manufactured in a responsible manner from high quality and durable materials. We place great emphasis on training plumbers, sanitary engineers and architects, as well as on having motivated employees. It is a declared aim of Geberit to leave behind the smallest possible ecological footprint along the entire value chain, while treating suppliers and business partners with respect and fairness. In doing so, we underscore our position as industry leaders – also with regard to sustainable development.

A TARGETED CONTRIBUTION TO THE UN SUSTAINABLE DEVELOPMENT GOALS

Through our operations, we are making a contribution to the UN 2030 Agenda for Sustainable Development, focussing on four of the 17 goals (see → **SDG Reporting**). As a driving force in the field of sanitary technology, Geberit provides solutions that ensure maximum possible efficiency in water usage and, thus, sustainable building in cities and communities worldwide. Our constant investment in research and development is driving innovation in the sanitary industry. As a sound employer with attractive working conditions, we are seen as a stabilising economic factor in many regions. In some circumstances, however, a trade-off is necessary. For example, calls for high drinking water quality can be at odds with water conservation. For example, in order to ensure an optimal drinking water hygiene, stagnant water must be avoided. However, the sanitary flush unit – which ensures that pipes are regularly flushed – requires additional water resources. This is precisely where Geberit thinks holistically and harmonises the system – from the drinking water supply pipes and water usage in the bathroom to drainage. Doing so helps achieve the best of both worlds – water efficiency and drinking water hygiene. This is why our efforts in → **ten different fields of technology**, including hydraulic, make sense.

FURTHER REDUCTION IN THE ENVIRONMENTAL IMPACT OF PRODUCTION

Thanks to the Geberit Production System (GPS 2.0), all Geberit production plants have a modern and future-oriented foundation. Continuous improvements are made by means of "lean manufacturing" and the shift in production philosophy from the workshop principle of step-by-step manufacturing to a comprehensive system of continuous flow production. Investment in state-of-the-art production facilities is producing positive results, especially at the newly acquired locations of the former Sanitec. The manufacture of sanitary ceramics is our most resource- and energy-intensive process. For this reason, it is worthwhile investing in cutting-edge technologies: For example, six tunnel kilns for ceramic production have already been equipped with state-of-the-art burner technology. Therefore, with each kiln energy savings of over 20% can be achieved. Since the acquisition of Sanitec in 2015, the absolute environmental impact has been reduced by 7.6%. We are continuing to pursue our ambitious goals of improving eco-efficiency by 5% per year and reducing relative CO₂ emissions by 5% per year.

GREAT COMMITMENT SHOWN BY OUR EMPLOYEES

Around 11,700 employees go about their work for Geberit with great dedication, with the most important integration measures concluded by the end of 2017. For example, a series of training sessions focussing on strengthening personal development and leadership behaviour and giving employees a greater understanding of the Geberit corporate culture was carried out at the production plant in Wesel (DE).

We realise our social responsibility within the scope of our social projects relating to the topics of water and sanitary facilities. In 2017, we were able to renovate the sanitary facilities and dormitories at a vocational school in Odessa (UA) for more than 500 students from disadvantaged backgrounds. In addition, as part of a volunteering project in western Nepal, 16 Geberit employees helped to construct a water pipeline in a village community. This initiative is part of the partnership with the Swiss development organisation Helvetas.

STATEMENT OF CONTINUED SUPPORT FOR THE UN GLOBAL COMPACT

Geberit has been a member of the UN Global Compact since October 2008 and is engaged in the area of environmental protection, responsible labour practices, human rights and the prevention of corruption. We provide customers, employees, investors and other interested parties with information on our sustainability goals and performances in a transparent manner. This year's report is once again prepared in accordance with the GRI G4 guidelines and fulfils the "comprehensive" transparency grade. A switchover to the new GRI Standards is planned for 2018. The Communication on Progress UN Global Compact (COP) on the financial year 2017 can be found at → **www.geberit.com > Company > Sustainability > UN Global Compact**.

Christian Buhl, CEO

SUSTAINABILITY STRATEGY 2018 - 2020

For Geberit, sustainability means being oriented towards the future and being successful over the long term. A long-term orientation results when a balance is struck between economic, environmental and social aspects in all decision-making processes. Sustained high profitability is being striven for. In addition to shareholder value, value is simultaneously created for many other stakeholders (creating shared value): innovative, design-oriented and sustainable products; training and education of plumbers, sanitary engineers and architects; the smallest possible environmental footprint along the entire value chain; production plants with prospects for numerous regions; a cooperation with suppliers and business partners that is based on fairness; and leadership for sustainable development in the sanitary industry.

The graphic below shows how Geberit implements integrated sustainability. The vision of achieving sustained improvement in the quality of people's lives with its innovative solutions in the field of sanitary products represents the starting point. To bring this vision to fruition, Geberit continuously refines its products, systems and services and sets new standards as a market leader in the area of sanitary products. The long-term core strategy is based on four pillars: Focus on sanitary products, Commitment to design and innovation, Selective geographic expansion and Continuous optimisation of business processes. The sustainability strategy supplements the core strategy with eleven concrete modules. These modules strengthen the business model and the added value for various stakeholders in the areas People, Planet and Performance in a targeted manner. The results of Geberit's activities show the diverse added value in the three dimensions of sustainability. This is illustrated by concrete → **key figures**. At the same time, the results contribute to the UN Sustainable Development Goals (SDGs) set out in the 2030 Agenda for Sustainable Development (see → **SDG Reporting**). Goal number 6 – "Clean Water and Sanitation" – and goal number 11 – "Sustainable Cities and Communities" – are a key focus for Geberit due to its product portfolio. However, significant contributions are also made when it comes to "Decent Work and Economic Growth" (goal number 8) and "Industry, Innovation and Infrastructure" (goal number 9).

The modules of the sustainability strategy bundle current or future projects, initiatives or activities. Each module contains clear responsibilities with measurable objectives, derived measures and quantifiable key figures for effective monitoring.

Our foundations

People

- Employees
- Customers (B2B)
- End users (B2C)
- Stakeholders
- Society

Planet

- Raw materials
- Energy
- Water

Performance

- Shareholders
- Financial structure
- Investments
- Market environment
- Areas of competence
- Innovation
- Logistics
- Purchasing
- Production
- Marketing and sales

Our business model



CONNECTION TO UN SUSTAINABLE DEVELOPMENT GOALS



Our results

People

- Competent and motivated employees
- Healthy and safe working environment
- High level of expertise in the sanitary industry
- Improved quality of life
- Solid partnerships
- Fair business partner
- Contribution to the public value

Planet

- Reduced ecological footprint along the entire value chain
- Compatibility with the two-degree target set out in the Paris Agreement
- Water-saving and resource-efficient products

Performance

- Good sales development and high profitability
- Solid financial foundation
- Attractive dividends
- Exemplary corporate governance
- Transparent remuneration system
- Innovative products, systems and services
- Legal compliant products and organisation
- Contribution to civil society

The following pages provide an overview of the sustainability modules with important facts and achievements for 2017 as well as the outlook for 2018 to 2020. The current sustainability strategy covers the entire Geberit Group and shows how Geberit intends to be a pioneer and leader in the area of sustainability in the sanitary industry.

Procurement & Logistics

MODULS AND
GOALS

IMPORTANT FACTS AND ACHIEVEMENTS 2017

OUTLOOK AND GOALS 2018 - 2020

**GREEN
PROCUREMENT**

Suppliers demonstrably comply with Geberit's high standards for environmentally friendly and socially responsible production.

- As of the end of 2017, 1,379 suppliers had signed the Code of Conduct for Suppliers (previous year 1,084 suppliers). This equates to over 90% of the total procurement value. Among the top 200 suppliers, the share of companies that have signed is 99.0% (previous year 95.5%).
- Introduction of an Integrity Line for suppliers for anonymously reporting irregularities in the procurement process. In 2017, one case that was deemed significant was reported and investigations are ongoing.
- Consistent execution and tracking of quality and EHS (environment, health and safety) audits, especially in the highest sustainability risk category.
- Analysis of sustainability risks in the supply chain of the suppliers of the former Sanitec. The latest Group-wide portfolio analysis with regard to sustainability risks showed a higher risk for 192 suppliers, which corresponds to around 8% of the procurement value.
- Execution of four third-party audits at suppliers in Bulgaria and China.

- All new suppliers and all existing suppliers of the former Sanitec have to sign the Code of Conduct for suppliers.
- Additional third-party audits of suppliers are to be carried out and the required corrective measures checked as part of re-audits.

GREEN LOGISTICS

Geberit optimises 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 expanded by two sites compared to the previous year.
- In 2017, the transport service providers handled 415.1 million tkm (previous year 302.6 million tkm). Due to expansion of the system scope and sales growth, this resulted in CO₂ emissions of 52,075 tonnes (previous year 42,179 tonnes).
- The share handled by Euro 5 trucks was 73% and the share handled by state-of-the-art Euro 6 vehicles 23%.
- Commissioning of the expanded logistics centre in Pfullendorf (DE) and relocation of logistics operations from Langenfeld (DE) to Pfullendorf. The centralisation of transport runs enables further enhancements in efficiency to be made, including in relation to the environment.
- Bundling of transportation and freight capacity optimisation – for example, through the increased use of larger transport containers (e.g. "high cube swap bodies") – results in synergies and fewer transport runs.
- Increase in the number of rail consignments to Turkey by over 50%.
- Use of super lorries (with a length of up to 25 metres and a total weight of up to 60 tonnes) in Scandinavia increases load volumes and the number of transported pallets by around 40%.

- Extension of environmental monitoring to include further sites of the former Sanitec, and formulation of suitable measures in close collaboration with the transport service providers.
- Further optimisation of loading capacity with technical equipment and organisational changes.
- More intensive use of Euro 6 vehicles.
- Truck powered by natural gas to remain in operation between Jona and Pfullendorf.

Production

MODULS AND GOALS

IMPORTANT FACTS AND ACHIEVEMENTS 2017

OUTLOOK AND GOALS 2018 - 2020

ENVIRONMENTAL MANAGEMENT

Geberit operates environmentally friendly, energy- and resource-efficient as well as economical production plants.

- The absolute environmental impact reduced by 3.7% in 2017. The environmental impact per net sales (currency-adjusted) dropped by 5.8%, or 6.1% in organic terms. This figure is slightly above the long-term target of 5% per year.
- All 30 production plants are now certified in accordance with 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.
- Implementation of a software solution for managing hazardous substances at a pilot location.

- Improvement of eco-efficiency (environmental impact per net sales, currency-adjusted) by 5% per year on average.
- Same improvement in relative water consumption as for eco-efficiency by 5% per year on average.
- Integration of all new plants into the Geberit management system by the end of 2018.
- Roll-out of the software solution for managing hazardous substances at other production plants.

CO₂ STRATEGY

Geberit actively contributes to the protection of the climate and consistently reduces CO₂ emissions.

- In 2017, CO₂ emissions decreased by 2.9% to 242,796 tonnes. CO₂ emissions per net sales (currency-adjusted) declined by 5.1%, or 5.8% in organic terms. This confirms that Geberit is on track with its long-term CO₂ strategy.
- The share of purchased green electricity increased by 3 GWh to 47 GWh in 2017. In total, renewable energy sources accounted for 39.0% of electricity and 5.3% of combustibles.
- 3.8 GWh of green electricity was produced in 2017.
- A total of five German production plants are certified to ISO 50001 (energy management).

- Same improvement in relative CO₂ emissions as for eco-efficiency by 5% per year on average.
- Long-term CO₂ target compatible with the two-degree target set out in the 2015 Paris Agreement (science-based): reduction of absolute CO₂ emissions (Scopes 1 and 2) by 6% between 2015 and 2021 to under 240,000 tonnes (based on organic growth).
- Annual purchase of an additional 3 GWh of green electricity and increase in the share of electricity and combustibles accounted for by renewable energy sources to 45% and 10% respectively by 2021.
- Continuation of the fuel-reduction plan: reduce emissions of new vehicles to 100 grams of CO₂/km by 2020.

PROCESSES AND INFRASTRUCTURE

Geberit procures and operates durable and high-quality infrastructures such as buildings, equipment and tools.

- Demolition and safe disposal of plant and infrastructure in Wesel and Langenfeld (DE), Bromölla (SE), Digoïn, La Vil-leneuve-au-Chêne and Selles-sur-Cher (FR) that were obsolete and no longer required. Old, inefficient machines in Langenfeld (DE) and a total of four tunnel kilns in Digoïn, La Vil-leneuve-au-Chêne (FR) and Slavuta (UA) were scrapped or decommissioned.
- Number of injection moulding machines with energy-efficient drive technology increased from 150 to 156.
- Process optimisation for the manufacture of Mapress fittings in Langenfeld (DE) leading to a reduction in electricity and natural gas consumption, reduced use of lubricants and lower quantities of hazardous waste. Implementation of first fully electrically driven production line.
- In addition to the existing five tunnel kilns for ceramic production, one additional kiln was retrofitted with state-of-the-art burner technology, resulting in savings of more than 20% per kiln in natural gas.

- 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 156 to 175 machines.
- Retrofitting of an additional five tunnel kilns for ceramic production, reducing gas consumption by a total of around 27 GWh/a and saving a total of some 6,500 tonnes of CO₂ emissions.

OCCUPATIONAL SAFETY

Geberit operates safe production plants and promotes a safety culture at a high level.

- Global implementation of the Geberit Safety System, including integration into the Geberit Management System. 27 of the 30 production plants are now certified in accordance with OHSAS 18001.
- Formation of a "Geberit Safety Team" with representatives from all production areas.
- Development and introduction of Group-wide risk assessment guidelines, including guidelines on the risk of silicosis.
- Introduction of a software-based solution for capturing and monitoring accident data at a pilot location.
- The accident frequency rate (AFR) increased by 5.1% to 10.3 and the accident severity rate (ASR) decreased by 2.7% to 203.8.

- 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 in accordance with OHSAS 18001 by the end of 2018.
- Introduction of the new occupational safety standard ISO 45001 (replacing OHSAS 18001).
- Roll-out of the software for capturing and monitoring accident data in further Geberit companies.

People

MODULS AND GOALS

COMPLIANCE

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.

- Compliance with the Code of Conduct has been checked with a Group-wide survey every year since 2008. The Internal Audit Department carries out special interviews with managing directors on the topics in the Code of Conduct. No significant breaches of the Code of Conduct were identified.
- The Geberit Integrity Line for employees, which was established in 2013, recorded one significant incident. This incident was subsequently investigated.
- Training events on antitrust legislation in various European sales companies and for new sales employees in Germany.
- Repetition of the antitrust legislation e-learning course in the non-European sales companies.
- Antitrust audits conducted for the first time at various European sales companies (UK, BE, NL, LU).
- Market enquiries from various countries concerning the permissibility of marketing and sales campaigns dealt with.
- Creation and approval of a concept for data protection in Europe and nomination of a Group-wide data protection officer and national data protection coordinators.

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. 2,600 employees were integrated by the end of 2017.
- By the end of 2017, Geberit employed 235 apprentices. The transfer rate to a permanent employment relationship was 83%.
- Implementation of measures established through the 2016 employee survey at all levels of the organisation.
- A second volunteering project was conducted in Nepal with Geberit employees in cooperation with Helvetas.
- A comprehensive vitality programme that focuses on exercise, nutrition, mental challenges, vitality and working environment at the sites in Jona (CH) and Pfullendorf (DE).
- Development of management personnel at the ceramics plants with the goal of promoting Geberit's performance culture. Execution of a pilot project in Wesel (DE).

SOCIAL RESPONSIBILITY

Geberit fulfils social responsibilities in society within the scope of the UN Sustainable Development Goals.

- Geberit employees contributed 2,280 hours of charitable work as part of social projects.
- Partnership with Helvetas on the topic of drinking water and sanitary facilities in developing countries.
- Execution of a social project in Odessa (UA) with apprentices. Renovation of several sanitary facilities at a vocational school.
- In 2017, the Geberit production plants supported a number of workshops for disabled persons, where simple assembly and packaging work in the amount of CHF 6.9 million was carried out.

OUTLOOK AND GOALS 2018 - 2020

- Further promotion of the Geberit Integrity Line for employees and suppliers.
- Further antitrust audits by the Internal Audit Department in collaboration with Corporate Legal department.
- Training of data protection coordinators and commencement of assigned tasks.

- Revision and roll-out of the modified Potential Management Process.
- Targeted support for transfer of apprentices to a permanent position: target rate is 75%.
- Further implementation of measures from 2016 employee survey.
- Execution of a further volunteering project.
- Development of management personnel at the ceramics plants with the goal of promoting Geberit's performance culture. Roll-out in additional plants.

- Continuation of the partnership with Helvetas. Access to clean drinking water and sanitary facilities for people in developing countries.
- Implementation of a major social project in Morocco with apprentices in 2018.
- Review of the effectiveness of social projects two to three years after their implementation.

Products

MODULS AND GOALS

ECO-DESIGN

During the development process, all Geberit products are optimised 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 environmental improvements to products, such as:
 - New Geberit urinal system fulfils the most stringent water and energy consumption standards while minimising life-cycle costs, and is now also available for renovation projects.
 - Electronic washbasin tap Piave with optimal user-friendliness and ease of installation as well as minimal water and energy consumption.
 - Shower toilet Geberit AquaClean Tuma Classic with innovative WhirlSpray shower technology and significantly reduced energy consumption thanks to heating-on-demand technology.
 - Optimisation of the ceramic product range to reduce complexity and cut down on resource usage.
 - Expansion of the range of rimless WC pans to simplify cleaning and cut down the usage of cleaning agents.
 - New flush valve type 333 is flow-optimised and extremely quiet. It consists of 15% less materials, with 20% of the plastic in the valve made up of regrunulate.
 - All mirror cabinets are equipped with state-of-the-art LED technology.
- Creation of an Environmental Product Declaration (EPD) in accordance with the European standard EN 15804 on sanitary ceramics.

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 and US.
- Cooperation in the foundation of the European Bathroom Forum (EBF) and launch of a new European water label for sanitary products.
- First bathroom furniture series from the brands Keramag and Sphinx made of FSC®-certified (FSC-C134279) materials.
- Certification of first products in the Ifö Sense bathroom furniture series with the "Nordic Swan" ecolabel.

OUTLOOK AND GOALS 2018 - 2020

- Systematic continuation of eco-design workshops for product development.
- Creation of additional Environmental Product Declarations (EPDs) in accordance with the European standard EN 15804.
- Expansion of the green building product portfolio.
- Search for alternative materials or a combination of existing materials for optimising resource efficiency when developing integrated sanitary products.

- Utilise the existing product portfolio and enhance expertise in the area of green building.
- Targeted search for green building reference projects in the European core markets and the Asia-Pacific region.

MATERIALITY ANALYSIS

The results of the internally conducted materiality analysis were reviewed and approved by the external stakeholder panel in September 2016. Following an internal review, no changes to the material aspects were carried out for reporting on the 2017 financial year. A further review of materiality is planned for the next reporting cycle as part of the switchover to the GRI Standards. 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	<ul style="list-style-type: none"> • Market Presence 	<ul style="list-style-type: none"> • Indirect Economic Impacts 	<ul style="list-style-type: none"> • Economic Performance
Environment	<ul style="list-style-type: none"> • Effluents and Waste 	<ul style="list-style-type: none"> • Materials • Emissions • Compliance Environment • Transport 	<ul style="list-style-type: none"> • Energy • Water • Products and Services
Labor Practices	<ul style="list-style-type: none"> • Diversity and Equal Opportunity • Equal Remuneration for Women and Men • Labor Practices Grievance Mechanisms 	<ul style="list-style-type: none"> • Employment 	<ul style="list-style-type: none"> • Occupational Health and Safety • Training and Education
Human Rights	<ul style="list-style-type: none"> • Screening Investments • Non-discrimination • Freedom of Association and Collective Bargaining • Human Rights Assessment 	<ul style="list-style-type: none"> • Child Labor • Forced or Compulsory Labor 	
Society		<ul style="list-style-type: none"> • Anti-Corruption • Compliance 	<ul style="list-style-type: none"> • Anticompetitive Behaviour
Product Responsibility		<ul style="list-style-type: none"> • Product and Service Labeling • Compliance Product Responsibility 	<ul style="list-style-type: none"> • Customer Health and Safety
Suppliers	<ul style="list-style-type: none"> • Supplier Assessment for Impacts on Society • Supplier Environmental Assessment • Supplier Assessment for Labor Practices 	<ul style="list-style-type: none"> • Supplier Human Rights Assessment 	

COMMUNICATION ON PROGRESS UNGC

Human rights

Principle 1:

Support and respect the protection of internationally proclaimed human rights.

- When selecting employees and determining their assignment in the company, Geberit attaches great importance to qualifications appropriate to the task description. According to an annual survey of all Geberit Group companies, applicable local minimum wages are well met. This considerably reduces the risk of human rights violations.
- The current Code of Conduct, which was revised in 2015, was communicated to all employees. In this Code, Geberit undertakes to be an exemplary, reliable and fair business partner and employer at all times. As a fair partner, Geberit recognises all laws, directives and internationally recognised standards as well as the UN Guiding Principles on Business and Human Rights, and complies with them in full. All new employees at Geberit are trained on the Code of Conduct as part of the Welcome events.
- Compliance with the Code of Conduct is monitored Group-wide as part of an annual survey. Verification is supplemented by internal audits on site.
- The Geberit Integrity Line gives all employees the opportunity to report irregularities anonymously.

→ **G4-EC5**

→ **Code of Conduct for Employees**
→ **G4-HR2**

→ **Society**

Principle 2:

Make sure the company is not complicit in human rights abuses.

- With respect to human rights violations, the greatest risk for Geberit lies with suppliers, who can be influenced only indirectly. Geberit does all it can to minimise this risk and requires that business partners and suppliers comply with comprehensive standards.
- The Code of Conduct for Suppliers is intended to ensure that Geberit's suppliers act in accordance with internal and external guidelines, such as the UN Guiding Principles on Business and Human Rights and the ILO core labour standards. As of the end of 2017, a total of 1,379 suppliers had signed the Code of Conduct for Suppliers. This equates to over 90% of the total procurement value.
- In 2017, risk management relating to environmental and occupational safety aspects for suppliers was expanded to include the material groups of the former Sanitec and was systematically evaluated. The number of suppliers in the highest risk category rose to 192, which corresponds to around 8% of the procurement value of Geberit. In 2017, four third-party audits were carried out at suppliers in Bulgaria and China. The results showed that the majority of occupational safety and environmental standards are complied with. Appropriate corrective measures are agreed in cases of non-compliance.

→ **Sustainability strategy**

→ **Code of Conduct for Suppliers**

→ **Chapter 14.2**

Labour practices

Principle 3:

Uphold the freedom of association and the effective recognition of the right to collective bargaining.

- No rights with respect to exercising freedom of association or collective bargaining as defined in the ILO core labour standards are subject to restriction at the Geberit Group. This is verified annually as part of a Group-wide survey. No restrictions were in effect in 2017.
- 8,781 employees, corresponding to 75% of all employees, are currently covered by collective agreements. In Germany, Austria, Switzerland, France, Italy, Ukraine, Finland and Sweden, over 90% of employees are subject to a collective labour or wage agreement. There are no collective agreements with employees in place in the USA and China.

→ **Chapter 11.3**

→ **G4-11**

Principle 4:

Uphold the elimination of all forms of forced and compulsory labour.

- Geberit's exposure with respect to forced and child labour is considered low because of its industry sector and the countries in which business activities are carried out, as well as its high quality requirements.
- Forced and child labour are categorically rejected at Geberit. According to the annual Group-wide survey, no cases of forced or child labour were discovered in 2017, nor were any cases revealed during the course of the audits performed among the suppliers. The basic principles established in the Code of Conduct for Suppliers expressly include compliance with the ILO core labour standards for the exclusion of forced and child labour.

→ **Chapter 11.4**

→ **Chapter 11.5**

Principle 5:

Uphold the effective abolition of child labour.

Principle 6:

Uphold the elimination of discrimination in respect of employment and occupation.

- The Geberit Code of Conduct clearly specifies how employees are to behave and how Geberit assumes responsibility as an employer in order to counteract discrimination in adherence with the ILO core labour standards. During the reporting year, two cases of sexual harassment and four cases of bullying were reported. These were settled following discussions with the parties concerned or are still under investigation.
- Geberit's personnel policy and recruitment practices do not differentiate between members of the local community and other applicants or employees.
- 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 men and women is a matter of course at Geberit, as was verified and documented in 2017 as part of the annual Group-wide survey. The proportion of female employees as of the end of 2017 was 23%; in management this figure was 8.4%.

→ **Code of Conduct for Employees**

→ **G4-HR3**

→ **Chapter 11.2**
→ **Chapter 10.4, 10.5**

Environmental protection

Principle 7:

Support a precautionary approach to environmental challenges.

- With the precautionary approach in mind, the Audit Committee of the Board of Directors operates an extensive system for monitoring and controlling the risks (incl. environmental risks) linked to the business activities. → **G4-46**
- Geberit has long stood for a high level of environmental awareness and been committed to environmentally friendly, resource-efficient production as well as to the development of water-saving and sustainable products. This is also defined as a management principle in the Geberit Compass. Environmental criteria are considered in all decision-making processes. A demonstrably high standard is achieved in this regard, one which often exceeds statutory requirements. → **Geberit Compass**
→ **Environmental policy**
- The carbon footprint over the entire value chain – from the provision of raw materials, combustibles and fuels, the manufacture of products at Geberit, logistics and use, right through to disposal – reveals that product use (69%) and the provision of raw materials (16.3%) are by far the largest sources of CO₂ emissions. → **Carbon footprint**
- In 2017, CO₂ emissions amounted to 242,796 tonnes, corresponding to a decrease of 2.9%. CO₂ emissions per net sales (currency-adjusted) fell by 5.1% (in organic terms 5.8%), meaning that Geberit slightly exceeded its long-term target of 5% per year. → **G4-EC2**
- A long-term CO₂ target was established in 2016 that is compatible with the two-degree target set out in the Paris Agreement (science-based). Within this context, Geberit plans to reduce its absolute CO₂ emissions (Scopes 1 and 2) by 6% between 2015 and 2021 to under 240,000 tonnes (based on organic growth). → **Chapter 9.4**

Principle 8:

Undertake initiatives to promote greater environmental responsibility.

- The Geberit Group has a Group certificate in accordance with ISO 9001 (quality), ISO 14001 (environment) and OHSAS 18001 (occupational health and safety) that is valid until the end of 2018. The annual preparation of a corporate eco-balance has been an established part of Geberit's environmental management since 1991. The total environmental impact was reduced by 3.7% in 2017. The environmental impact per net sales (currency-adjusted) dropped by 5.8% (in organic terms 6.1%), meaning that Geberit slightly exceeded its long-term target of 5% per year. This progress is founded largely on continuous improvements in efficiency at the energy-intensive ceramics plants. → **ISO certificate**
→ **Chapter 9**
→ **Sustainability Strategy**
- Geberit places its faith in energy saving and energy efficiency. In addition to process optimisation – particularly in the newly acquired plants – important measures include the continuous modernisation of the infrastructure and machine fleet, the optimisation of the kilns used for ceramic production, the improved use of waste heat (heat recovery) as well as the careful use of compressed air. → **Chapter 9.2**
→ **G4-EN19**
- As part of the long-term CO₂ strategy, specific goals for the share of renewable energy sources by 2021 were also established: 45% for electricity and 10% for combustibles. The share of purchased green electricity increased by 3 GWh to 47 GWh in 2017. In total, renewable energy sources account for 39% of electricity and 5.3% of combustibles. → **G4-EN19**
- Geberit regards eco-design as the key to environmentally friendly products. Beginning with the development process, the most environmentally friendly materials and functional principles are used, risks are minimised and high resource efficiency is pursued. Eco-design is also implemented in product modifications and technology projects. Every new product is to be better than its predecessor with respect to environmental aspects. → **Chapter 9.6**

Principle 9:

Encourage the development and diffusion of environmentally friendly technologies.

- The water footprint throughout the Geberit value chain shows that nearly 100% of the water consumption is attributable to the use of Geberit products by customers. Water-saving solutions can therefore exert a major impact: all dual-flush and flush-stop cisterns produced since 1998 have saved around 2,650 million cubic metres of water in 2017 alone. → **SDG-Reporting**
→ **Water footprint**
- Geberit supports the economical use of water in the sanitary industry and played a key role in establishing the European Bathroom Forum (EBF) in 2017. The focus here was on the launch of a new European water label for a wide range of sanitary products. → **G4-EC8**
- Green building is a market of the future experiencing strong growth throughout the world. As a leading system provider of sanitary solutions, Geberit is already offering suitable products for this purpose. → **Reference magazine**

Anti-corruption

Principle 10:

Work against corruption in all its forms, including extortion and bribery.

- As a long-term member of Transparency International Switzerland, Geberit is committed to high standards in combating corruption. In addition to the Code of Conduct, there are additional guidelines on prevention and employees receive training in this area. → **Chapter 12.1**
- In 2017, the Internal Audit Department audited a total of 23 companies. No case of corruption was discovered in 2017.
- Since 2017, an Integrity Line has been available to suppliers for anonymously reporting irregularities in the procurement process. In the reporting year, one case that was deemed material was reported. Appropriate steps are being taken to investigate this matter. → **Chapter 14.2**
- As a rule, Geberit does not make donations to parties or politicians. All donations are neutral from a party political point of view. This was verified and documented as part of the annual Group-wide survey.

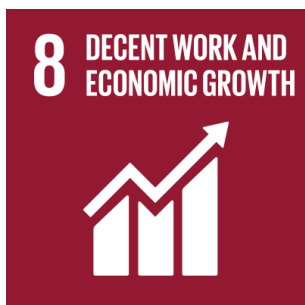
SDG REPORTING

Geberit is making a contribution to the UN 2030 Agenda for Sustainable Development, focussing on four of the 17 goals. As a driving force in the field of sanitary technology, Geberit provides solutions that ensure maximum possible efficiency in water usage and, thus, sustainable building in cities and communities worldwide. Thanks to constant investment in research and development, Geberit is driving innovation in the sanitary industry. As a sound employer with attractive working conditions, the company is a stabilising economic factor in many regions.



Ensure availability and sustainable management of water and sanitation for all.

- Thanks to targeted investments in research and development, Geberit is a global leader in the sanitary area. Geberit has a comprehensive range of products that facilitate sustainable sanitary solutions, and that contribute to increased quality of life with low resource and energy consumption and with environmentally friendly materials.
- Geberit's biggest environmental contribution lies in the conservation of water. Geberit's water footprint shows that nearly 100% of the water consumption is attributable to the use of products by customers. This is where Geberit's comprehensive and complementary product portfolio comes into its own. Water conservation is the result of a coordinated overall system. Reducing the flush volume in the cistern while at the same time ensuring that the WC pan is optimally flushed out is just as important as correctly dimensioning the drainage system. When it comes to the drinking water supply, high hygiene standards have to be observed and stagnation has to be prevented by flushing the pipes, which leads to increased water consumption.
- The cistern is the central element when it comes to water conservation. A model calculation shows that all dual-flush and flush-stop cisterns installed since 1998 have so far saved around 25,300 million cubic metres of water in comparison with traditional flushing systems. In 2017 alone, the water saved amounted to 2,650 million cubic metres. This equates to more than half of the annual consumption of all German households.
- For many years, Geberit has been supporting the development of standards initiated by the sanitary industry aimed at helping products that use resources and water as sparingly as possible to be a success on the market. In 2017, Geberit made a significant contribution to the launch of a new European Water Label for sanitary products.
- Stagnation and dirt in the drinking water system are among the greatest risks that can adversely affect the quality of the water in domestic installations. In addition to intelligently planning the drinking water installation, Geberit offers various solutions (e.g. hygiene filter, sanitary flush unit) for ensuring drinking water hygiene in a reliable and economical manner.



Promote sustainable economic growth, employment and decent work for all.

- As a profitable company with a sound financial basis, Geberit is an attractive employer of around 11,700 employees. In 2017, salaries and social benefits amounted to CHF 746.8 million.
- The high level of participation on the part of the employees during the last Group-wide employee survey, which was carried out in 2016, shows that the commitment and performance of Geberit are perceived positively and upheld by the employees.
- Geberit sets particular store on solid education and further training and on equal opportunities for all employees. Young people can start their careers at Geberit with a commercial, industrial or technical apprenticeship. 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. At the end of 2017, Geberit employed 235 apprentices. The transfer rate to a permanent employment relationship was 83%.
- The health and occupational safety of employees has the highest priority at Geberit. Using 2015 as the reference year, the aim is to halve the number of accidents by 2025. As part of its Group-wide efforts to support employees' health and well-being, Geberit also offers its employees precautionary healthcare opportunities through various offers and activities.



Build resilient infrastructure, promote sustainable industrialisation and foster innovation.

- Geberit's product development is based on solid market expertise and the latest technology. The focus here is on high-quality and efficient research and development. In 2017, CHF 77.8 million was invested in R&D. This enables Geberit to secure its market leadership and set trends in the industry with sanitary products.
- In addition to classic product development, investments are made in ten fields of competence relevant for sanitary technology as the basis for future innovations: hydraulics, materials technology, hygiene, surface technology, electronics, sound insulation, statics, fire protection, process engineering and virtual engineering. The focus is on the different areas working together and the continuous testing of new, integrated product and system solutions, materials and concepts.
- In the product development process, which is managed in a uniform manner throughout the Group, eco-design plays a role at an early stage. This means that new products are systematically examined and optimised in terms of environmental and occupational safety aspects. This takes place along the entire value chain – from the selection of raw materials and utilisation right through to disposal.
- Geberit has been passing on know-how and training customers for many years. Each year, around 30,000 sanitary engineers and plumbers are provided with education and further training on products, tools and software tools at the 29 Geberit Information Centres.
- Environmental friendliness, resource efficiency, occupational safety and innovative thinking are the key to sustainable production. To that end, Geberit has always continually refined its production methods and consistently reduces its environmental impact. In 2017, the eco-efficiency of production again exceeded the long-term target of an annual, average improvement of 5%.
- Thanks to the Geberit Production System (GPS 2.0), all Geberit production sites have a modern and future-oriented foundation. Continuous improvements are made by means of "lean manufacturing" and the shift in production philosophy from the workshop principle of step-by-step manufacturing to a comprehensive system of continuous flow production. By the end of 2018, all production sites and logistics as a whole work in accordance with ISO 9001, ISO 14001 and OHSAS 18001.



Make cities and communities safe, resilient and sustainable.

- In addition to their quality, durability and high degree of water and resource efficiency, Geberit products also impress with their good environmental compatibility and recyclability. Thanks to the acquisition of a number of ceramics brands, Geberit combines reliable technology behind the wall with aesthetically appealing solutions in the area of bathroom design. Under the slogan "Design Meets Function", Geberit is also making this new world tangible to end users and is continuously illustrating new possibilities in bathroom design.
- Geberit contributes to green building in cities and communities with its modular product range and with its system solutions. More and more buildings are being constructed as green buildings in accordance with sustainability standards such as LEED, DGNB, Minergie and BREEAM. Geberit offers comprehensive know-how and system solutions for green building. Both convince investors, project developers, owners and tenants alike. Geberit positions itself in the front line with regard to green building. This is demonstrated by the numerous reference projects incorporating green building.
- Building Information Modelling (BIM) is an interdisciplinary planning method for optimising the entire planning and building process. BIM facilitates an efficient exchange of information between architects, sanitary engineers and building owners, thus enabling water management in buildings to be holistically planned, simulated in the respective context and implemented as a system solution.

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

For Geberit, sustainability means being oriented towards the future and being successful over the long term. This means striking a balance in decision-making processes between various economic, environmental and social aspects. In essence it also means identifying important technological and social trends in good time in dialogue with our stakeholders and developing suitable products and services that provide solutions for customers and added value for other stakeholders. The long-term orientation also minimises risks for business development that are increasingly not only of a purely financial nature but arise from social developments and environmental risks. 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.

Supplementary to the established → **Sustainability strategy** based on the GRI G4 guidelines, the → **Materiality analysis** carried out prioritises the key topics for Geberit and simultaneously highlights the areas in which added value for stakeholders is created: resource-efficient and sustainable systems for water management in buildings, water-saving and sustainable products, environmentally friendly and resource-efficient production, procurement and logistics with high environmental and ethical standards as well as good and safe working conditions for the some 11,700 employees worldwide. 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.

As illustrated by the UN 2030 Agenda for Sustainable Development, the world is facing major challenges. The UN 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. As a result, major opportunities with growth potential are also arising for companies geared towards sustainable products and services – such as Geberit. In accordance with the → **external Stakeholder Panel** which was conducted for the third time in September 2016, Geberit sees its contribution above all in four UN Sustainable Development Goals. The contributions to goal number 6 "Ensure the availability and sustainable management of water and sanitation for all", number 8 "Promote sustainable economic growth, employment and decent work for all", number 9 "Build resilient infrastructure, promote sustainable industrialisation and foster innovation" and number 11 "Make cities safe, resilient and sustainable" are included in Geberit's newly established → **SDG reporting**. The major economic, social and environmental effects of Geberit's operations also lie in these four areas.

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

2. ORGANISATIONAL PROFILE

G4-3 NAME OF THE ORGANISATION

Geberit Gruppe.

G4-4 BRANDS, PRODUCTS AND/OR SERVICES

Geberit offers customers high-quality sanitary products 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 pipes) 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 visible 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 2017 net sales by product area and product line, see → [Business Report > Business and financial review > Financial Year 2017 > 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 49 countries. The products are sold in around 120 countries throughout the world. The company has 30 specialised production companies in 14 different countries close to the most important sales markets and a central logistics centre in Pfaffendorf (DE), as well as a decentralised network of 14 European distribution sites for the ceramics business.

For a list of the countries in which Geberit operates, see → [Financial Report > Consolidated financial statements Geberit Group > Notes > 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 events where end customers can gain information. At the same time, Geberit provides plumbers and sanitary engineers with intensive support through training and advice. This leads to increased demand for Geberit products from wholesalers.

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 2017 > Net sales](#).

G4-9 SCALE OF THE REPORTING ORGANISATION

The Geberit Group's market capitalisation reached CHF 16,266 million as of the end of 2017 (previous year CHF 15,429 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 2017, net sales amounted to CHF 2,908.3 million (previous year CHF 2,809.0 million).

At the end of 2017, the Group had 11,709 employees (previous year 11,592 employees). For the number of business sites, see → [G4-6](#).

G4-10 TOTAL NUMBER OF EMPLOYEES BY EMPLOYMENT TYPE, EMPLOYMENT CONTRACT, REGION AND GENDER

At the end of 2017, the Geberit Group employed 11,709 staff worldwide, which is 117 employees or 1.0% more than in the previous year. On the one hand, this is mainly due to more people being employed in the production plants in order to deal with greater sales volumes, and, on the other, to various sales companies expanding in connection with specific sales activities.

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

There are currently 8,781 employees (corresponding to 75% of the workforce) who are covered by collective agreements (e.g. collective labour agreements, wage agreements). In Germany, Austria, Switzerland, France, Italy, Ukraine, Finland and Sweden, over 90% of employees are subject to a collective labour or wage agreement. There are no collective agreements with employees in place in the USA and China.

G4-12 DESCRIPTION OF THE ORGANISATION'S SUPPLY CHAIN

Siehe → **chapter Suppliers**.

G4-13 SIGNIFICANT CHANGES REGARDING SIZE, STRUCTURE OR OWNERSHIP

The sale of the company Varicor, including the plant in Wisches (FR), was announced in January 2017. However, Varicor remains an important partner for Geberit as a strategic supplier. In July 2017, the result of a strategic review of two plants owned by the French subsidiary Allia that had been announced in the previous year were made known. Accordingly, in agreement with the trade unions, the La Villeneuve-au-Chêne site was closed and ceramic production in Digoin was discontinued.

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 → **Geberit Code of Conduct**.

The Geberit Group has a → **Group certificate** in accordance with ISO 9001 (quality), ISO 14001 (environment) and OHSAS 18001 (occupational health and safety) that is valid until the end of 2018. All 30 Geberit production plants are certified to ISO 9001 and ISO 14001. Regarding OHSAS 18001, the three outstanding plants will be certified by the end of 2018. Five plants are 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 CO₂ emissions by 5% annually. In addition, a long-term CO₂ target was developed in 2016 that is compatible with the two-degree target set out in the Paris Agreement (science-based). It comprises a reduction of absolute CO₂ emissions (Scopes 1 and 2) by 6% between 2015 and 2021 to under 240,000 tonnes (based on organic growth).

In the area of occupational safety, the aim is to halve the frequency and severity of accidents by 2025 based on the reference year 2015.

The Geberit Production System (GPS 2.0) is implemented at all plants. Best-practice standards in production are 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 Group Executive 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.

Geberit has cooperated with the non-profit organisation Swiss Water Partnership since 2012. This platform seeks 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.

In 2017, Geberit played a key role in establishing a new platform for the European sanitary industry – the European Bathroom Forum (EBF). One of the first tasks was the launch of a European water label as a voluntary and flexible instrument to support customers in the selection of resource-efficient products. This aims to help achieve the EU goals for resource efficiency.

G4-16 MEMBERSHIP IN ASSOCIATIONS AND ORGANISATIONS

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 green building, 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 2017 financial year. Owing to its sale in 2017, the company Varicor including the plant in Wisches (FR) was no longer included. Up to the end of June, only data on energy and water was captured from the two French ceramics plants that were closed.

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

For the fourth time in succession, the GRI G4 guidelines serve as the basis for this report. 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, it was possible to build on the substantial basis of GRI reporting that has been created since 2007. Material sustainability topics and related measures are already presented in compact form within the → **Sustainability strategy**. Also of a material nature are the principles of the UN Global Compact that Geberit has committed itself to uphold and that are presented in the → **Communication on Progress UN Global Compact**.

On this basis, an internal materiality analysis was developed in 2014 as part of workshops with members of the Group Executive Board and later approved by the Group Executive Board. The results were reviewed and amended slightly by an external stakeholder panel in September 2014. As part of the integration of Sanitec, a further review was carried out in 2015. There were no major changes in the material aspects. The materiality analysis was again discussed by an external stakeholder panel in September 2016. It became clear that a high degree of consensus existed between the internal standpoint of the company and the assessment of the stakeholder panel, see → **Panel statement** and the → **Response from Geberit to the Panel statement**. Following an internal review, no changes to the material aspects were carried out for reporting on the 2017 financial year. A further review of materiality is planned for the next reporting cycle as part of the switchover to the GRI Standards.

G4-19 MATERIAL ASPECTS

Material aspects are deemed material if they are significant for Geberit 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 and approved by the external stakeholder panel in September 2016, see → **Panel statement**.

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

GRI aspects that are not material or not requiring any 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.
Biodiversity	Geberit production sites do not endanger biodiversity in protected areas. Biodiversity plays a role when procuring mineral raw materials for ceramic production. This subject was addressed and examined as part of supplier audits. During these audits, it was found that the suppliers in this sector actively address the topic of biodiversity and take appropriate measures within the context of their licence to operate.
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. The newly introduced Geberit Integrity Line available to suppliers for anonymously reporting irregularities in the procurement process also contributes to this.
Labour/Management relations (in the narrower sense of formal notice periods)	Geberit cultivates transparent internal communication and a close dialogue between management and employees. 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. The newly introduced Geberit Integrity Line available to suppliers for anonymously reporting irregularities in the procurement process also contributes to this.
Local communities	Geberit production sites do not entail special risks for local communities or adverse effects on the neighbourhood. Geberit attaches great importance to maintaining good relations with its neighbours in the vicinity of its production sites. Continuous exchanges with authorities and the local community are part of this process.
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. The newly introduced Geberit Integrity Line available to suppliers for anonymously reporting irregularities in the procurement process also contributes to this.
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 ORGANISATION

In the case of the GRI aspects determined to be material, Geberit's business activities have an impact on internal and external stakeholders. The following table shows the stakeholder groups (within the value chain) for which the impact is material and therefore determines the reporting limits for the information presented.

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	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	x	

Material GRI aspects	Reporting limits inside the organisation			Reporting limits outside the organisation			
	Company, total	Employees	Production, logistics	Customers	Suppliers, partners	Society	Others
Employment		x					Regional economy
Occupational health and safety		x					Regional economy
Education and further training		x					Regional economy
Diversity and equal opportunity		x					
Equal remuneration for women and men		x					
Supplier assessment in terms of labour practices					x	x	
Labour practices grievance mechanisms		x					
Screening 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			
product responsibility	x			x			

G4-22 EFFECTS OF ANY RESTATEMENTS OF INFORMATION PROVIDED

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 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 also applied to the 2015, 2016 and 2017 financial years. In this way, Geberit has developed a consistent reporting system in which individual indicators are further developed each year. The switchover to the new GRI Standards is planned for the 2018 financial year.

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

A 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. On national and international levels, the Geberit Group and its local 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

Geberit consulted an → **external Stakeholder Panel** for the third time in September 2016. Its mandate consisted of providing feedback on the sustainability strategy and sustainability communication and also discussing the materiality analysis. 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. The next Stakeholder Panel is planned for 2018.

The newly released ISO norm 9001:2015 that is being applied at Geberit requires as a new element a stakeholder and a materiality analysis to be conducted. As Geberit has already implemented these two elements for several years as part of its sustainability strategy and its management system according to ISO 14001, only minor changes were necessary internally. Based on the stakeholder analysis, Geberit identifies both potential for conflict and opportunities, and pursues a cooperative approach when it comes to discussing and further developing 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, sanitary engineers and architects.
- During the reporting year, around 30,000 professionals were provided with basic and further training in products, tools and software tools at the 29 Geberit Information Centres in Europe and overseas.
- The mobile AquaClean lounge offers the opportunity for end users to try out a shower toilet for themselves. In the reporting year, it was possible to establish contact with over 28,000 end users with these lounges alone.
- The Geberit On Tour mobile exhibition was held for the seventh time in 2017, offering around 20,000 people in 12 countries the opportunity to assess Geberit innovations and solutions.
- For trade fairs and customer surveys, see → **Business Report > Business and financial review > Financial Year 2017 > Customers**.

SHAREHOLDERS, ANALYSTS:

- For the participatory rights of the shareholders, → **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 and interviews with the relevant media for Geberit.
- Sustainability topics and in particular Geberit's performance in this area play an important role in the media activities of Geberit.

EMPLOYEES, TRADE UNIONS:

- Geberit 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 irregularities anonymously.
- Regular employee survey with all employees of the Geberit Group.

NEIGHBOURS, 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 Sustainable Building Technologies) at Empa in Dübendorf (CH).
- Cooperation on technological trends and developments directly related to sanitary technology with EAWAG Dübendorf, HSR Rapperswil, ZHAW Winterthur, ETH Zurich (CH), Tongji University (CN) and others.

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, occupational safety) carried out by Geberit and since 2012 also by certified third-party specialists.
- Since 2017, Integrity Line for suppliers for anonymously reporting irregularities in the procurement process.
- Cooperation with manufacturers of infrastructure facilities, e.g. for the retrofitting of tunnel kilns for ceramic production.

TRANSPORT COMPANIES:

- Discussions with transport service providers concerning the results of the environmental monitoring, see → **chapter 9.8**.

ASSOCIATIONS:

- Significant participation in the founding of a new platform for the European sanitary industry – the European Bathroom Forum (EBF) – and launch of a new European water label for sanitary products.
- Collaboration with FECS (European Federation of Ceramic Sanitaryware 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 ORGANISATIONS, GENERAL PUBLIC:

- Partnership with the Swiss development organisation Helvetas.
- Participation in the non-profit organisation Swiss Water Partnership.

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 current topics that were introduced by stakeholders and have been implemented by Geberit include:

- Education and further training as an important success factor, see → **Business Report > Business and financial review > Financial Year 2017 > Employees**.
- Holistic solutions for products and systems in front of and behind the wall, see → **Business Report > Business and financial review > Financial Year 2017 > Innovation**.
- Expansion of the portfolio of water-saving products, see → **G4-EN27** and → **Water footprint**, which covers the entire Geberit value chain.
- Customer training, see → **Business Report > Business and financial review > Financial Year 2017 > Customers**.
- Direct information for end users, see → **Business Report > Business and financial review > Financial Year 2017 > Customers**.
- Transparency of the remuneration system, see → **Business Report > Remuneration report**.
- Long-term CO₂ target compatible with the two-degree target set out in the Paris Agreement (science-based), 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 2017 > Employees**.
- Implementation of social projects, see → **Business Report > Business and financial review > Financial Year 2017 > Social responsibility**.

5. REPORT PROFILE

G4-28 REPORTING PERIOD

2017 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 have been prepared in accordance with the GRI G4 guidelines with the report option "comprehensive" since the report for the financial year 2014. The → **last report** for 2016 is still available online; for reports from previous years, see → www.geberit.com > **Downloads** > **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:

Roland Högger
Head of Environment and Sustainability
Geberit International AG
Schachenstrasse 77, CH-8645 Jona
Tel: +41 55 221 63 56
sustainability@geberit.com

G4-32 REPORTING OPTION CHOSEN

The reporting implements the GRI G4 reporting option "comprehensive", 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.
- Since 2016, Geberit has also been publishing its detailed water balance as part of the CDP Water Program.
- The Geberit Group has a → **Group certificate** in accordance with ISO 9001 (quality), ISO 14001 (environment) and OHSAS 18001 (occupational health and safety) that is valid until the end of 2018. All 30 Geberit production plants are certified to ISO 9001 and ISO 14001. By the end of 2018, all new plants will be integrated into the Geberit management system and the three outstanding plants certified according to OHSAS 18001.
- In 2015, all Geberit companies implemented the European Energy Efficiency Directive 2012/27/EU, with five production plants currently certified to ISO 50001.
- On-site audits (quality, environment, occupational safety) are carried out by Geberit and since 2012 also by certified third-party specialists, 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**.

As of 31 December 2017, the operating management structure of Geberit is broken down into seven Group divisions:

- CEO division
- Sales Europe
- Sales International
- Marketing & Brands
- Operations
- Product Management & Innovation
- 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 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 Organizational 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, 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.

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, Strategic Planning), or to other members of the Group Executive Board.

The way in which the topic of sustainability is approached has been further developed regularly 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 within 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 the 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.

G4-38 INDEPENDENT MEMBERS OF THE BOARD OF DIRECTORS

At the end of 2017, the Board of Directors comprised six non-executive members – one woman and five men. 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 is Chief Executive Officer (CEO) and Chairman of the Board of Directors is Albert M. Baehny. 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.**

In den Statuten und im → **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 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, ENVIRONMENTAL AND SOCIAL ISSUES

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 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. Key figures on occupational safety are presented quarterly to the Group Executive Board and on a regular basis to the Board of Directors.

In 2016, Geberit consulted an → **external Stakeholder Panel** for the third 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. The next stakeholder panel is planned for 2018.

G4-46 ASSESSMENT OF THE EFFECTIVENESS OF RISK MANAGEMENT PROCEDURES RELATED TO SUSTAINABILITY

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 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 topics, see → **Business Report > Business and financial review > Financial Year 2017 > Compliance**.

G4-47 FREQUENCY OF REVIEW OF RISKS AND CHANCES IN THE AREA OF SUSTAINABILITY

The impacts, risks and opportunities are discussed and reviewed 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 forward by shareholders within the context of the General Meeting are dealt with in accordance with the Articles of Incorporation. Only a very small number of matters were submitted directly to the Board of Directors outside the General Meeting in 2017. 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 REMUNERATION POLICIES FOR HIGHEST GOVERNANCE BODY

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 paid 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 addresses the concerns of stakeholders and shareholders, see → **Business Report > Remuneration report**.

G4-54 RATIO OF ANNUAL REMUNERATION PAID

The ratio of the annual remuneration paid to the highest-paid employee to the average annual remuneration of all employees (excluding the highest-paid employee) was 21.4 in Switzerland, 6.2 in Germany, 4.9 in Austria and 4.8 in Italy.

G4-55 RATIO OF PERCENTAGE INCREASE IN ANNUAL REMUNERATION PAID

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 2017 cannot be reproduced as a figure. This is because the salaries of the highest-paid employees partly 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. The → **Geberit Compass** (what we do, what motivates us, how we work together, what is responsible for our success), which was updated in 2015 and the → **Geberit Code of Conduct for Employees**, updated in 2014 and implemented in 2015, serve as the applicable guidelines.

Other specific guidelines that are important to Geberit are:

- → **Geberit policy on occupational health and safety, environment and energy**
- → **Geberit Code of Conduct Suppliers**
- → **Geberit Code of Conduct for business partners**
- → **Geberit antitrust legislation guidelines**
- → **Geberit compliance commitment for contractors**
- UN-Guiding Principles on Business and Human Rights

G4-57 MECHANISMS FOR SECURING ETHICAL AND LAWFUL BEHAVIOUR

Geberit has established an effective compliance system to ensure that its conduct is both ethical and legally compliant. 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 2017 > Compliance**.

Conformity with the Code of Conduct for Employees is subject to controls each year. All companies receive over 50 questions on the five above-mentioned key topics. 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 BEHAVIOUR

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 the 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 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. Since 2017, an Integrity Line has also been available to suppliers for anonymously reporting irregularities in the procurement process.

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 impacts).

With its innovative solutions in the field of 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 the 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 description of the economic position of the Geberit Group, see → **Business Report > Business and financial review > Financial Year 2017 > Market environment**.

G4-EC1 ECONOMIC PERFORMANCE

Significant indicators for the creation 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 > Statements of cash-flows**.

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, see → **Financial Report > Consolidated financial statements Geberit Group > Statements of cashflows**.
- Share buyback, see → **Financial Report > Consolidated financial statements Geberit Group > Notes > Note 22**.

G4-EC2 FINANCIAL IMPLICATIONS OF CLIMATE CHANGE

The 2015 UN climate change conference in Paris and the agreement reached by its participants to limit global warming to below two degrees Celsius represent far-reaching goals for limiting global warming. One of the visible effects is the limited local availability of water resources in many places, which is becoming a major issue in the eyes of the public. In the Global Risks Report periodically published by the World Economic Forum (WEF), water scarcity was classified according to the most recent report as one of the five highest risks in terms of impact. The subject of water has also been included in the Sustainable Development Goals (SDGs) of the UN 2030 Agenda for Sustainable Development, which have been applicable since the beginning of 2016. Goal number 6 calls for people around the world to receive access to clean drinking water and sanitary facilities.

These trends will determine the sanitary technology 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 big opportunities, Geberit is exposed to an average risk of natural disasters potentially 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.

The manufacture of ceramic sanitary appliances is a resource and energy-intensive process that has become a part of Geberit production. This increases the company's exposure to CO₂ regulations, meaning that their future development must be carefully monitored. However, these risks are currently still low – only one ceramic plant in Sweden pays CO₂ taxes. With the definition of a long-term CO₂ target in 2016 that is compatible with the two-degree target set out in the Paris Agreement (science-based), an increasingly detailed understanding is becoming established within the company regarding CO₂ emissions. The goal is to reduce absolute CO₂ emissions (Scopes 1 and 2) by 6% between 2015 and 2021 to under 240,000 tonnes (based on organic growth).

In addition, Geberit is indirectly affected by higher energy or raw material 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 CO₂ strategy (see → **aspect emissions**), Geberit is reacting proactively and working continuously on saving energy, improving its energy efficiency and reducing its CO₂ emissions. For example, Geberit is continuously investing in the infrastructure of ceramic production. By the end of 2017, six tunnel kilns for ceramic production had already been equipped with state-of-the-art burner technology, with the equipping of a further five planned. Each kiln can bring about energy savings of over 20%.

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 CO₂ emissions, see → **Financial Report > Consolidated financial statements Geberit Group > Notes > Note 4**.

G4-EC3 SCOPE OF THE ORGANISATION'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

Assistance received from the public sector includes:

- Income taxes, see → **Financial Report > Consolidated financial statements Geberit Group > Notes > Note 25**.
- Investment subsidies to promote the respective business location and secure jobs: CHF 0.08 million.
- Contributions received to support training and part-time employment prior to retirement: CHF 0.38 million.
- Various other subsidies: CHF 0.1 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 sales companies, production plants, logistics and management companies 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 30 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.

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. With its innovative solutions for sanitary products, Geberit aims to achieve sustained improvement in the quality and standard of people's lives. The economy benefits from this in several respects: through the contribution to better sanitary standards, 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 responsibility, 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, apprentices become familiar with other cultures and also acquire new social, linguistic and professional competencies. Furthermore, these social projects make a tangible contribution to the Sustainable Development Goals (SDGs) of the United Nations, which include giving all humans access to clean drinking water and basic sanitation by 2030.

G4-EC7 INVESTMENTS IN INFRASTRUCTURE AND SERVICES PRIMARILY FOR PUBLIC BENEFIT

Donations and financial contributions, including product donations, totalling CHF 3.3 million (previous year: CHF 3.7 million) were made during the reporting year. In addition, Geberit employees contributed 2,280 hours of charitable work (previous year: 2,336 hours). Geberit also supports facilities for disabled persons and long-term unemployed, where simple assembly and packaging work in the amount of around CHF 6.9 million was carried out in 2017 (previous year: CHF 6.3 million), see also → **Key figures sustainability > Employees and society**.

The focus was on the following projects and partnerships in 2017:

- Execution of a → **social project** in Odessa (UA) with apprentices: renovation and expansion of the sanitary facilities of a Ukrainian vocational school for more than 500 students largely from disadvantaged backgrounds. Here, a team of nine apprentices from Geberit was supported by plumber apprentices from this vocational school.
- The partnership with Helvetas on projects relating to clean drinking water and sanitary facilities, plus supporting the new Helvetas campaign for clean drinking water and latrines with a substantial contribution.
- Participation in the charitable organisation Swiss Water Partnership to promote international dialogue on the topic of water.
- Implementation of the project Change of Perspective, in which two Swiss plumbers travelled to Nepal and worked together with two Nepalese colleagues for one week. This project is set to continue in 2018.

- Volunteer work of 16 Geberit employees for two weeks in November 2017 helping a village community in western Nepal to construct a water pipeline. Geberit also made a major donation to support Helvetas-run water projects in Nepal.
- Support for six vocational schools for plumbers in Ukraine with the goal of providing professional, contemporary training in plumbing.
- Various local initiatives and collection campaigns in Poland, the UK, France, Germany and Switzerland to round off the Geberit Group's social engagement at the local level.

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 sanitary engineers, plumbers and end users, as well as upstream at suppliers and transport companies. Continuous investment in 30 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 25,300 million cubic metres of water in comparison with traditional flushing systems. In 2017 alone, the water saved amounted to 2,650 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. Similar to its work in the field of waste water hydraulics, Geberit also played a major part in ensuring that topics such as sound insulation and fire protection, as well as hygiene in drinking water and sanitary facilities, have been developed to the benefit of the end user and laid down in standards and recommendations. In 2017, Geberit played a major role in the foundation of a new platform for the European sanitary industry – the European Bathroom Forum (EBF).

Geberit lends impetus to the sanitary industry with innovation and new products that are sold and implemented worldwide by wholesalers, plumbers and sanitary engineers. In 2017 alone, around 30,000 customers were provided with education and further training on Geberit products and software tools at the 29 Geberit Information Centres in Europe and overseas, see → **Business Report > Business and financial review > Financial Year 2017 > Customers.**

Geberit employed 235 apprentices at the end of 2017 (previous year 233). The transfer rate to a permanent employment relationship was 83%. All apprentices are essentially required to work at several sites during their training. Experience abroad and the transfer of know-how are beneficial, especially for young employees.

The indirect economic impact on suppliers and transport companies is also significant. The Group's cost of materials in 2017 amounted to CHF 847.1 million (previous year: CHF 789.3 million) and has business relations with around 1,850 suppliers here. Geberit does not have its own transport fleet and commissions external transport companies.

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. Eco-design is an integral part of the product development process, with the goal of making each product more environmentally friendly than its predecessor throughout the entire product life cycle. Environmental criteria are considered in all decision-making processes. These 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 GRI aspects 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. The environmental and occupational safety managers from all production plants meet once a year to discuss best practice and further develop Group-wide standards. Since 2017, a newsletter on environmental and occupational safety topics has also been published twice a year.

In 2017, the implementation of a software-based solution for managing hazardous substances began. The aim here is to implement a standardised process in all production plants, improve efficiency in the management of hazardous operating and auxiliary materials, and scale down the use of hazardous substances in the long term.

The Geberit Group has a → **Group certificate** in accordance with ISO 9001 (quality), ISO 14001 (environment) and OHSAS 18001 (occupational health and safety) that is valid until the end of 2018. Out of 30 production plants, 30 were certified to ISO 14001, 27 to OHSAS 18001 and five to ISO 50001 at the end of 2017. By the end of 2018, all new plants should have been integrated into the Geberit management system and any outstanding plants certified according to OHSAS 18001.

The annual preparation of a corporate eco-balance has been an established part of Geberit's environmental management since 1991. It covers 30 production plants worldwide, the logistics centre in Pfullendorf (DE), other smaller logistics units and the larger sales companies. Up to the end of June, only data on energy and water was captured from the two French ceramic plants that were closed. The corporate eco-balance permits an overall assessment of environmental impact in terms of eco-points. For the reporting in 2017, as in the previous year, the 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. The calculation was based on the national electricity mix.

The absolute environmental impact fell by 3.7% and CO₂ emissions by 2.9%. The environmental impact per net sales (currency-adjusted) dropped by 5.8%, or 6.1% in organic terms (adjusted for the divestment of the Koralle and Varicor business). This figure is slightly above the long-term target of 5% per year. This progress is founded largely on continuous improvements in efficiency at the energy-intensive ceramics plants. Since the acquisition of Sanitec in 2015, the absolute environmental impact has been reduced by 7.6%.

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 847.1 million is a significant production factor for Geberit. At around 13,000 TJ (previous year 12,200 TJ) – based on basic data from Ecoinvent (version 3.1) – the consumption of grey energy associated with purchased materials (including mineral raw materials of the ceramic plants and raw materials of the plant in Ozorków (PL)) is 4.4 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 use of materials depends on the various manufacturing processes: 17 plants for processing plastic and metal, ten plants for manufacturing sanitary ceramics, and three other plants for processing acrylic 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, metal-forming 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 414,637 tonnes of materials were used in 2017 (previous year 390,421 tonnes). Besides the mineral raw materials from the former Sanitec Group, these amounts now include the materials from the plant in Ozorków (PL). 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 internal and external sources.

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 9,000 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.

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.

Extrapolated, the raw material metal purchased contains around 33,900 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 CO₂ are released into the atmosphere, depending on the material. In 2017, some 900 tonnes of ABS regranulate were used for various components in exposed and concealed cisterns. Thanks to an intelligent redesign, half of the material used for the flush valve can be made of high-quality ABS regranulate, for example. The use of plastic regranulate is generally to be increased further and applied to other product areas.

9.2 ENERGY (EN)

MANAGEMENT APPROACH – ENERGY

With a share of 96.5%, the consumption of energy in the form of electricity, combustibles and fuels represents Geberit's greatest environmental impact. A software introduced in 2012 permits monthly monitoring of water and energy consumption, as well as the Group-wide calculation of environmental impact and CO₂ emissions. 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. Targets were also defined for the share of renewable energy sources as part of the development of a long-term CO₂ target that is compatible with the two-degree target set out in the Paris Agreement (science-based). By 2021, the share of renewable energy sources should account for 45% for electricity and 10% for combustibles.

At present, the German plants in Lichtenstein, Pfullendorf, Langenfeld, Wesel and Haldensleben are 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 the combustibles natural gas, biogas, liquefied petroleum gas (LPG), diesel for power generation, heating oil extra light and solid combustibles, as well as the fuels diesel, gasoline, liquefied petroleum gas (LPG) and natural gas (CNG). The indirect energy carriers (Scope 2) include electricity and district heating.

Energy consumption decreased by 4.2% in the reporting year and is now 828.5 GWh, corresponding to a reduction of 3.6% when adjusted for the divestments of the Koralie and Varicor business. Since the acquisition of Sanitec in 2015, it has thus been possible to reduce energy consumption by 9.2% in total, making a significant contribution to reductions in the environmental impact.

Combustibles (primarily from ceramic production), including district heating, still account for the greatest share of energy consumption at 69.2%, followed by electricity with 27.4% and fuels with 3.4%.

Renewable sources of energy are to be expanded continuously as a part of the sustainability strategy. Since 2012, a block heating station has been in use in Pfullendorf (DE). This plant was fed by 8.7 GWh of regionally produced biogas in 2017. The electricity generated by the plant (3.3 GWh) is fed into the transmission grid and the resulting heat (4.1 GWh) can be used in production, thereby reducing the use of natural gas. In total, renewable energy sources accounted for 5.3% of combustibles.

Since 2013, the roof area at the plant in Givisiez (CH) has been made available to an energy services provider for a 3,050 m² photovoltaic installation. It generated 0.5 GWh of electricity in 2017. However, this contribution is not included in the energy balance as the energy produced is managed by the regional energy supplier. Overall, the share of purchased green electricity was increased by 3 GWh to 47 GWh in 2017 – meaning that renewable sources of energy now account for 39.0% of total electricity consumption.

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 2017, purchased materials resulted in grey energy consumption of around 13,000 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 CO₂ 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 management cockpit. Those plants which are certified to ISO 50001 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, scrap, stability, energy and resource consumption
- The continuous modernisation of the machine fleet and the purchase of energy-efficient equipment
- Increasing the capacity utilisation and efficiency of production equipment

- 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:

- Demolition and safe disposal of plant and infrastructure in Wesel and Langenfeld (DE), Bromölla (SE), Digoin, La Villeneuve-au-Chêne and Selles-sur-Cher (FR) that were obsolete and no longer required.
- Old, inefficient machines in Langenfeld (DE) and a total of four tunnel kilns in Digoin, La Villeneuve-au-Chêne (FR) and Slavuta (UA) were scrapped or decommissioned.
- Number of injection moulding machines with energy-efficient drive technology increased from 150 to 156.
- 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. Implementation of first fully electrically driven production line.
- One further tunnel kiln for ceramic production was retrofitted with state-of-the-art burner Technology. Up to now, six state-of-the-art tunnel kilns have been installed, with a further five to follow.

G4-EN7 ENERGY-EFFICIENT PRODUCTS

The biggest environmental contribution by Geberit products lies in the conservation of water, which indirectly also saves on energy. According to the Ecoinvent database (version 3.1), some 10.3 MJ of energy are required and 0.64 kg of CO₂ 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 waste water treatment plant. The → **water footprint** calculated for Geberit 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 one model calculation, all dual-flush and flush-stop cisterns installed since 1998 have so far saved around 25,300 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:

- Geberit's latest shower toilet, → **Geberit AquaClean Tuma**, which stands out with a sophisticated product concept and simple yet elegant design. It is offered as a complete solution including a rimless WC ceramic appliance. Alternatively, it is also available as a WC enhancement solution that can be combined with the previously installed ceramic appliances. The innovative WhirlSpray and heating-on-demand technology considerably reduces energy consumption compared to its predecessor.
- The → **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. They are now also available for renovation projects as well. For this purpose, a proprietary environmental and cost calculator was developed for various sales companies, see → www.international.geberit.com > Products > **Geberit urinal systems** > **Urinal system sustainability calculator**.
- The modular → **Geberit tap system** is the ultimate in sophisticated installation technology, different energy concepts and elegant tap housings for the wall-mounted and deck-mounted taps. The taps can be mounted quickly and flawlessly. The mixer, valves, electronics and power supply are stored in a function box, which is mounted under the washbasin where it is protected from moisture. The product boasts both optimal user-friendliness and ease of installation as well as minimal water and energy consumption
- All mirror cabinets are equipped with state-of-the-art LED technology.
- The Geberit energy retaining valve uses a patented magnetic diaphragm system to cap the waste-water venting pipe above the roof. This opens only when required and ensures pressure compensation only when this is necessary. This helps avoid unnecessary heat loss and can save up to 50 litres of heating oil a year.

9.3 WATER (EN)

MANAGEMENT APPROACH – WATER

The → **water footprint**, which covers Geberit's entire value chain (including the impact of ceramic cisterns for the first time), 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 (1.1%). 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.

Since 2016, Geberit has been publishing its detailed water balance as part of the CDP's Water Program.

G4-EN8 WATER CONSUMPTION

Water consumption dropped compared to the previous year by 0.4% to 1,129,893 m³ (previous year 1,133,946 m³). Above all, 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.

Water consumption can be categorised into drinking water (28%), well water (48%), lake and river water (23%) 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

The water consumption of Geberit production plants does not place a considerable burden on water sources as defined in the GRI guidelines.

G4-EN10 WATER RECYCLING

Throughout the Group, two processes are primarily responsible for much of the water requirements:

- Relatively large quantities of water are used in ceramic production. An initial estimate shows that 5 to 10% of the water used was also recycled internally, corresponding to around 88,500 m³ per year
- Newly developed products are tested at the Geberit sanitary laboratory in Rapperswil-Jona (CH). The tests required 101,680 m³ of water. Only around 3% or 2,874 m³ of this is fresh water. The remaining 97% was reused in a closed-circuit system.

9.4 EMISSIONS (EN)

MANAGEMENT APPROACH – EMISSIONS

Production emissions are recorded and analysed in detail as part of the corporate eco-balance. CO₂ emissions are particularly important to Geberit. → **Other air emissions** (NO_x, SO₂, hydrocarbons, etc.) are also recorded and calculated, but have a comparatively minor impact on the environment. Under the established → **CO₂ strategy**, the CO₂ emissions per net sales (currency-adjusted) should be reduced annually by 5% per year on average. Geberit is on track here, see

→ **G4-EN18**. In 2016, a long-term CO₂ target was established that is compatible with the two-degree target set out in the Paris Agreement (science-based). Within this context, Geberit plans to reduce its absolute CO₂ emissions (Scopes 1 and 2) by 6% between 2015 and 2021 to under 240,000 tonnes (based on organic growth). Specific goals for the share of renewable energy sources were also established: 45% for electricity and 10% for combustibles.

A CO₂ footprint across the entire value chain has been calculated since 2012. This carbon footprint covers the provision of raw materials, combustibles and fuels, the manufacturing of products at Geberit, logistics, use and disposal. With regard to the former Sanitec, only mineral raw materials and raw materials from the plant in Ozorków (PL) are taken into account. An analysis revealed that product use (69%) and the provision of raw materials (16.3%) are by far the largest sources of CO₂ 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 6% of total CO₂ emissions. Similarly, transport (1.3%), the provision of combustibles and fuels (1%) and the disposal (6.4%) of the products also cause only few emissions.

The measures for implementing the CO₂ 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 is based on the internationally recognised Ecoinvent database (version 3.1), with the IPCC 2013 factors used, production-related process emissions included and the national electricity mix taken into account. The seven leading substances (CO₂ fossil, CH₄, N₂O, HFC, PFC, SF₆ and NF₃) are used for the calculation of the greenhouse gas emissions and shown as a sum parameter according to IPCC (CO₂ equivalents or simply CO₂).

G4-EN15 DIRECT GREENHOUSE GAS EMISSIONS (SCOPE 1) AND G4-EN16 INDIRECT GREENHOUSE GAS EMISSIONS (SCOPE 2)

In 2017, CO₂ emissions amounted to 242,796 tonnes (previous year 250,108 tonnes, corresponding to a decrease of 2.9%, or 2.5% in organic terms (adjusted for the divestment of the Koralle and Varicor business). CO₂ emissions per net sales (currency-adjusted) fell by 5.1% (in organic terms 5.8%), meaning that Geberit slightly exceeded its long-term target of 5% per year.

At 49.0%, combustibles are the largest source of CO₂, followed by electricity at 47.7% and fuels at 3.1%, as well as process emissions and district heating at 0.2% in total. The purchase of 47 GWh of green electricity in Pfullendorf and Weilheim (DE), Kolo (PL), Bromölla and Mörrum (SE), Givisiez (CFI) and Daishan (CN) meant that it was possible to reduce CO₂ emissions by around 21,800 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:

- Raw materials used and the resulting CO₂ emissions at 667,065 tonnes (previous year 632,225 tonnes).
- The provision of combustibles and fuels, which accounted for 35,920 tonnes from combustibles and 5,335 tonnes from fuels in 2017.
- CO₂ emissions of power generation from the upstream chain are included → **G4-EN15**.
- Logistics (see → **G4-EN30**), which caused a total of 52,075 tonnes of CO₂ emissions in 2017 (previous year 42,179 tonnes). The increase was mainly caused by additional locations included as well as the rise in sales and the related expansion in transport volumes.
- Business travel by air, at 1,626 tonnes of CO₂ emissions (previous year 1,655 tonnes).

G4-EN18 GREENHOUSE GAS EMISSIONS INTENSITY

CO₂ emissions (Scopes 1 and 2) in relation to currency-adjusted net sales decreased by 5.1%. In organic terms (adjusted for the divestment of the Koralle and Varicor business) by 5.8%. This figure is slightly above the long-term target of 5% per year.

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G4-EN19 INITIATIVES TO REDUCE GREENHOUSE GAS EMISSIONS

In 2016, Geberit purchased another 3 GWh of certified green electricity, bringing the total to 47 GWh. Overall, renewable energy sources thus accounted for 39.0% of electricity (previous year 37.7%). According to the CO₂ strategy, the share of renewable energy sources should be expanded by 3 GWh annually so that it reaches 45% by 2021.

For combustibles, the share of renewable energy sources should be increased to 10% by 2021. The block heating station in Pfullendorf (DE), which was commissioned in 2012 and which was fed by 8.7 GWh of regionally generated biogas in 2017, makes a key contribution. In addition, 8.4 GWh of wooden pellets were burned and 13.1 GWh of district heating were obtained from a paper mill. This brought the share of renewable energies for district heating and combustibles to 5.3% in total in 2017 (previous year 6.3%).

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 CO₂/km is to be reached by 2020, as targeted by the EU.

Substantial volumes of CO₂ emissions can also be saved by consistently applying eco-design principles in new product development. One concrete example is the flush valve type 240 for cisterns. Half of the material used is made of high-quality ABS reggranulate. Indirectly, this means that almost 500 tonnes of CO₂ can be saved annually, corresponding to savings of about 1 GWh of average European electricity.

Geberit also 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. There are also local initiatives, e.g. tree planting work, forest clearing, environmental competitions and environmental newsletters.

All targets and measures for improving the carbon footprint 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 using the base data from the Ecoinvent database (version 3.1). 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.

Key figures on ozone-depleting substances can be found at → **Key figures sustainability > Environment**.

G4-EN21 NO_x, SO₂ AND OTHER AIR EMISSIONS

Emissions of NO_x, SO₂, NMVOC (non-methane VOC) and dust (PM10) can be calculated on the basis of the Geberit corporate eco-balance using the base data from the Ecoinvent database (version 3.1). 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.

Key figures concerning emissions can be found at → **Key figures sustainability > Environment**.

9.5 EFFLUENTS AND WASTE (EN)

MANAGEMENT APPROACH – EFFLUENTS AND WASTE

Waste disposal accounted for 1.8% of the overall environmental impact in 2017. 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. Waste is sorted so that as much as possible is recycled, and as little as possible has to be incinerated or sent to landfill sites.

As part of the European vision for a resource-saving circular economy, efforts are being made to generate secondary material for other processes from waste. In both the Kolo and Wloclawek ceramic plants in Poland, for example, gypsum waste from ceramic production, which had previously been disposed of as waste to landfills, is now being used as secondary material in the cement industry since the end of 2016. This reduces waste quantities in landfills by around 6,000 tonnes per year.

G4-EN22 WATER DISCHARGE

The 2017 figure for waste water was 811,769 m³ (previous year 846,998 m³). At 72%, process waste water from the production of sanitary ceramics accounted for the largest share of the total. Other important categories are domestic waste water (25%), which passes into the communal waste water treatment plant or is pretreated and fed into receiving waters, and other waste water (3%), which is pretreated and fed to a communal waste water treatment plant. 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

The total waste quantity in 2017 was 81,953 tonnes (previous year 79,864 tonnes).

72% of waste was channelled to external recycling processes (previous year 74%). The measures focused on the further separation of waste and the reduction of mixed waste and hazardous waste, as well as the utilisation as secondary material.

Key figures concerning waste by category are provided at → **Key figures sustainability > Environment**.

G4-EN24 SPILLS AND CONTAMINATION

There were no spills of chemicals in the reporting period.

G4-EN25 TRANSPORT OF HAZARDOUS WASTE

In 2017, 896 tonnes of hazardous waste (previous year 417 tonnes) were disposed of by incineration and 599 tonnes of hazardous waste (previous year 609 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

Sustainable products play a pivotal role for Geberit in generating added value for customers and society and for contributing to sustainable development as set out by the → **UN Sustainable Development Goals**. With its solutions in front of and behind the wall, Geberit spans the entire flow of water within a building. They optimise significant aspects of the system as a whole, such as water and energy consumption or sound insulation. In addition to its quality, durability and high degree of water and resource efficiency, the Geberit product range also impresses with its good environmental compatibility and 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. In addition, they ensure that environmentally relevant data is collected and made available for later use, something which is of particular benefit to digital planning using → **BIM** (Building Information Modelling). 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 process and provide arguments for the use of resource-efficient products. Detailed life cycle assessments have already been prepared for the following products: waste water and drinking water pipes, AquaClean Mera, electronic washbasin tap types 185/186 and Piave, concealed cisterns, urinal control systems, urinal systems and now also for sanitary ceramics. The environmental product declarations (EPDs) in accordance with the European standard EN 15804 are becoming increasingly important and can also be used directly for green building standards such as LEED. These show relevant, comparable and verified environmental data on products in a transparent manner.

The biggest environmental contribution by Geberit products lies in the conservation of water. An analysis of the entire value chain in the form of a → **water footprint** shows that nearly 100% of water consumption is attributable to the product use 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 25,300 million cubic metres of water in comparison with traditional flushing systems. In 2017 alone, the water saved amounted to 2,650 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. In 2017, Geberit played a key role in establishing the European Bathroom Forum (EBF). One of the first tasks was the launch of a new European water label as a voluntary and flexible instrument to support customers in the selection of resource-efficient products. This aims to help achieve the EU goals for resource efficiency. In addition, Geberit collaborated with FECS (European Federation of Ceramic Sanitaryware Manufacturers) to draw up a 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. For concrete examples of the latest new products, see → **G4-EN7**. Current examples that make a particular contribution to reducing environmental impact are as follows:

- Thanks to an intelligent redesign, the fill valve type 333 for cisterns is now both flow-optimised and extremely quiet. It uses 15% less materials in the manufacturing process, with 20% of the plastic in the valve made up of regrunulate.
- Ongoing optimisation of the ceramic product range helps reduce the number of different products, while cutting down on resource usage in manufacture, storage and distribution.
- Expansion of the range of rimless WC pans helps to simplify cleaning and cut down on cleaning agents.

G4-EN28 RECLAIMED PACKAGING MATERIAL

In 2017, around 20,900 tonnes of packaging material were used, of which over 75% was collected and recycled by Geberit or by financed contractual 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 is a mandatory element of ISO 14001 certification, and is monitored as part of the annual Group-wide survey on compliance with the Code of Conduct at all companies.

G4-EN29 SANCTIONS DUE TO NON-COMPLIANCE WITH ENVIRONMENTAL LAWS AND REGULATIONS

In the reporting year, Geberit received a fine for exceeding a threshold value in waste water.

9.8 TRANSPORT (EN)

MANAGEMENT APPROACH – TRANSPORT

Group logistics is being further standardised and harmonised. The logistics centre in Pfullendorf is the hub for almost all Geberit sanitary technology products. With a view to future growth and the continued optimisation of existing logistics processes, the decision was made in 2014 to further expand the capacities of this centre. The commissioning of the new buildings and infrastructures, which also include a storage area for long goods (pipes of up to six metres in length), was carried out as planned in the first quarter of 2017. The distribution of the Mapress pipe range, which had been operated separately at the production site in Langenfeld (DE), was subsequently relocated to Pfullendorf in the second quarter of 2017. As a result, the distribution of Geberit's sanitary technology is now coordinated globally in Pfullendorf and handled there for all markets. Man and technology work hand in hand in the new logistics centre. Touchscreens, glove scanners, integrated voice control systems and built-in lift tables as well as lifting devices make the work efficient, safe and ergonomic. The new building brought about a further optimisation of logistics processes.

The logistics infrastructure of the ceramic business comprises 14 distribution sites of varying sizes across Europe. The integration of the ceramic business into Group logistics continued in 2017. The Geberit Logistics Operation System (G-LOS) was successfully introduced. G-LOS is the standard system for logistics and is used to continuously improve business processes.

Geberit does not have its own transport fleet, 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

Compared to the previous year, the logistics calculator was expanded to include two locations from the former Sanitec. In the reporting year, the largest transport service providers handled 415.1 million tonne-kilometres (previous year 302.6 million tonne-kilometres). This generated 52,075 tonnes of CO₂ emissions (previous year 42,179 tonnes). The increase in transport services and CO₂ emissions was mainly caused by the increase in locations included as well as the rise in sales and the related expansion in transport volumes. The share of transport services handled by Euro 5 trucks was 73% and the share handled by state-of-the-art Euro 6 vehicles 23%.

Great importance is attached to central transport management as the interface between plants, markets and transport service providers in order to enable cost- and resource-optimised transport solutions. By integrating the distribution of the Mapress range, customers now receive their entire sanitary technology order in a single truck delivery. This not only reduces the number of empty kilometres, it also increases truck capacity utilisation and reduces CO₂ emissions.

Where possible, Geberit takes the opportunity to shift truck traffic to rail. 80% of the goods transported to Italy and 30% of those transported from Italy are moved by train. Consignments by rail to Turkey increased by 50%, while the percentage of rail consignments from Pfullendorf to customers in Switzerland rose to 15% thanks to the commissioning of a new Swiss logistics terminal with links to the rail network.

With regard to transportation by truck, Geberit continues to look for options for transporting even more goods per truck or using larger shipping containers. As such, the percentage of "high cube swap bodies" (offering around 10% more capacity) deployed from the logistics centre in Pfullendorf is being successively increased. In addition, the use of long trucks (with a length of up to 25 metres and a total weight of up to 60 tonnes) in Scandinavia increased load volumes and the number of transported pallets per truck by around 40%.

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**. Geberit aims to act as a role model for ethically unimpeachable, environmentally friendly and socially responsible operations. The → **Geberit Code of Conduct** fills this objective with tangible content and offers an authoritative source of guidance.

Responsibility for all material 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.

First-rate employees guarantee the company's success in the future. With this in mind, efforts were again made in 2017 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. To lend this endeavour even greater visibility, the Geberit employer brand was given a makeover as part of the new Corporate Design. This focuses on employees at the workplace, with the aim of enhancing our image further.

10.1 EMPLOYMENT (LA)

MANAGEMENT APPROACH – EMPLOYMENT

Geberit's prime objective is to acquire and retain the right employees for the company. 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 → www.geberit.com > **Career** > **What we offer**.

Employees enjoy attractive employment conditions. In 2017, salaries and social benefits amounted to CHF 746.8 million (previous year CHF 702.0 million). The employees can also participate in share participation plans at attractive conditions, see → **Financial Report** > **Consolidated financial statements Geberit Group** > **Notes** > **Note 17** 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 9% (previous year 11.3%). Including natural departures, it was 10.9% (previous year 12.7%). 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 paid maternity leave, and 5.5% or 120 women made use of this in 2017. 68 women or around 57% returned to Geberit following their maternity leave.

99% of all permanently employed men are entitled to paid paternity leave, and 3.9% or 265 men made use of this in 2017. 260 men 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. Geberit wants to gradually get nearer to the target of having healthy employees within an accident-free company. Each of the 30 production plants and logistics has a safety manager. The sites Rapperswil-Jona (CH) and Pfullendorf (DE) also have an appointed health manager. Since the beginning of 2017, the "Geberit Safety Team" – a team of experts from all production areas – has also been playing an active role in addressing the issue of occupational health and safety.

Using 2015 as the 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). The key figures are reviewed on a monthly basis at the production plants. Since the start of 2017, the Group Executive Board has also been provided with a compact report on a quarterly basis. In addition, all plants are to implement the OHSAS 18001 standard for occupational health and safety by the end of 2018. Occupational safety has also been part of the annual appraisal of plant managers since 2013.

In the Geberit Safety System (GSS), processes are defined that are applicable throughout the Group and aim to enhance the operational safety of employees on an ongoing basis. The two processes "Risk assessment of workplaces" and "Safe handling of quartz dust" have been implemented uniformly throughout the Group since 2017. In 2017, work also began on implementing a software-based solution for capturing and systematically analysing accident data, the aim being to create a sound, comprehensive stock of data and a more efficient process.

As part of its Group-wide efforts to support employees' health and well-being, Geberit also offers its employees precautionary healthcare opportunities through various offers and activities. These include, for example, sports facilities, anti-smoking trainings, health check-ups, massage services, dietary and health tips, presentations on health-related issues and workshops on targeted and correct relaxation. A comprehensive vitality programme is established at the sites in Jona (CH), Pfullendorf (DE), Pottenbrunn (AT), Ruše (SI), Kolo and Włocławek (PL). The focus is placed on promoting personal vitality strategies with an attractive range of offers in the five fields of action exercise, nutrition, mental fitness, energy and vitality.

Furthermore, reintegration counselling is offered, 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.

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

89.7% 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. The occupational health and safety panels are carried out on behalf of the General Management and involve all levels of the organisation as well as various specialist roles and areas (including company physicians, works council, occupational safety specialists, representatives of occupational health and safety unions).

G4-LA6 ACCIDENTS, OCCUPATIONAL ILLNESS AND LOST TIME

The Group-wide absenteeism rate based on regular working hours for the reporting year was 4.76% (previous year 4.60%). Illness-related absences accounted for 4.62% of this rate (previous year 4.46%) and 0.14% was related to occupational accidents (previous year 0.14%). The statistics show only those occupational accidents that occur during working hours or business travel and lead to lost working time of one working day or more. A total of 205 accidents were recorded (previous year 202 accidents), equivalent to 4,065 lost working days due to occupational accidents (previous year 4,305 lost working days). There were no serious or fatal accidents.

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. The accident frequency rate (AFR) increased by 5.1% in 2017 to 10.3 (previous year 9.8). The accident severity rate (ASR) decreased slightly by 2.7% to 203.8 (previous year 209.4).

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

There are certain operational activities at Geberit, particularly in ceramic production, involving an increased risk of silicosis (dust disease). The risks lie particularly in the handling of raw materials, glazing and further processing (e.g. grinding). Geberit makes substantial efforts towards either avoiding the exposure of employees to these risks (e.g. through the installation of glazing robots) or minimising this exposure (e.g. through the use of special extraction devices, dust masks or the provision of training in correct behaviour at the workplace). This topic is also systematically addressed as part of the Geberit Safety System and certification according to OHSAS 18001. Furthermore, Geberit participates in the NEPSI programme as a member of FECS, a sub-organisation of Cerame-Unie (European Ceramic Industry Association). This includes monitoring the exposure of employees to quartz dust and the implementation of best practices.

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. These 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. 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.

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. PDC has several goals: reinforce the performance culture, increase transparency, and recognise and promote talent more effectively in order to make the organisation future-proof. Except for the employees who work directly in production at the plants, the vast majority of employees has now been incorporated into the PDC process.

G4-LA9 EMPLOYEE EDUCATION AND FURTHER TRAINING

In the reporting year, employees across the Group attended on average around 11 hours of internal and external education and further training (previous year 10 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 83%. The target remains 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 is part of this. The problems investigated in project work as part of the programme are geared towards the reality at the company and provide the decision-makers involved with concrete bases for action. The Potentials Management Programme is intended to help fill at least half of all vacant managerial positions within the company with internal candidates. In 2017, this was achieved for 76% of all Group management vacancies.

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.

There were also 154 internships and 24 diploma placements offered in 2017.

For further information, see → **Business Report > Business and financial review > Financial Year 2017 > 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. Just under 80% of all employees received appraisal interviews in 2017 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.

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 2017 was 23% (previous year 24%), and for senior management this figure was 8.4% (previous year 9.2%). The six-member Board of Directors has one female member. No further data on minority group membership is currently being collected as Geberit and its stakeholders do not consider this to be relevant. For key figures on diversity in terms of gender and age structure, see → **Key figures sustainability > Employees and society.**

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, thinking ability and accountability. All jobs are pooled in a Group-wide grading system. The resulting grade is the basis for determining an employee's pay. This guarantees gender-neutral, fair salary structures.
- Binding wage agreements with set pay grades at many Geberit sites.

G4-LA13 GENDER-BASED DIFFERENCES IN SALARIES

According to the annual 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 LABOUR PRACTICES (LA)

MANAGEMENT APPROACH – SUPPLIER ASSESSMENT FOR LABOUR PRACTICES

See → **chapter Suppliers.**

G4-LA14 SCREENING OF SUPPLIERS USING LABOUR PRACTICES CRITERIA

See → **chapter Suppliers.**

G4-LA15 IMPACTS FOR LABOUR PRACTICES IN THE SUPPLY CHAIN

See → **chapter Suppliers.**

10.7 LABOUR PRACTICES GRIEVANCE MECHANISMS (LA)

MANAGEMENT APPROACH – LABOUR PRACTICES GRIEVANCE MECHANISMS

Employees who openly address irregularities which represent breaches of applicable law, ethical standards or the 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 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 LABOUR PRACTICES

In the reporting year, the Geberit Integrity Line recorded one significant incident, which was subsequently investigated. This resulted in the discovery of shortcomings at a local company, which were then rectified.

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 is committed 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 internal topics (aspects equal treatment, freedom of association and the right to collective bargaining) are in the responsibility of Corporate Human Resources.

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 System, 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 2017, 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 only comprised European sites. The Geberit Compliance System was extended to the companies of the former Sanitec in 2015.

Suppliers are fundamentally required by contractual agreement to comply with the special → **Geberit Code of Conduct for Suppliers** that contains provisions for the protection of human rights.

G4-HR2 HUMAN RIGHTS TRAINING FOR EMPLOYEES

All new employees at Geberit are trained on the Code of Conduct as part of the Welcome events, with specific training films on the topics of corruption, IT misuse, workplace bullying and sexual harassment deployed especially for this.

The subject of compliance is uniformly positioned throughout the Geberit Group. The joint Geberit Intranet 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 Group-wide survey. The Geberit Integrity Line is available to all employees as a whistleblower hotline, see → **Labour practices grievance mechanisms**.

G4-HR3 CASES OF DISCRIMINATION

According to the annual Group-wide survey, two cases of sexual harassment were identified in 2017. These matters were settled amicably with the individuals concerned, each resulting in a warning being issued. In addition, four cases of workplace bullying were reported and investigated. Two of these cases were clarified in discussions with the individuals concerned, with one case resulting in a warning. Two cases were still being investigated at the time of the survey.

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 Group-wide survey, no infringements of the guarantee of freedom of association and collective bargaining were identified in 2017.

11.4 CHILD LABOUR (HR)

MANAGEMENT APPROACH – CHILD LABOUR

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 → **Geberit 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 LABOUR

According to the annual Group-wide survey there were no cases of child labour revealed in 2017. There were likewise no such cases arising during the audits carried out at suppliers.

11.5 FORCED OR COMPULSORY LABOUR (HR)

MANAGEMENT APPROACH – FORCED OR COMPULSORY LABOUR

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 → **Geberit 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 LABOUR

According to the annual Group-wide survey there were no cases of forced or compulsory labour revealed in 2017. 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 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 2017, the Internal Audit Department audited a total of 23 companies. In the reporting year, no evidence of human rights violations was found during 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 IMPACTS RELATED TO HUMAN RIGHTS 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 → **Geberit Compass**, a key compliance element 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 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, e-learning campaigns, info circulars, compliance-related audits, annual reporting on the Code of Conduct and the Geberit Integrity Line – a whistleblower hotline for employees. A separate Integrity Line has been available for suppliers since 2017.

As only very few companies work with agents, there is no significant risk exposure in this area. Nevertheless, a → **Code of Conduct for business partners** was drawn up in 2016 based on the Geberit Code of Conduct and communicated to the agents by the managing directors of the local sales companies.

Anti-corruption and anti-competitive behaviour in particular are material aspects in the GRI category Society. Corporate Legal department 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 controls. All companies receive over 50 questions on the five above-mentioned key topics. In addition, on-site audits are performed by the Internal Audit Department and corrective measures taken in the event of misconduct. The audits also comprise special interviews with the managing directors of the individual companies on the topics mentioned in the Code of Conduct. The respective information is verified. The findings from the survey and audits form the basis for the annual Compliance Report submitted to the Group Executive Board and are published in the annual 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 survey at all Geberit Group companies (see the individual indicators for the results). The Internal Audit Department conducts additional on-site audits. In the event of misconduct, corrective measures are taken.

G4-SO3 ANALYSIS OF BUSINESS UNITS IN TERMS OF RISKS OF CORRUPTION

According to the annual survey carried out at all Geberit Group companies, there were no cases of corruption in 2017.

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 high risk profile. In 2017, the Internal Audit Department audited a total of 23 companies. No cases of corruption were discovered in these audits.

G4-SO4 TRAINING ON ANTI-CORRUPTION POLICIES

All new employees at Geberit are trained on the Code of Conduct as part of the Welcome events, with specific training films on the topics of corruption, IT misuse, workplace bullying and sexual harassment deployed especially for this.

Employees throughout Geberit are also provided with information via the intranet about what is permitted and what is not. Guidance on the correct handling of donations (i.e. anti-corruption guidelines) were updated in 2015 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 case of corruption was identified in 2017.

12.2 ANTICOMPETITIVE BEHAVIOUR (SO)

MANAGEMENT APPROACH – ANTICOMPETITIVE BEHAVIOUR

According to the → **Materiality analysis** the prevention of anti-competitive behaviour is a most material aspect. Cartels of any kind and other anti-competitive behaviour are categorically rejected.

The guidelines on antitrust legislation were updated and communicated in 2015 via the managing directors of all companies and the intranet.

E-learning courses represent an efficient way to train staff on antitrust legislation, an issue that is particularly sensitive for Geberit. In the reporting year, the sales companies outside Europe were trained on the topic of antitrust legislation using this mode of learning. The same topic was also taught to staff directly at the sales company in the UK by one of the Group's antitrust legislation specialists.

G4-SO7 ANTI-COMPETITIVE BEHAVIOUR

Proceedings against Geberit have been pending with the Swedish competition authorities since 2015. Geberit is cooperating fully with the authorities.

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.

12.3 COMPLIANCE (SO)

MANAGEMENT APPROACH – COMPLIANCE

The → **Code of Conduct** ensures that Geberit complies with all laws, directives and internationally recognised standards. Often, the company even exceeds the minimum statutory requirements.

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

In 2017, fines were imposed on Geberit in two cases. In the first case, an employee who had been absent for a lengthy period of time had not been paid a visit by the company physician prior to reintegration in the workplace. In the second case, a threshold value in the waste water was exceeded, see → **G4-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 Product 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.

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 management includes 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 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 LABELLING (PR)

MANAGEMENT APPROACH – PRODUCT AND SERVICE LABELLING

Most of Geberit's marketing activities continued to target plumbers and planning offices. Besides new or revamped digital tools, proven measures were continued – such as customer visits, training, and the publication of regularly updated technical documents, catalogues, brochures and magazines.

Building Information Modelling (BIM) is an interdisciplinary planning method for optimising the entire planning and building process and enables architects, sanitary engineers and building owners to share information efficiently. This helps them to avoid planning errors and improve productivity. In 2017, a dedicated team of BIM experts to develop BIM tools and prepare BIM data within the Geberit Group was put together.

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 Technical Documentation department that forms part of Corporate Marketing. 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.

G4-PR3 PRODUCT LABELLING

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.

Geberit has joined forces with the European Bathroom Forum (EBF) founded in 2017 to work on a new European water label that is to be used for a wide range of sanitary products. This is an all-encompassing, voluntary and flexible instrument launched by the sanitary industry to support EU goals on resource efficiency.

Since 2017, the first bathroom furniture series from the brands Keramag and Sphinx are made of FSC® certified (FSC-C134279) materials, while the first products in the Ifö Sense bathroom furniture series received the "Nordic Swan" ecolabel.

G4-PR4 NON-COMPLIANCE WITH LABELLING REQUIREMENTS

In 2017, there were no significant violations of applicable laws or voluntary codes.

G4-PR5 CUSTOMER SATISFACTION

Geberit's product portfolio comprises of more than 40,000 sales articles, a range that calls for extensive know-how on the procurement, assembly and functionality of each product. This knowledge is essential in order to hone the specialist skills of the employees and prepare them for the challenges posed by the market, as well as to stand out as a company with qualified specialist personnel. In order to ensure that this know-how is kept up-to-date, Geberit has developed the Geberit Campus – an international learning platform for employees that can be used in every market. The Campus enables Geberit to centrally collect and provide know-how. Furthermore, interactive e-learning courses and seminars are offered at the Geberit Information Centres. Geberit products and areas of expertise such as fire protection and sound insulation are focal points of knowledge transfer.

In a written survey conducted at the end of 2016, over 10,000 customers in Switzerland were asked about their satisfaction with Geberit products and services. Almost 900 plumbers, sanitary engineers and architects responded. Innovation and expertise most strongly characterise the image of Geberit (90% and 92% agreement respectively). Geberit is also clearly perceived to be responsible and sustainable (72%) and a fair partner (71%). The excellent assessments and competitiveness of the individual products are pleasing – particularly with regard to quality – as is the high satisfaction with the technical advice given. In 2017, Geberit's customer service team conducted a random online survey in Switzerland of end users after they had received a service call. The response rate was over 40%, with around 96% of the replies confirming that users were either very satisfied or satisfied with the service received.

For further information, see → **Business Report > Business and financial review > Financial Year 2017 > Customers.**

13.3 COMPLIANCE – PRODUCT RESPONSIBILITY (PR)

MANAGEMENT APPROACH – COMPLIANCE – PRODUCT RESPONSIBILITY

See → **Management approach customer health and safety** and → **chapter Society.**

G4-PR9 SANCTIONS DUE TO NON-COMPLIANCE WITH PRODUCT LIABILITY REGULATIONS

In 2017, no sanctions have been imposed in connection with Geberit products and services due to non-compliance with product liability regulations.

14. SUPPLIERS (SU)

14.1 DESCRIPTION OF THE ORGANISATION'S SUPPLY CHAIN

Corporate Purchasing is responsible for 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.

Geberit's production processes entail a high in-house production depth, 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 (79.5% of procurement value). The share of the procurement volume from Asia amounts to 9.1%, that from Eastern Europe 9.1%, that from America 2.0% and that from Africa 0.3%. 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 (28.8%), semi-finished products (42.7%) and finished products (28.5%) with a procurement value of CHF 847.1 million (previous year CHF 789.3 million) from some 1,850 suppliers across the world in 2017.

14.2 MANAGEMENT APPROACH – SUPPLIER ASSESSMENT USING SUSTAINABILITY CRITERIA

Geberit's suppliers are obligated to maintain comprehensive standards. The basis for the cooperation is the → **Code of Conduct for Suppliers** that was amended in 2016 and translated into a further 13 languages. The Code is aligned with the principles of the UN Global Compact and is binding for every new supplier. It 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 on environmental and occupational safety that is based on the division of suppliers into risk classes – depending on the production location (country) and type of production process. In 2017, material groups that had been added due to the acquisition of Sanitec were subjected to systematic auditing and included in risk management. In addition, the classification of existing material groups into certain risk categories was reviewed. As a result, the number and procurement value of suppliers in the highest risk category increased. In the reporting year, 192 existing suppliers were identified in the highest risk category which corresponds to around 8% of the procurement value of Geberit. A systematic planning and performance of audits is conducted for these suppliers. To ensure neutrality and the expertise required for the audits, Geberit also works with an external partner. This procedure has been carried out for years and has proven effective, and makes an important contribution towards 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.

Since 2017, an Integrity Line has also been available to suppliers for anonymously reporting irregularities in the procurement process. In the reporting year, one case that was deemed significant was reported. Appropriate steps are being taken to investigate this matter.

14.3 PERCENTAGE OF NEW SUPPLIERS THAT WERE SCREENED USING SUSTAINABILITY CRITERIA

All new suppliers undertake to comply with the Code of Conduct for suppliers 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 2017, a total of 1,379 suppliers have signed the Code of Conduct for Suppliers (previous year 1,084). 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 99% (previous year 95.5%).

In 2017, four third-party audits were carried out at suppliers in Bulgaria and China. The results showed that the majority of occupational safety and environmental standards are complied with. Appropriate corrective measures are agreed in cases of non-compliance.

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	2016 UBP	2017 UBP	Deviation %
Electricity	101,708	101,507	-0.2
Combustibles	113,793	104,971	-7.8
Fuels	15,771	15,580	-1.2
Disposal	3,430	4,156	21.2
Solvents	1,460	1,288	-11.8
Water and waste water	2,631	2,521	-4.2
Total environmental impact	238,793	230,023	-3.7

UBP = Ecopoints in million UBP in accordance with the Swiss Ecological Scarcity Method (version 2013)

MATERIAL USAGE

Material usage	2016 Metric tons	2017 Metric tons	Deviation %
Raw material plastics	66,612	72,776	9.3
Raw material metal	60,154	62,816	4.4
Raw material mineral	175,372	182,047	3.8
Other raw materials	501	3,918	682.0
Semi-finished products	41,372	46,140	11.5
Finished products	46,410	46,940	1.1
Total material usage	390,421	414,637	6.2

ENERGY CONSUMPTION

Energy consumption	Unit	2016	2017	Deviation %
Electricity	GWh	224.6	227.4	1.2
District heating	GWh	14.1	13.2	-7.0
Combustibles				
Natural gas	m ³	47,340,113	45,589,538	-3.7
Biogas	m ³	874,135	869,343	-0.5
Liquified petroleum gas (LPG)	Metric tons	6,167.4	6,209.0	0.7
Diesel for electricity generation	l	142,586	49,993	-64.9
Heating oil extra light	Metric tons	39.0	16.1	-58.7
Solid fuels	Metric tons	5,962.7	1,958.7	-67.2
Fuels				
Gasoline	l	199,556	169,288	-15.2
Diesel	l	2,476,475	2,454,316	-0.9
Liquified petroleum gas (LPG)	kg	171,675	160,568	-6.5
Natural gas (CNG)	kg	0	8,005	-

	2016 TJ	2017 TJ	Deviation %
Energy consumption			
Electricity	808.5	818.6	1.2
District heating	50.9	47.3	-7.0
Combustibles	2,150.2	2,015.3	-6.3
Natural gas	1,723.2	1,659.5	-3.7
Biogas	31.8	31.6	-0.5
Liquified petroleum gas (LPG)	285.6	287.5	0.7
Diesel for electricity generation	5.1	1.8	-64.9
Heating oil extra light	1.7	0.7	-58.7
Solid fuels	102.8	34.2	-66.7
Fuels (gasoline, diesel, LPG, CNG)	103.2	101.4	-1.8
Total energy consumption	3,112.8	2,982.6	-4.2

ELECTRICITY MIX

Electricity mix 2017	GWh	Renewable %	Fossil %	Nuclear %	Others %
Europe	166.0	23.8	54.7	20.2	1.3
USA	6.7	9.7	70.2	19.4	0.7
China	5.9	19.1	78.8	2.1	0.0
India	1.7	16.4	81.8	1.8	0.0
Green electricity	47.1	100.0	0.0	0.0	0.0
Total electricity mix	227.4	39.0	44.6	15.4	1.0

Electricity mix 2016	GWh	Renewable %	Fossil %	Nuclear %	Others %
Europe	166.8	23.2	53.7	21.8	1.3
USA	6.8	9.7	70.2	19.4	0.7
China	5.6	19.1	78.8	2.1	0.0
India	1.4	16.4	81.8	1.8	0.0
Green electricity	44.0	100.0	0.0	0.0	0.0
Total electricity mix	224.6	37.7	44.4	16.9	1.0

WATER AND WASTE WATER

Water	2016 m ³	2017 m ³	Deviation %
Drinking water	292,681	313,114	7.0
Well water	533,850	539,477	1.1
River and lake water	299,466	267,948	-10.5
Rain water	7,949	9,354	17.7
Total water	1,133,946	1,129,893	-0.4

Waste water	2016 m ³	2017 m ³	Deviation %
Domestic waste water	224,110	201,903	-9.9
Process water ceramic	602,124	585,566	-2.8
Other waste water	20,764	24,300	17.0
Total waste water	846,998	811,769	-4.2

EMISSIONS

CO ₂ emissions	2016 Metric tons	2017 Metric tons	Deviation %
from combustibles (Scope 1)	127,268	118,975	-6.5
from fuels (Scope 1)	7,613	7,466	-1.9
from process emissions (Scope 1)	455	542	19.1
from electricity (Scope 2)	114,705	115,752	0.9
from district heating (Scope 2)	67	61	-7.9
Total CO₂ emissions	250,108	242,796	-2.9

Calculation of CO₂ emissions according to IPCC 2013

Air emissions		2016 Kilogram	2017 Kilogram	Deviation %
NO _x	direct	69,105	59,751	-13.5
	indirect	156,090	156,009	-0.1
	Total NO_x	225,195	215,760	-4.2
SO ₂	direct	1,880	1,549	-17.6
	indirect	302,009	302,954	0.3
	Total SO₂	303,889	304,503	0.2
NMVOC	direct	99,620	83,151	-16.5
	indirect	20,224	20,135	-0.4
	Total NMVOC	119,844	103,286	-13.8
Dust (PM10)	direct	6,342	2,142	-61.3
	indirect	32,226	32,685	-0.1
	Total dust	38,568	34,827	-9.0
CFC11 equivalents	direct	1.8	0.4	-77.9
	indirect	9.4	9.3	-0.5
	Total CFC11 equivalents	11.2	9.7	-13.2

Calculation based on Ecoinvent data version 3.1

WASTE

Waste	2016 Metric tons	2017 Metric tons	Deviation %
to incineration	2,163	1,432	-33.8
to inert waste landfill	16,787	19,726	17.5
to mixed waste landfill	1,330	882	-33.7
to external recycling	58,558	58,418	-0.2
to hazardous waste incineration	417	896	114.7
to hazardous waste recycling	609	599	-1.6
Total waste	79,864	81,953	2.6

KEY FIGURES EMPLOYEES AND SOCIETY

WORKFORCE

Workforce as of December 31, 2017	2016	Share %	2017	Share %
Germany	3,282	28.3	3,329	28.4
Poland	1,515	13.1	1,603	13.7
Switzerland	1,336	11.5	1,362	11.6
Ukraine	627	5.4	638	5.4
China	637	5.5	565	4.8
Austria	532	4.6	551	4.7
France	691	6.0	539	4.6
Italy	434	3.7	509	4.3
Portugal	435	3.8	450	3.8
Others	2,103	18.1	2,163	18.7
Total	11,592	100.0	11,709	100.0
Production	7,157	61.7	7,291	62.3
Marketing and sales	2,837	24.5	2,844	24.3
Administration	950	8.2	936	8.0
Research and development	415	3.6	403	3.4
Apprentices	233	2.0	235	2.0
Total	11,592	100.0	11,709	100.0
Permanent	9,100	78.5	9,181	78.4
Temporary	2,492	21.5	2,528	21.6
Total	11,592	100.0	11,709	100.0
Full-time	11,192	96.6	11,146	95.2
Part-time	400	3.4	563	4.8
Total	11,592	100.0	11,709	100.0
Management	206	1.8	202	1.7
Employees	11,386	98.2	11,507	98.3
Total	11,592	100.0	11,709	100.0

Information in full-time equivalents

DIVERSITY

Diversity as of December 31, 2017		Management %	Employees %	Total %
Proportion of female employees		8.4	24	23
Age structure	> 45 years	78.2	40	40
	30 - 45 years	21.3	42	42
	< 30 years	0.5	18	18

Diversity as of December 31, 2016		Management %	Employees %	Total %
Proportion of female employees		9.2	24	24
Age structure	> 45 years	75	40	40
	30 - 45 years	25	43	43
	< 30 years	0	17	17

FLUCTUATION

Fluctuation excl. natural departures		2015	Rate %	2016	Rate %	2017	Rate %
Age group	> 45 years	271	5.9	432	9.7	240	5.6
	30 - 45 years	332	7.8	504	12.5	379	9.8
	< 30 years	141	14.2	135	14.0	203	21.6
Gender	Male	503	6.8	670	9.4	631	9.1
	Female	241	9.7	401	17.4	191	8.8
Region	Germany	79	2.8	70	2.6	97	3.6
	Poland	19	2.9	100	14.6	183	25.5
	Switzerland	105	8.6	81	6.6	71	5.7
	Ukraine	220	18.8	512	57.9	160	26.2
	China	15	6.1	18	7.3	20	7.9
	Austria	28	5.6	35	6.9	48	9.5
	France	39	5.8	50	7.9	60	11.2
	Italy	42	9.5	12	2.9	13	3.0
	Portugal	3	1.2	11	4.5	10	4.0
	Others	194	10.2	182	9.7	160	8.5
Total fluctuation excl. natural departures		744	7.5	1,071	11.3	822	9.0
Fluctuation incl. natural departures		2015	Rate %	2016	Rate %	2017	Rate %
Age group	> 45 years	411	8.9	558	12.5	402	9.4
	30 - 45 years	336	7.8	507	12.5	380	9.8
	< 30 years	143	14.4	137	14.2	204	21.7
Gender	Male	610	8.2	758	10.6	757	10.9
	Female	280	11.3	444	19.2	231	10.7
Region	Germany	139	4.9	129	4.7	155	5.8
	Poland	25	3.8	103	15.0	195	27.2
	Switzerland	126	10.3	100	8.2	88	7.1
	Ukraine	221	18.9	515	58.2	160	26.2
	China	23	9.4	20	8.1	23	9.1
	Austria	29	5.8	37	7.3	51	10.1
	France	53	7.9	67	10.6	90	16.8
	Italy	46	10.4	14	3.4	14	3.3
	Portugal	7	2.9	14	5.7	13	5.2
	Others	221	11.6	203	10.8	199	10.5
Total fluctuation incl. natural departures		890	9.0	1,202	12.7	988	10.9

Information in headcounts
Natural departures includes retirements

TRAINING AND EDUCATION

Training and education	Hours per employee	2016	2017	Deviation %
Women		10.0	11.2	12.0
Men		9.9	11.1	12.1
Management		9.2	8.9	-3.3
Other employees		10.0	11.1	11.1
Training and education group		10.0	11.1	11.1

PERSONNEL EXPENSES

Personnel expenses	2016 MCHF	2017 MCHF	Deviation %
Wages and salaries	525.1	537.2	2.3
Pension contributions	35.7	30.1	-15.7
Other social benefits	101.5	97.8	-3.6
Other personnel expenses	39.7	81.7	105.8
Total personnel expenses	702.0	746.8	6.4

SOCIAL ENGAGEMENT

Social engagement	Unit	2016	2017	Deviation %
Donations and contributions	MCHF	3.7	3.3	-10.8
Orders to social institutions	MCHF	6.3	6.9	9.5
Charitable work	Hours	2,336	2,280	-2.4

HEALTH AND SAFETY

Health and Safety	2016	2017	Deviation %
Number of occupational accidents	202	205	1.5
Accident frequency rate (AFR)	9.8	10.3	5.1
Lost days due to occupational accidents	4,305	4,065	-5.6
Accident severity rate (ASR)	209.4	203.8	-2.7

Accident frequency rate (AFR) = Number of occupational accidents per million working hours performed

Accident severity rate (ASR) = Number of lost working days due to accidents per million working hours performed

Absenteeism rate per region 2017	Illness %	Accident %	Total %
Europe	4.88	0.15	5.02
Asia	2.44	0.05	2.49
USA	2.26	0.08	2.34
Others	0.61	0.00	0.61
Absenteeism rate group	4.62	0.14	4.76

Absenteeism rate per region 2016	Illness %	Accident %	Total %
Europe	4.78	0.15	4.93
Asia	1.26	0.04	1.30
USA	3.05	0.02	3.07
Others	0.58	0.00	0.58
Absenteeism rate group	4.46	0.14	4.60

Absenteeism rate based on regular working hours

IMPRINT

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TEXT:

Geberit AG, Rapperswil-Jona;
sustainserv, Zürich und Boston

CONCEPT, DESIGN AND TECHNICAL REALISATION:

EQS Group AG, München

PHOTOS

Ben Huggler (Demonstration module for drainage systems), **Jayant Mehta** (Insight „Challenge accepted“); **Fraport AG** (Insight „Stopover“); **Dejan Jelušić** (Insight „Piggyback“); **Michael Suter** (Insight „Error-free“), (Insight „Scientifically tested“), (Insight „Let it rain“), (Insight „Dream location“), (Insight „Industry-leading facility“); **Andrea de Gennaro, Geberit Vertriebs GmbH & Co KG, Louise Wendelboe Pedersen** (Insight „A familiar face“); **Brigida González** (Insight „Shared comfort“); **Shutterstock** (Insight „Award winners“, „Sharing knowledge“: Background pictures South Africa, United Kingdom, Germany), (Insight „Position consolidated“), (Insight „Solid results“); **Blane Venter** (Insight „Training centre“); **Cadesign, Stefan Schmid, Geberit International AG** (Insight „Raise the curtain!“); **Petra Wolfensberger** (Insight „A good year“); **Per Bille** (Insight „Catwalk model“); **Ben Huggler** (Insight „More space“), (Insight „Foot in the door“), (Insight „A converter“), **Denis Tikhomirov** (Insight „A touch Swissness“); **Bauer Advertising KG** (Insight „Gem“); **Geberit International AG** (Insight „Magic number reached“); **Tomasz Majewski Photography** (Insight „Development opportunities“); **Hotel Harmony** (Insight „A grand success“); **Thomas Doermer, Elias Holzer-Söllner, RENÉ LAMB FOTODESIGN GMBH** (Insight „A look behind the scenes“); **Julia Haraldson** (Insight „New campaign market“); **Geberit International AG, Oleg Kutskiy** (Insight „Hard-working helpers“); **Herbert Wannhoff** (Insight „First steps taken“); **Geberit International AG** (Insight „Top spot“); ; **Iwan Baan** (Insight „Impressive conversion“); **Gionata Xerra, Lapo Baraldi** (Insight „Opened“), (Insight „Shining in new splendour“); **Ben Guthrie** (Insight „Sustainable architecture“); **Gürkan Akgün** (Insight „Guest appearance“); **Mohamed Somji, Roland Halbe** (Insight „Oriental gem“); **Marco Grob** (Insight „Oriental gem“); **Kunde & Co.** (Insight „Touch-up“); ; **Markus Frietsch** (Insight „Goodbye“), **Simon Nagel** (Pictures for „Sharing knowledge“)

VIDEOS

Simon Nagel (Videos in chapter „Sharing knowledge“), **SCHOKOLADE Filmproduktion GmbH** (Editorial/Albert M. Baehny), **Seed Audio-Visual Communication AG** (Insight „A lifetime of changes“); **Till Gmür** (Insight „Cleverly combined“); **Tec Writer** (Insight „Completely uncomplicated“)

The statements in this review relating to matters that are not historical facts are forward-looking statements that are not guarantees of future performance and involve risks and uncertainties, including but not limited to: future global economic conditions, foreign exchange rates, statutory rulings, market conditions, the actions of competitors and other factors beyond the control of the Company.

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The online German version is binding.