

GEBERIT GROUP

# **BUSINESS REPORT**

## 2020

# EDITORIAL

Dear shareholders,

We look back on a very good business and financial year – despite the COVID-19 crisis. The currency-adjusted sales growth was due to our strong market position, successful crisis management, the conscious decision to not furlough employees in order to also maintain the levels of contact with customers during the lockdown periods, and a rapid transition to a digital customer service approach. Thanks to further improved, high profitability, we succeeded in further consolidating our position as leading supplier of sanitary products and gained further market shares.

## SALES GROWTH DESPITE CRISIS

In 2020, net sales in Swiss francs fell by 3.1% to CHF 2,986 million. This development includes negative currency effects of CHF 136 million. In local currencies, this resulted in an increase of 1.3%. This currency-adjusted growth was achieved despite the significant sales decrease seen in the second quarter as a result of COVID-19. Operating profit (EBIT) rose by 2.0% to CHF 772 million, and the EBIT margin reached 25.8% (previous year 24.5%). This increase in the margin was mainly due to the COVID-19-related cost savings (particularly marketing and travel expenses), the high levels of flexibility in production and logistics, lower raw material prices, the natural currency hedging, and price increases. Thanks to these measures, it was also possible to compensate for the significant tariff-related increases in personnel expenses and additional investments in digitalisation initiatives. Net income dropped slightly by 0.7% to CHF 642 million due to a higher tax rate and a lower financial result, with a return on net sales of 21.5% (previous year 21.0%). While earnings per share fell by 0.1% to CHF 17.95, an increase was seen in local currencies. The higher operating cashflow, successful management of net working capital during the crisis and lower investments in property, plant and equipment due to COVID-19 had a positive impact on cashflow. Despite negative currency effects, free cashflow increased by 11.4% to a new record high of CHF 717 million, corresponding to 24.0% of net sales (previous year 20.9%).

## GEBERIT AND COVID-19

From mid-March to mid-May, the construction industry in Europe was massively impacted by the COVID-19 pandemic. In several countries – Italy, France, the United Kingdom and Spain – most construction sites remained closed for extended periods. Meanwhile, in the other countries the restrictions enforced as a result of the pandemic led to a slowing of construction activities. Moreover, the showrooms for sanitary products across Europe remained largely closed for around two months. Outside Europe, construction activities were also massively affected in some regions.

The decline in net sales at Geberit during this period was unprecedented in the scale, speed and simultaneity of events. Net sales fell by 29% in April and by 15% in May – the biggest monthly declines in sales seen for decades and also significantly greater than those seen in 2008/2009, for example. In these two months, volumes decreased by 23%.

Despite the restrictions enforced due to COVID-19, the supply chain at Geberit remained intact during 2020. Although five small plants were closed by the authorities for a few weeks, the regional supply chain setup and the high share of in-house production ensured stability.

The following decisions were made at the end of March 2020 and allowed us to focus on dealing with the crisis:

---

**No restructuring**

- **Think long term – anti-cyclical investing**
- **No change of strategic agenda**

---

**Emerge stronger from the crisis**

- **Undiminished presence with customers**
- **Short-time work only as an absolute last resort**
- **“Housekeeping” and strengthening of competences**
- **Gain market shares – both short- and long-term**
- **Accelerate share buyback**

---

**Ongoing adaptation to the current situation**

- **Maximise flexibility**
- **Targeted cost-saving programme**

---

As part of a cost-saving programme – which was driven bottom up and implemented within just a few days – managers of all levels determined the short- and medium-term savings potential in the respective areas, and aligned the organisation with activities to be stopped or to be continued. This also made it possible to prevent negative impacts on long-term potential.

Due to high levels of cost flexibility as part of the aforementioned cost-saving programme and active price management, we were largely able to offset the margin losses seen in the most critical months April and May. Thanks to the high flexibility of our employees – particularly in the production plants and in logistics – it was possible to largely avoid short-time work and thus financial support from the state. Across the Group, COVID-19 did not result in any dismissals, nor did it result in any salary reductions for the employees.

### **MOST IMPORTANT INSIGHTS FOR GEBERIT RESULTING FROM THE COVID-19 CRISIS**

As a company, we were able to gain the following insights from this crisis:

---

**Three key success factors**

- **Availability – liquidity, products, customer presence**
- **Flexibility – no short-time work**
- **No overreactions – stay calm, act prudently**

---

**Proven crisis resistance**

- **Resilient business model**
- **Undiminished pricing power**
- **Robust supply chain**
- **Value creation also during a crisis**

---

**Enlarged capabilities**

- **Significant progress in digitalisation – leveraged beyond the crisis**
  - **Increased sales and marketing effectiveness**
-

## INCREASE IN LEVELS OF CONTACT WITH CUSTOMERS DESPITE THE DIFFICULT SITUATION

In all markets, it was difficult to carry out face-to-face customer visits in the reporting year as a result of the lockdowns and restrictions enforced due to COVID-19. Despite a reduction in face-to-face meetings, the overall number of customer contacts increased by 9% in 2020 thanks to a significant increase in virtual contacts of over 200%. 52,000 customers also took part in online training, with the total number of courses carried out across the entire Group seeing an increase of 79% as a result – despite the significant reduction in physical training activities. Furthermore, virtual showrooms were quickly established and virtual trade fairs held, which were visited by over 30,000 customers across 2020 as a whole.

Finally, we also invested in the further training of our employees through eLearning, podcasts and webcasts. 20 newly created modules in a wide range of areas meant the number of completed in-house virtual training courses increased by 154% to 127,000.

## BRAND HARMONISATION COMPLETED

Following the replacement of the Keramag brand with Geberit in the key markets Germany, Austria, Switzerland and Belgium as well as in several Eastern European countries in the previous year, we continued with the brand harmonisation in three further markets in 2020. In more than 2,000 showrooms, over 25,000 ceramic sanitary appliances from the brands Allia (France), Pozzi-Ginori (Italy) and Sphinx (the Netherlands) were replaced with Geberit products. Thanks to strong partnerships with wholesalers and intensive preparations, we were able to complete this brand harmonisation in 2020. The associated streamlining of the brand portfolio affected almost all areas of the company – including production, logistics, master data management, marketing and the sales organisations. Focusing on the strong Geberit brand – a brand that is firmly established in the sanitary industry – has numerous advantages. Foremost among these are the concentration of our marketing activities, the simplification of production and logistics, and the consolidation of product information.

## NEW PRODUCTS FOR SOPHISTICATED MARKETS

In 2020, we once again expanded our product range, launching numerous new products on the market. The most important ones were high-quality models of the successful → **CleanLine 80 shower channel** and the → **Sigma50 and Sigma21 actuator plates**, a further developed → **Geberit Pluvia roof drainage system** and the → **Selnova and Renova bathroom series**, which are regularly used in project business and bathroom renovations.

## EFFICIENCY OF PRODUCTION PROCESSES FURTHER OPTIMISED

We again initiated, promoted or brought to a conclusion numerous measures in the reporting year, with the aim of optimising the efficiency of production processes, increasing capacities, and improving energy and material efficiency. The → **"FlowFit" project in Rapperswil-Jona (CH)**, → **"Progress 2023" project in Pfullendorf (DE)**, → **mould building centre in Ekenäs (FI)** and → **expansion of high-pressure casting capacities in ceramic production** are just some examples of the many major and minor improvements made in the production processes.

## SUPPORT FOR THE CIRCULAR ECONOMY

Thanks to first-class materials and strict quality requirements, our products have a service life spanning several decades. Furthermore, they are usually backwards-compatible and can be cleaned, maintained and repaired easily. A significant proportion of the product range also has a guaranteed spare parts availability of up to 25 years. In production, the goal is to close internal material cycles, and to minimise waste and recycle it where appropriate. Additionally, plastics processing plants are also working towards constantly increasing the share of bought-in plastic regrulate used (post-consumer waste).

## FURTHER IMPROVEMENT OF ENVIRONMENTAL PERFORMANCE AT A HIGH LEVEL

We aim to further reinforce our leading position in the industry in the area of sustainability, and succeeded in achieving this goal in 2020. The absolute environmental impact of the Geberit Group decreased by 8.9% in 2020, even though currency-adjusted net sales increased by 1.3% in the same period. We were able to reduce the environmental impact in relation to currency-adjusted net sales (eco-efficiency) by 10.1%. Since the integration of the energy-intensive ceramics production in 2015, eco-efficiency has improved by 34.8%. As regards the long-term target, which is based on an average annual decrease of 5% per year, we therefore remain very well on course. In 2020, we were able to reduce CO<sub>2</sub> emissions by 7.2% to 206,553 tonnes. In relation to currency-adjusted net sales, emissions decreased by 8.4%. Since the integration of the energy-intensive ceramics production in 2015, CO<sub>2</sub> emissions in relation to net sales have fallen by 32.6%. This enabled us to meet the targets set out in the long-term → **CO<sub>2</sub> strategy** for reducing → **CO<sub>2</sub> emissions**. In addition to relative targets, this strategy also includes long-term absolute targets. A three-pillar model is used for implementing the CO<sub>2</sub> strategy. The first pillar is about savings in energy consumption, such as the deactivation of facilities that are not currently needed. Increasing efficiency forms the second pillar. The third pillar entails the targeted sourcing of high-quality renewable energies.

## CONTINUED ATTRACTIVE DISTRIBUTION POLICY

In 2020, the Geberit share price increased by 2.0% to CHF 554.20. In the same period, the Swiss Market Index (SMI) posted gains of 0.8%. Viewed over the past five years, the Geberit share posted an annual average increase of 10.3% (SMI +4.0%). As in the past, we wish to let the shareholders benefit from the very good development of the business and will maintain the attractive distribution policy of previous years. Therefore, we will propose to the General Meeting an increase in the dividend of 0.9% to CHF 11.40. The payout ratio of 63.8% of net income is in the upper range of the 50% to 70% corridor defined by the Board of Directors.

In 2020, CHF 404 million was distributed to shareholders as part of the dividend payment. The share buyback programme, launched in June 2017, was completed at the end of April 2020. In total, 1,026,094 registered shares – equal to CHF 440 million and corresponding to 2.8% of the share capital entered in the Commercial Register at that time – were repurchased. In the reporting year, 261,543 shares were acquired at a sum of CHF 116 million. Furthermore, 94,700 shares were acquired at a sum of CHF 51 million as part of the new share buyback programme started on 17 September 2020. CHF 571 million, or 79.6% of the free cashflow, was therefore distributed to shareholders during the reporting year as part of the dividend payment and the share buyback programmes. Over the last five years, around CHF 2.4 billion has been paid out to shareholders in the form of distributions or share buybacks, which corresponds to 80.4% of the free cashflow in this period.

## CHANGES IN THE BOARD OF DIRECTORS

At the General Meeting on 1 April 2020, Werner Karlen was elected as a new member of the Board of Directors at Geberit AG, replacing Thomas M. Hübner following his death in October 2019.

## SINCERE GRATITUDE

We owe the very good results in the reporting year – despite the challenging conditions – 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 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 trust in our company.

## OUTLOOK FOR THE YEAR 2021

As a result of the ongoing uncertainties in relation to the COVID-19 pandemic and the lack of visibility, it remains very difficult – if not impossible – to provide an outlook, which is why this has been dispensed with in this annual report.

In the coming year, the objective is again to perform strongly in all markets and, as in previous years, to gain further market shares. To this end, a particular focus is to be placed on new products that have been introduced in recent years, on markets in which Geberit products or technologies are still under-represented, as well as on the further expansion of the shower toilet business making all together an important contribution to this. In line with the Geberit strategy, these measures shall be accompanied by efforts to continuously optimise business processes in order to be able to achieve continued high margins and a strong free cashflow also in 2021. Based on the strong foundation already built up over the past decades, our sustainability performance should also continue to improve.

Both the Board of Directors and Group Executive Board are convinced that the Geberit Group is very well equipped and positioned to meet current and upcoming opportunities and challenges in order to emerge stronger from the global economic crisis caused by the COVID-19 pandemic. The possibilities offered as a result of combining technical know-how in sanitary technology “behind the wall” and design expertise “in front of the wall” will continue to be firmly seized. In 2021, a focal point will again be the continued implementation of the digitalisation strategy. 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 its future success.

Yours sincerely,

Albert M. Baehny  
Chairman of the Board of Directors



Christian Buhl  
CEO



# GEBERIT SHARE INFORMATION

## SHARE PRICE PERFORMANCE IN THE REPORTING YEAR

The Geberit share price started the trading year 2020 at CHF 543.20. Following a slightly weaker start to the trading year compared to the market, the Geberit share saw a significant downward trend as a result of the effects of the first wave of COVID-19. However, the share price recovered from this decline from May onward, increasing successively in line with the Swiss Market Index (SMI) and reaching an all-time record high of CHF 565.60 at the beginning of November. The Geberit share price closed the trading year at CHF 554.20, corresponding to an increase of 2.0%. In the same period, the Swiss Market Index (SMI) posted gains of 0.8%. Viewed over the past five years, the Geberit share posted an annual average increase of 10.3% (SMI +4.0%). The Geberit Group's market capitalisation reached CHF 20.5 billion at the end of 2020.

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

At the end of 2020, the free float as defined by SIX was 100%.

## DISTRIBUTION

Given a stable market environment, Geberit achieves high free cashflow, which is 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.

In 2020, CHF 404 million was distributed to shareholders as part of the dividend payment. The share buyback programme, launched in June 2017, was completed at the end of April 2020. In total, 1,026,094 registered shares – equal to CHF 440 million and corresponding to 2.8% of the share capital entered in the Commercial Register at that time – were repurchased. In the reporting year, 261,543 shares were acquired at a sum of CHF 116 million. Furthermore, 94,700 shares were acquired at a sum of CHF 51 million in the reporting year as part of the new share buyback programme started on 17 September 2020. CHF 571 million, or 79.6% of the free cashflow, was therefore distributed to shareholders during the reporting year as part of the dividend payment and the share buyback programmes.

Over the last five years, around CHF 2.4 billion has been paid out to shareholders in the form of distributions or share buybacks, which corresponds to 80.4% of the free cashflow in this period.

The Board of Directors will propose to the ordinary General Meeting of Geberit AG on 14 April 2021 an increase in the dividend of 0.9% to CHF 11.40. The payout ratio of 63.8% of net income is in the upper range of the 50% to 70% corridor defined by the Board of Directors.

## COMMUNICATION

Geberit publishes current and comprehensive information simultaneously for all market participants and interested parties on the website

→ [www.geberit.com](http://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](http://www.geberit.com/maillinglist) in order to receive the most recent information relating to the company.

### Share price development 1.1. – 31.12.2020

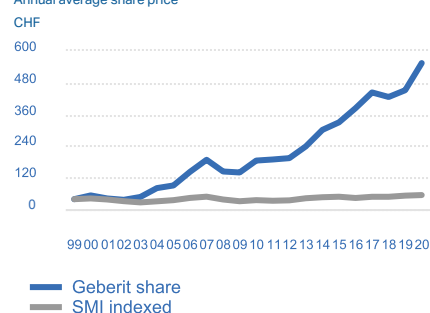
Monthly average share price



Source: Thomson Reuters

### Share price development 22.6.1999 (IPO) – 31.12.2020

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)

	2016	2017	2018	2019	2020	Total
Distribution	309	368	381	389	404	1,851
Share buyback	51	92	185	47	167	542
<b>Total</b>	<b>360</b>	<b>460</b>	<b>566</b>	<b>436</b>	<b>571</b>	<b>2,393</b>

### Distribution paid

(in CHF per share)

	2016	2017	2018	2019	2020
<b>Dividend</b>	<b>8.40</b>	<b>10.00</b>	<b>10.40</b>	<b>10.80</b>	<b>11.30</b>

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](mailto:corporate.communications@geberit.com)

Comprehensive share information can be found at  
→ [www.geberit.com](http://www.geberit.com) > [investors](#) > [share information](#)

## Major data relating to the Geberit share

31.12.2020

Registered shareholders	34,910
Capital stock (CHF)	3,704,142.70
Number of registered shares of CHF 0.10 each	37,041,427
Registered shares	21,016,493
Treasury shares	1,415,834
Stock exchange	SIX Swiss Exchange
Swiss securities identification number	3017040
ISIN code	CH0030170408
Telekurs	GEBN
Thomson Reuters	GEBN.S
Bloomberg	GEBN.VX

## Key figures

(in CHF per share)

	2019	2020
Net income	17.97	17.95
Net cashflow	23.16	25.15
Equity	52.74	53.70
Distribution <sup>1</sup>	11.30	11.40

<sup>1</sup> Subject to approval of the General Meeting 2021

## Time schedule

2021

General Meeting	14 Apr
Dividend payment	20 Apr
Interim report first quarter	4 May
Half-year report	19 Aug
Interim report third quarter	3 Nov

2022

First information 2021	13 Jan
Results full year 2021	9 Mar
General Meeting	13 Apr
Dividend payment	21 Apr
Interim report first quarter	4 May
Half-year report	18 Aug
Interim report third quarter	3 Nov

(Subject to minor changes)



# MANAGEMENT STRUCTURE

1 January 2021

## Board of Directors

**Chairman**      **Vice Chairman**  
Albert M. Baehny    Hartmut Reuter

CEO	Sales Europe	Sales International	Marketing & Brands	Products & Operations	Finance
<b>Chief Executive Officer</b> Christian Buhl	<b>Member Executive Board</b> Clemens Rapp	<b>Member Executive Board</b> Ronald van Triest	<b>Member Executive Board</b> Martin Baumüller	<b>Member Executive Board</b> Martin Ziegler	<b>Member Executive Board</b> Roland Iff
<b>Human Resources</b> Roland Held	<b>Germany</b> Kerstin Wolff	<b>North America</b> Dominic Rice	<b>Digital</b> Kai Hildebrandt	<b>Purchasing</b> Adriaan 't Gilde	<b>Controlling</b> Roland Iff
<b>Communications / Investor Relations</b> Roman Sidler	<b>Switzerland</b> Reto Bättig	<b>Far East / Pacific</b>	<b>Installation and Flushing Systems / Bathroom Systems</b> Tobias Mayr	<b>Logistics</b> Gerd Haifinger	<b>Treasury</b> Thomas Wenger
<b>Strategic Planning</b> Michael Reinhard	<b>Nordic Countries</b> Lars Risager	<b>China</b> Tony Zhang	<b>Piping Systems</b> Renato Di Rubbo	<b>Production Plants P &amp; M*</b> Robert Lernbecher	<b>Information Technology</b> Johan Engvall
<b>Sustainability and Process Management</b> Roland Högger	<b>Italy</b> Giorgio Castiglioni	<b>NSEA</b> Simon Wong	<b>Marketing Operations</b> Daniela Koch	<b>Production Plants C &amp; M**</b> Martin Ziegler	<b>Taxes</b> Jürgen Haas
<b>Shower Toilets</b> Margit Harsch	<b>The Netherlands</b> Menno Portengen	<b>Pacific</b> Eric Lander	<b>Pricing</b> Frank Heuser	<b>Production Plants CER***</b> Simon Imhof	<b>Legal</b> Albrecht Riebel
	<b>Belgium</b> José Wyns	<b>Middle East / Africa</b> Daniel Engelhard	<b>Master Data Management</b> Jürgen Lay	<b>Quality</b> Andreas Lange	<b>Internal Audit</b> Martin Reiner
	<b>Austria</b> Guido Salentinig	<b>South Africa</b> Mark Schurr	<b>Technical Documentation</b> Werner Trefzer	<b>Technology / Innovation</b> Thomas Mattle	
	<b>France</b> Yves Danielou			<b>Accredited Test Laboratory</b> Markus Tanner	
	<b>United Kingdom</b> Mark Larden			<b>Products Installation and Flushing Systems</b> Marcel Heierli	
	<b>Poland</b> Przemyslaw Powlacz			<b>Products Piping Systems</b> Arnd Gildemeister	
	<b>Ukraine</b> Oleksiy Rakov			<b>Products Bathroom Systems</b> Jörn Ikels	
	<b>Czech Republic / Slovakia</b> Vladimir Sedlacko				
	<b>Adriatic Region</b> Miran Medved				
	<b>Iberian Peninsula</b> David Mayolas				
	<b>Russia</b> Irina Buralkina				
	<b>Hungary</b> Tamás Kőszeghy				
	<b>Romania</b> Catalin Mitroi				
	<b>Key Account Management</b> Michael Albrecht				
	<b>Business Development / OEM / Industry</b> Tobias Beck				

\* P & M: Plastics and Metal  
\*\* C & M: Composite and Metal  
\*\*\* CER: Ceramics

BUSINESS REPORT

**BUSINESS AND  
FINANCIAL REVIEW**  
2020

# STRATEGY

With its innovative solutions in the field of sanitary products, Geberit aims to achieve sustained improvement in the quality of people's lives. The 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 installation and flushing systems for sanitary facilities, piping systems for transporting water in buildings, as well as bathroom systems. 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 in areas such as hydraulics, acoustics, statics, fire protection and hygiene, 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. The focus here – where appropriate – is on the combination of design and functionality.
3. Selective geographic expansion: An important factor in long-term success is stronger growth in 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, South East 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: Efficient processes will help to establish a leading and competitive cost structure on a long-term basis. Process optimisation will be 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.

The following growth and earnings drivers are crucial to implementing the strategy and achieving the ambitious → **medium-term goals**:

---

Growth

**1. Focus on sanitary products**

**“Push-Pull” business model**, which concentrates on the key decision-makers in the sanitary industry (wholesalers, plumbers and sanitary engineers, architects, general contractors, investors, showroom operators)

**Technology penetration**, which involves replacing outdated technologies with new, more innovative sanitary products and systems

**Value strategy** to increase the proportion of higher-added-value products – particularly in markets in which Geberit products already have a high degree of penetration

**2. Commitment to innovation and design**

**Innovation leadership** in the sanitary industry in order to set new standards and to get additional competitive advantages

**3. Selective geographic expansion**

**Selective technology penetration** of new markets where sustainable, profitable and organic growth are possible through the introduction of or the market penetration with European sanitary technology

---

Profitability

**4. Continuous optimisation of business processes**

**Continuous process and cost optimisation** to protect the high operating margins

# 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 → **sustainability**-oriented business management philosophy
- a stable management team
- a lean, functional organisation with clear responsibilities
- a result- and customer-oriented, partnership-based and down-to-earth  
→ **corporate culture**

## MEDIUM-TERM GOALS

Geberit has set itself the goal of establishing new standards for sanitary products, continually developing these standards and thereby gaining market shares. Among other things, this approach yields net sales growth that outstrips the industry average. Basically, Geberit is aiming to achieve its net sales targets while at the same time maintaining its industry leadership in terms of profitability and the ability to generate high cashflows.

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 the Geberit Group's expected growth and be prepared for upcoming major projects, greater investments are currently being made in property, plant and equipment – around 6% of net sales during each of the next two to three years.

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

# VALUE-ORIENTED MANAGEMENT

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

The remuneration model for Group management as a whole (220 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" (ROIC). 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 are approved only if strict criteria are met. In this context, it is imperative that an investment return be achieved that exceeds the cost of capital and thus includes a premium.

In the interests of value-oriented management, important investment 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 BUILDING CONSTRUCTION INDUSTRY

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

## AVAILABILITY OF RAW MATERIALS

Professional, institutionalised purchase processes help to ensure that raw materials are available.

## CHANGES IN THE COMPETITIVE ENVIRONMENT

Innovative products as well as the comprehensive range of products in place since the integration of the ceramics business ensure that the Geberit Group is able to maintain its leading market position. The company's partnership with the craft sector and its constructive collaboration with wholesalers also play 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.

The company's IT systems undergo a comprehensive and detailed security check involving the input of an external specialist on a regular basis. The last security check was made in 2018 and confirmed that the company's IT systems have an adequate level of security. Another security check is planned for 2021, with the goal of examining whether the IT systems are also adequately prepared and protected against newly emerged risks.

## 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 the natural hedging strategy, currency fluctuations have no significant impact on operating 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.**



# MARKET ENVIRONMENT

## MARKET ENVIRONMENT IMPACTED BY COVID-19

The construction sector varied from country to country in 2020. The market environment was largely characterised by negative growth figures as a result of the COVID-19 pandemic.

In November 2020, Euroconstruct forecasted a decrease in building construction for **Europe** in 2020 of -8.8%, an improvement on the estimation made in mid-2020 (-12.7%). At -10.5%, new construction reported a stronger decline than renovations (-7.3%). Both non-residential construction (-9.2%) and residential construction (-8.6%) saw a decline in 2020. According to Euroconstruct, the following countries that are important to Geberit in terms of sales experienced mixed results in 2020: a strong decline was seen in the United Kingdom (-22.4%), France (-14.4%), Italy (-9.7%) and Belgium (-9.1%), with slight decreases in Austria (-3.3%), the Netherlands (-3.1%), Switzerland (-2.3%) and Germany (-1.6%). According to the figures in the October 2020 edition of the IMF World Economic Outlook, a significant share (around 40%) of the global decline in economic performance originated in Europe, with a GDP growth rate of -7.5%.

Of the total European construction volume of EUR 1,566 billion in 2020, around 80% was generated by building construction. The ratio of residential to non-residential building construction remained the same at around 60 to 40 percent. New construction as a share of total building construction continued to lag behind the renovation business in 2020.

According to estimates by the Bureau of Economic Analysis, gross domestic product (GDP) fell by -3.5% in the **US** (previous year +2.2%). Investments in building construction increased by +4.7% according to figures from the United States Census Bureau. Within building construction, investments in residential construction increased by +11.8%. Investments in non-residential construction remained constant (previous year -2.4%). The COVID-19 pandemic impacted the accommodation, office buildings and retail sectors in particular. The healthcare/hospitals and schools/universities segments, which are important for Geberit, developed with +4.3% substantially stronger and with -0.8% substantially weaker, respectively, compared to the previous year (+1.2% and +4.1%, respectively).

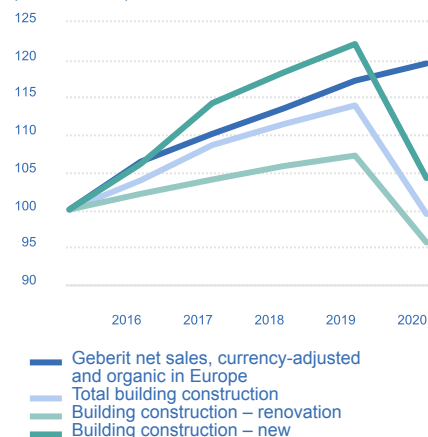
In the **Far East/Pacific** region, economic growth amounted to -2.0% in 2020. While negative, this figure was still a significant improvement on global economic growth (-4.6%). At just under 20%, less than one-fifth of the global economic decline originated from the Far East/Pacific region (previous year 60% contribution to growth). China continued to grow (+1.9%), although at a much less pronounced rate than in the previous year (+6.1%). The Chinese residential construction sector grew moderately in both tier one and tier two cities. At 2 to 3%, growth in tier one cities was below that seen in tier two cities (5 to 6%) due to the lower availability of plots for new buildings.

Following moderate growth in the previous year, economic growth in the **Middle East/Africa** region declined by -5.4% in the reporting year.

(The aforementioned figures covering the world economy and the performance of the Far East/Pacific and Middle East/Africa regions were published in the October 2020 edition of the IMF World Economic Outlook.)

## Construction output and Geberit net sales in Europe 2016–2020

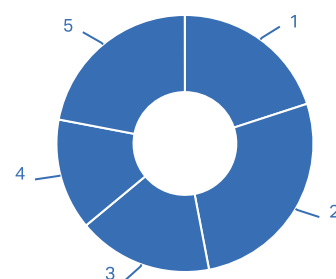
(Index: 2015 = 100)



Source: 89th Euroconstruct conference in Stockholm (SE), June 2020

## Total construction output Europe 2020

(EUR 1,566 billion)



- 1 Residential – new (20%)
- 2 Residential – renovation (27%)
- 3 Non-residential – new (17%)
- 4 Non-residential – renovation (14%)
- 5 Civil engineering (22%)

Source: 90th Euroconstruct conference in Munich (DE), November 2020

# GEBERIT AND COVID-19

## SIGNIFICANT IMPACTS CAUSED BY THE FIRST LOCKDOWN WAVE

From mid-March to mid-May, the construction industry in Europe was massively impacted by the COVID-19 pandemic. In several countries – Italy, France, the United Kingdom and Spain – most construction sites remained closed for extended periods. Meanwhile, in the other countries the restrictions enforced as a result of the pandemic led to a slowing of construction activities. Moreover, the showrooms for sanitary products across Europe remained largely closed for around two months. Outside Europe, construction activity was massively restricted in some cases too.

The decline in net sales at Geberit during this period was unprecedented in the scale, speed and simultaneity of events. Net sales fell by 29% in April and by 15% in May – the biggest monthly declines in sales seen for decades and also significantly greater than those seen in 2008/2009, for example. In these two months, volumes decreased by 23%.

Despite the restrictions enforced due to COVID-19, the supply chain at Geberit remained intact during 2020. Although five small plants were closed by the authorities for a few weeks, the regional supply chain setup and the high share of in-house production ensured stability.

## KEY DECISIONS MADE AT THE END OF MARCH 2020 FOR DEALING WITH THE CRISIS

---

<b>No restructuring</b>	<ul style="list-style-type: none"><li>• <b>Think long term – anti-cyclical investing</b></li><li>• <b>No change of strategic agenda</b></li></ul>
<b>Emerge stronger from the crisis</b>	<ul style="list-style-type: none"><li>• <b>Undiminished presence with customers</b></li><li>• <b>Short-time work only as an absolute last resort</b></li><li>• <b>“Housekeeping” and strengthening of competences</b></li><li>• <b>Gain market shares – both short- and long-term</b></li><li>• <b>Accelerate share buyback</b></li></ul>
<b>Ongoing adaptation to the current situation</b>	<ul style="list-style-type: none"><li>• <b>Maximise flexibility</b></li><li>• <b>Targeted cost-saving programme</b></li></ul>

---

The key element of the cost-saving programme – which was driven bottom up and implemented within just a few days – was the dividing up of all activities into three categories by the managers of all levels:

- A: immediate stop
- B: stop if crisis deteriorates further
- C: No change

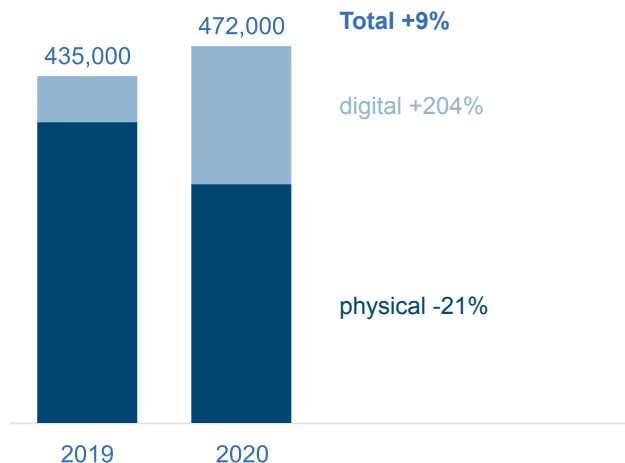
As a result, it was possible to determine the short- and medium-term savings potential within a short period of time and to align the organisation with activities to be stopped or to be continued. This also made it possible to prevent negative impacts on long-term potential.

## EMERGING STRONGER FROM THE CRISIS THANKS TO A DEDICATED APPROACH

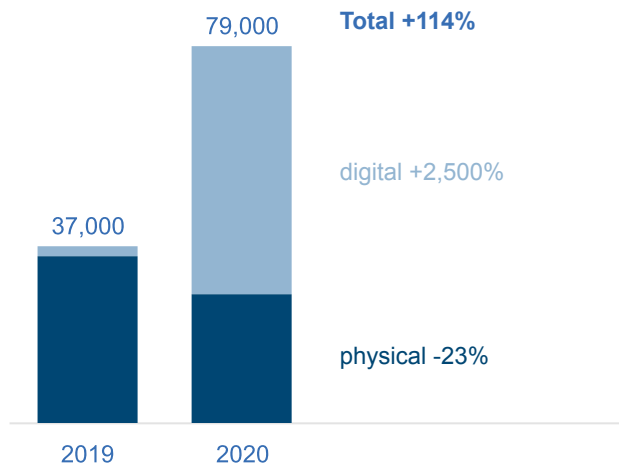
Due to high levels of cost flexibility as part of the aforementioned cost-saving programme and to active price management, it was largely possible to offset the margin losses seen in the most critical months April and May – which saw a volume decline of 23%.

Thanks to the high flexibility of the employees – particularly in the production plants and in logistics – it was possible to largely avoid short-time work and thus financial support from the state. Across the Group, COVID-19 did not result in any dismissals, nor did it result in any salary reductions for the employees.

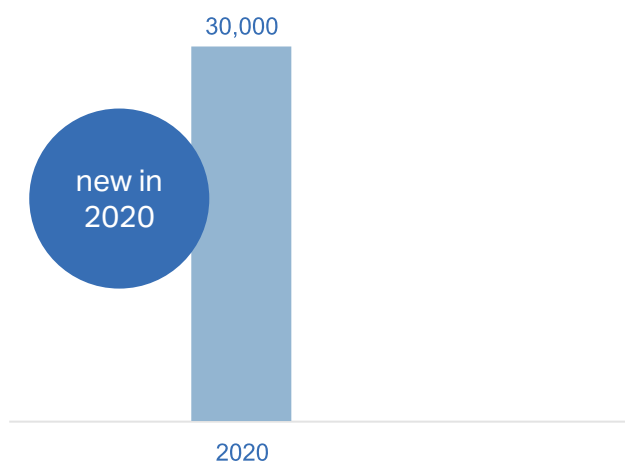
### Customer contacts



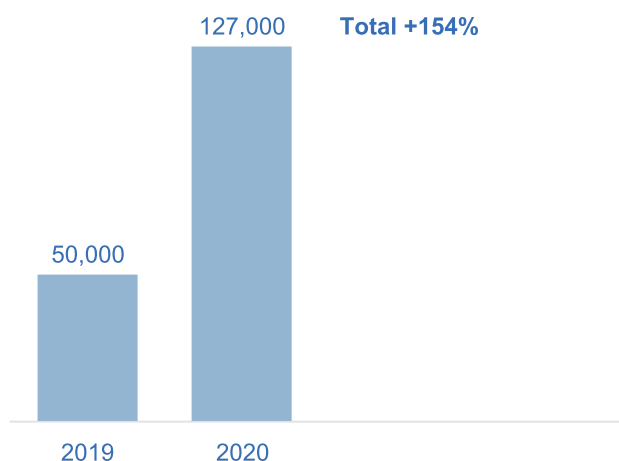
### Customer trainings (number of participants)



### Virtual showrooms and fairs (visitors)



### Virtual internal training sessions



In terms of marketing and sales, it was even possible to increase the number of contacts with customers. Despite a reduction in face-to-face meetings, the overall number of customer contacts increased by 9% in 2020 as a result of the significant increase in virtual contacts of over 200%. The number of virtual customer trainings increased from 2,000 to 52,000, with the total number of trainings carried out across the entire Group seeing an increase of 114% as a result – despite the significant reduction in physical training activities. Furthermore, virtual showrooms were quickly established and virtual trade fairs held, which were visited by over 30,000 customers across 2020 as a whole.

Finally, investments were also made in further training of employees through eLearning, podcasts and webcasts. 20 newly created modules in a wide range of areas resulted in a 154% increase in internal virtual training sessions to 127,000.

## **MOST IMPORTANT INSIGHTS OF THE COVID-19 CRISIS FOR GEBERIT**

---

- Three key success factors**
- **Availability – liquidity, products, customer presence**
  - **Flexibility – no short-time work**
  - **No overreactions – stay calm, act prudently**
- 

- Proven crisis resistance**
- **Resilient business model**
  - **Undiminished pricing power**
  - **Robust supply chain**
  - **Value creation also during a crisis**
- 

- Enlarged capabilities**
- **Significant progress in digitalisation – leveraged beyond the crisis**
  - **Increased sales and marketing effectiveness**
-

# NET SALES

## CURRENCY-ADJUSTED NET SALES GROWTH DESPITE CRISIS

Consolidated net sales in 2020 decreased by 3.1% to CHF 2,986 million. This development comprised an increase in local currencies of 1.3% and a negative foreign currency effect of 4.4%. Currency-adjusted growth – and thus the gain of further market shares – was achieved despite the significant sales decrease seen in the second quarter as a result of COVID-19. This favourable performance was down to the strong market position, successful crisis management and the conscious decision to not furlough employees in order to also maintain the levels of contact with customers during the lockdown periods.

The currency exchange losses contained in net sales amounted to CHF 136 million. In 2020, 64% of net sales were generated in euros, 10% in Swiss francs, 4% in US dollars, 3% in British pounds and 19% in other currencies.

*The following changes in net sales in the markets and product areas are currency-adjusted.*

## DEVELOPMENT ON TWO DIFFERENT PATHS IN THE INDIVIDUAL MARKETS

In the first half of the year, the construction industry in Europe was negatively impacted by the effects of the COVID-19 pandemic from mid-March to May. In the second half of the year, catch-up effects, the renewed build-up of inventories at wholesalers and government stimulus programmes – especially the temporary VAT reduction seen in Germany – led to strong sales growth. In 2020 as a whole, net sales in **Europe** rose by +2.0%. The development in individual countries and markets varied greatly depending on the extent and length of the lockdown seen in the construction industry in spring. In Germany (+7.3%), Austria (+5.0%), Switzerland (+4.1%), Eastern Europe (+3.2%) and the Nordic Countries (+2.9%), construction sites saw only limited restrictions and pleasing growth in currency-adjusted net sales was achieved across the year as a whole. Due to more restricted construction activities in Belgium, the Benelux Countries remained at the previous year's level. In contrast, the markets most seriously affected by the building site closures – the United Kingdom/Ireland (-15.7%), the Iberian Peninsula (-10.9%), Italy (-8.3%) and France (-6.9%) – still saw a significant drop in currency-adjusted net sales after twelve months. The negative impacts of the COVID-19 pandemic continued to be felt in regions outside Europe – in the **Middle East/Africa** (-14.1%) and **Far East/Pacific** (-7.2%). Net sales in **America** rose by +1.7%.

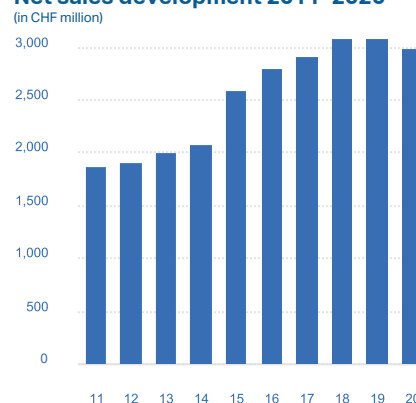
## BATHROOM SYSTEMS WITH THE STRONGEST GROWTH

In the product areas, **Bathroom Systems** saw the strongest growth at +2.3%. This growth was the result of positive developments seen across the entire product range in general in this product area, despite the → **switch from local ceramics brands to the Geberit brand** that continued in the reporting year. The Geberit AquaClean shower toilet business saw particularly strong growth thanks to new products launched in recent years. Furthermore, the strong demand for products that focus on hygiene – such as touchless faucets, actuator plates and urinals as well as sanitary flush units – resulting from COVID-19 was a growth driver.

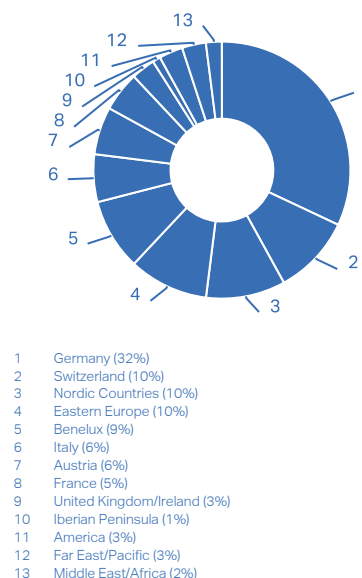
Net sales in the **Installation and Flushing Systems** product area increased by +2.1%. As in previous years, this growth was driven by two factors: firstly, Installation and Flushing Systems saw accelerated growth in the European expansion markets as a result of synergies from the integration of the ceramics business. Secondly, Geberit was also able to gain market shares in Central European markets through the sale of higher-added-value products and products that had been launched for the first time in earlier years.

In contrast, the **Piping Systems** product area saw a slight fall of -0.8%, which was mainly due to the weaker new construction and project business.

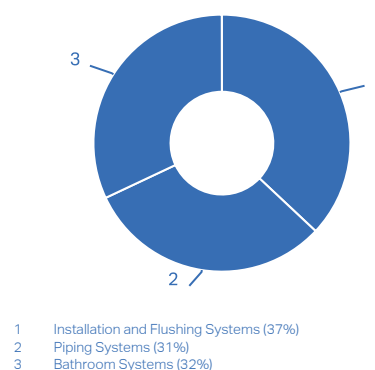
## Net sales development 2011–2020



## Net sales by markets/regions in 2020



## Net sales by product areas 2020



# RESULTS

## HIGH PROFITABILITY FURTHER IMPROVED – ABOVE ALL AS A RESULT OF COVID-19

The results were impacted by negative currency developments. However, results in local currencies increased on all levels despite the sales decrease as a result of COVID-19. Operating cashflow (EBITDA) rose by 2.4% to CHF 925 million. The EBITDA margin increased by 170 basis points to 31.0% (previous year 29.3%). This increase in the margin was mainly due to the COVID-19-related cost savings (particularly marketing and travel expenses), the high levels of flexibility in production and logistics, lower raw material prices, the natural currency hedging, and price increases. Thanks to these measures, it was also possible to compensate for the significant tariff-related increases in personnel expenses and additional investments in digitalisation initiatives.

Despite higher amortisation, operating profit (EBIT) increased by 2.0% to CHF 772 million. The EBIT margin reached 25.8%, which was also significantly higher than the previous year (24.5%). Net income dropped slightly by 0.7% to CHF 642 million due to a higher tax rate and a lower financial result, with a return on net sales of 21.5% (previous year 21.0%). Despite the negative currency development, earnings per share of CHF 17.95 remained practically at the previous year's level (CHF 17.97).

## OPERATING EXPENSES UNDER CONTROL

All items within operating expenses were affected by positive currency effects. The cost of materials dropped by 8.3% to CHF 789 million, representing a lower share of net sales at 26.4%, compared to 27.9% in the previous year. This decline was due to lower prices of raw materials, particularly plastics but also industrial metals. Personnel expenses fell slightly by 0.2% to CHF 750 million, which equates to 25.1% of net sales (previous year 24.4%). The strong tariff-related increases in salaries and higher pension expenses were more than offset by positive currency effects. Other operating expenses fell by 8.0% to CHF 522 million, primarily due to the aforementioned decrease in marketing and travel expenses as a result of COVID-19. At CHF 127 million, depreciation remained at the previous year's level. Amortisation of intangible assets increased to CHF 27 million (previous year CHF 20 million) as a result of a value adjustment connected to a ceramics brand.

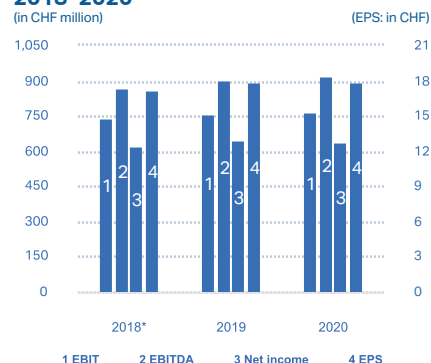
The net financial result fell to CHF -17 million (previous year CHF -14 million) due to higher currency losses as a result of the strong Swiss franc. Tax expenses grew from CHF 96 million to CHF 112 million due to the effects of the corporate tax reform in Switzerland. This resulted in a tax rate of 14.8% (previous year 12.9%).

## FURTHER INCREASE IN FREE CASHFLOW

The higher operating cashflow, successful management of net working capital during the crisis and lower investments in property, plant and equipment due to COVID-19 had a positive impact on cashflow. All in all, free cashflow increased by 11.4% to a new record high of CHF 717 million despite negative currency effects (see also → **Financial Statements of the Geberit Group, Notes to the Consolidated Financial Statements, 28. Cashflow figures**). The free cashflow margin reached 24.0% (previous year 20.9%). CHF 571 million, or 79.6% of the free cashflow, was distributed to shareholders during the reporting year as part of the dividend payment and the share buyback programme.

## EBIT, EBITDA, Net income, Earnings per share (EPS)

2018–2020

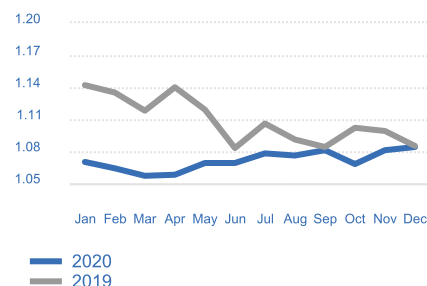


\* Adjusted for costs in connection with the Sanitec acquisition and integration (EBITDA 2018 not adjusted)

## EUR/CHF exchange rates

2019/2020

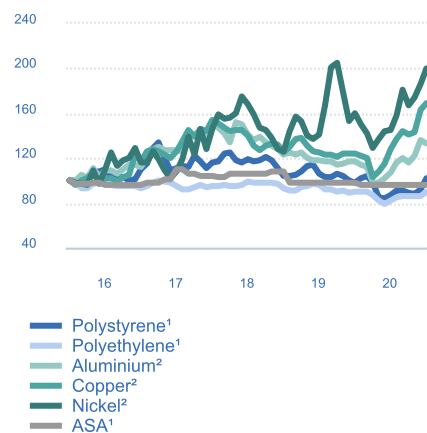
(Period-end exchange rates)



## Raw material price development

2016–2020

(Market price; index: December 2015 = 100)



<sup>1</sup> Source: Kunststoff Information Verlagsgesellschaft mbH

<sup>2</sup> Source: London Metal Exchange

# FINANCIAL STRUCTURE

## CONTINUED STRONG FINANCIAL FOUNDATION DESPITE CRISIS

The further increase in free cashflow (+11.4%) 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 3,725 million to CHF 3,751 million. Liquid funds (including marketable securities and other short-term investments) grew from CHF 428 million to CHF 469 million. In addition, the Group had access to undrawn operating credit lines for the operating business of CHF 583 million. Debt decreased from CHF 837 million in the previous year to CHF 779 million. Overall, this resulted in a decline in net debt of CHF 99 million to CHF 310 million at the end of 2020.

In the second quarter of 2020, a new CHF bond of CHF 300 million with a term of 2.5 years was issued in order to additionally secure liquidity. This enabled an expiring bond to be refinanced later in the year.

Net working capital dropped by CHF 21 million year-on-year to CHF 181 million. Property, plant and equipment increased from CHF 920 million to CHF 934 million, while goodwill and intangible assets fell from CHF 1,597 million to CHF 1,577 million.

The ratio of net debt to equity (gearing) contracted from 21.5% in the previous year to 16.1%. The equity ratio remained at a very solid 51.2% (previous year 51.0%). The ratio of net debt to EBITDA dropped to 0.3x (previous year 0.5x). Based on average equity, the return on equity (ROE) came to 34.8% (previous year 35.8%). Average invested operating capital, comprising net working capital, property, plant and equipment, goodwill and intangible assets, amounted to CHF 2,794 million at the end of 2020 (previous year CHF 2,810 million). The return on invested capital (ROIC) was 23.2%, slightly above the previous year's level (23.1%).

The Geberit Group held 1,415,834 treasury shares on 31 December 2020, which equals 3.8% of the shares entered in the Commercial Register. Of these, 1,120,794 (3.0% of the shares entered in the Commercial Register) originate from the share buyback programmes, while the remaining 295,040 are mostly earmarked for participation plans. The total number of shares entered in the Commercial Register stands at 37,041,427 shares.

The share buyback programme, launched in June 2017, was completed at the end of April 2020. In total, 1,026,094 registered shares – equal to CHF 440 million and corresponding to 2.8% of the share capital entered in the Commercial Register at that time – were repurchased. In the reporting year, 261,543 shares were acquired at a sum of CHF 116 million. The share buyback programme was conducted via a second trading line set up especially for this purpose. A proposal will be submitted to the ordinary General Meeting on 14 April 2021 to carry out a capital reduction in the amount of the repurchased shares and to cancel these shares.

A new share buyback programme was started on 17 September 2020. Over a maximum period of two years, registered shares amounting to a maximum purchase value of CHF 500 million will be repurchased. Based on the closing price of Geberit registered shares on 15 September 2020, this corresponded to around 950,000 registered shares or 2.6% of the share capital currently entered in the Commercial Register. The registered shares are repurchased via a separate trading line on the SIX Swiss Exchange for the purpose of a capital reduction. In addition to the capital reduction from the share buyback programme of 2017 to 2020, a proposal will also be submitted to the ordinary General Meeting on 14 April 2021 to carry out a capital reduction in the amount of the shares repurchased as part of the new programme by the end of February 2021, and to also cancel these shares. By 31 December 2020, 94,700 shares were acquired as part of the new programme at a sum of CHF 51 million.

## Debt

(in CHF million; as of 31 December)

	2018	2019	2020
Long-term debt	683	811	762
Total debt	837	837	779
Liquid funds (including marketable securities and other short-term investments)	282	428	469
Net debt	555	409	310

# INVESTMENTS

## LOWER INVESTMENTS

In 2020, investments in property, plant and equipment and intangible assets amounted to CHF 150 million – CHF 17 million or 10.2% less than in the previous year. This reduction was the result of restrictions and delays enforced due to COVID-19. As a percentage of net sales, the investment ratio was 5.0% (previous year 5.4%). 36% of the total investments went towards capacity expansion. 33% was invested in the modernisation of property, plant and equipment and, hence, in further enhancement in production efficiency, 7% was used for rationalisation measures relating to property, plant and equipment, while 24% was used to acquire tools and equipment for new product developments. All important, larger investment projects were carried out as planned.

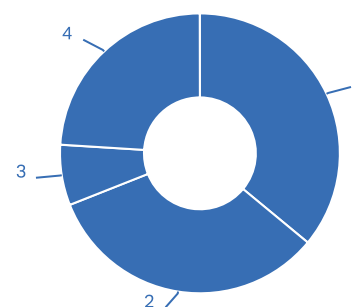
As in previous years, the biggest single ongoing undertaking was the conversion and new-build project in Langenfeld (DE). Significant investments were also made as part of the introduction of FlowFit – the new piping system for drinking water supply and heating – at the plant in Rapperswil-Jona (CH).

## Expenditures for property, plant and equipment and intangible assets

(in CHF million)

	2016	2017	2018	2019	2020
	139	159	162	167	150
In % of net sales	5.0	5.5	5.3	5.4	5.0

## Investments by purpose 2020



- 1 Capacity expansion (36%)
- 2 Modernisation (33%)
- 3 Rationalisation (7%)
- 4 New products (24%)



# EMPLOYEES

## NUMBER OF EMPLOYEES DOWN SLIGHTLY

At the end of 2020, the Geberit Group employed 11,569 staff worldwide, equivalent to a slight decline of 50 employees or 0.4% compared to the previous year. Above all, this reduction was due to the lower number of temporary staff and natural fluctuations seen in production and logistics. In contrast, there was an increase in the areas of IT, marketing and development. The additional employees were mainly assigned to digitalisation projects.

Based on the average headcount of 11,552, net sales per employee amounted to TCHF 258, or 2.6% less than in the previous year.

Broken down by business process, staff numbers were as follows: production employed 60% of the staff members, with a further 27% in marketing and sales. Additionally, 8% of the employees worked in administration, and 3% in research and development. The share of apprentices was 2%.

In 2020, personnel expenses amounted to CHF 750 million. Once again, the employees were also able to take part 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 2020 was 24% (previous year 24%), and for senior management this figure was 11% (previous year 11%). The six-member Board of Directors has two female members.

## DEALING WITH COVID-19 IN EVERYDAY WORK

The coronavirus and associated protection against COVID-19 infections affected both business development and everyday work at Geberit in 2020. Numerous protective measures were taken to minimise the risk of infection for employees. At the same time, customer service, production and thus also product availability had to be ensured. With this in mind, Geberit strictly adhered to the applicable official regulations and recommendations on a local level and also implemented the prescribed hygiene and social distancing measures consistently. Other measures, such as the obligation to wear masks, rapid tests, directives for business trips or carrying out meetings, were also adapted according to local regulations and in line with the corresponding stages of the pandemic.

In order to contain the pandemic further and protect the workforce, employees were also given the possibility of working from home if their work and circumstances permitted. Furthermore, regulations on working from home were also adjusted on a Group level and in the individual countries for the time after COVID-19. This ensures that it is also possible to work from home in normal times – where appropriate – and increases the attractiveness of Geberit as an employer.

For other aspects, in particular economic aspects, see the section on → **Geberit and COVID-19**.

## DIGITAL EMPLOYER BRANDING

The employer branding programme started in 2018 also continued in the reporting year. The goal here is to address both current and potential employees via digital channels and to position Geberit as a strong employer brand. With this in mind, Geberit presents itself on the job market as a progressive employer with an open corporate culture and international development opportunities. In 2020, the corresponding activities were also expanded to include IT specialists in addition to engineers and sales staff. The communication focused on current IT employees at Geberit, who detailed their background and everyday tasks and explained why they are convinced of Geberit as an employer. These insights were published on the → **company website**, on social media – predominantly LinkedIn (73,000 followers) – and also on the company intranet. As part of the further expansion of the social media presence, activities on other platforms are currently being evaluated.

## Employees by countries

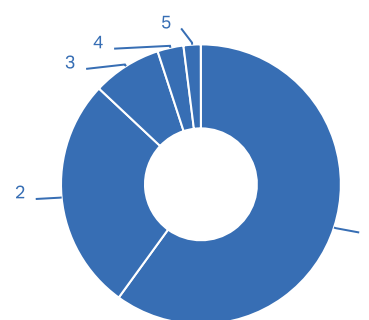
(as of 31 December)

	2019	Share in %	2020	Share in %
Germany	3,267	28	3,297	28
Poland	1,658	14	1,647	14
Switzerland	1,435	12	1,454	13
Ukraine	639	5	602	5
Austria	555	5	565	5
Italy	533	5	538	5
China	531	5	495	4
Others	3,001	26	2,971	26
<b>Total</b>	<b>11,619</b>	<b>100</b>	<b>11,569</b>	<b>100</b>

## Employees by business processes

2020

(as of 31 December)



- 1 Production (60%)
- 2 Marketing and Sales (27%)
- 3 Administration (8%)
- 4 Research and Development (3%)
- 5 Apprentices (2%)

## THE NEW GEBERIT INTRANET FOR EVERYONE

In November 2020, a new intranet platform was launched for comprehensive communication within the company. In addition to a browser version on the PC, the Geberit Intranet (GIN) is also available as a mobile app. With this new approach, Geberit is able to reach all employees all over the world for the first time – whether those working on PCs, others in production and logistics, or sales representatives. The goal is for the GIN to be the central information and communication platform for all company employees. Among other features, the new tool can be used to access HR applications directly. Furthermore, it also offers significantly more opportunities for internal communication at the individual local sites.

## FURTHER EXPANSION OF EDUCATION AND TRAINING

The search for young talent has been further intensified. The various local sites are in contact with institutes of technology and universities regarding project-related collaborations, plant visits or gaining students for internships. Geberit is also part of international engineer networks such as UNITECH and offers members exciting internships as well as collaborations for Bachelor and Master theses.

The Operations Development Programme was set up at the start of 2020. The goal of the programme is to ensure that the plants and logistics sites also continue to have a sufficient number of highly trained managers at their disposal in future – with experience at the respective site where possible. The company is looking for talented prospects with an engineering, technical or commercial background who want to head up strategic projects and take on responsibility following internal training.

The two internal Potentials Management Programmes – on a regional and Group level – aim to identify talents in the company and support them along their path to middle or senior management. Around 70 employees were nominated to take part in the programmes by their supervisors in the reporting year. These programmes are intended to help fill at least half of all vacant managerial positions with internal candidates. In 2020, this was achieved for 47% of all Group management vacancies (previous year 58%).

Geberit employed 262 apprentices at the end of 2020 (previous year 264). The transfer rate to a permanent employment relationship was 86% (previous year 85%). As experience abroad and the transfer of know-how are an advantage for both young employees and the company alike, the apprentices should already have the opportunity to get practical insights at other sites during their training.

## NEW APPRAISAL PROCESS LAUNCHED

Following the successful pilot phase started in 2019, the valYOU Performance assessment, Development and Compensation process was rolled out at all sites for all white collar staff in the reporting year. In connection with this, all management personnel received training on the process and assessment tool. Additionally, a special, dedicated annual assessment process was developed for employees working in production and logistics, and was launched at selected sites in the reporting year. From 2021, the valYOU process should be established for all employees across the Group.

## GUIDING PRINCIPLES FOR ALL EMPLOYEES

Geberit aims to act as a role model for ethically unimpeachable, environmentally friendly and socially responsible operations. The → **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 → **Code of Conduct for employees** serve as the applicable guidelines.

## FOCUS ON OCCUPATIONAL HEALTH AND SAFETY

Occupational health and safety has highest priority within the Geberit Group. Using 2015 as the reference year, the aim is to halve the number of accidents by 2025. By 2025, the AFR (Accident Frequency Rate) is also to be reduced to a value below 5.5 (accidents per million working hours) and the ASR (Accident Severity Rate) to below 90 (number of days lost per million working hours). In 2020, the accident frequency fell to a value of 8.9, which corresponds to a re-

duction of 9.2% (previous year 9.8). The accident severity decreased by 8.4% to a value of 171.9 (previous year 187.6) in the same period. There were no fatal accidents.

All production plants and the central logistics centre in Pfullendorf (DE) are certified in accordance with the new occupational health and safety standard ISO 45001. The Geberit Safety System defines occupational health and safety principles as well as processes that are applicable throughout the Group. Safety managers have been appointed at all production plants and the central logistics centre. The Group-wide Geberit Safety Team also plays an active role in systematically developing occupational health and safety through the entire company by defining key topics and exchanging best practices between plants, among other aspects. The creation of safe, clean workstations at the production plants was again pursued consistently through the continuous optimisation and modernisation of systems and processes, the replacement of hazardous substances or the reduction of dust and noise emissions. Workstations have also been further optimised from an ergonomic point of view through the increasing use of robots or lifting aids. As the majority of occupational accidents and time lost are still attributable to carelessness, great importance is attached to long-term training and raising employee awareness. These efforts will be supported by an eLearning programme, which should help to correctly identify danger areas in the workplace and rectify them consistently, among other aspects.

The active promotion of employee health – thus ensuring they remain fit and able to work – is very important. With this in mind, a diverse vitality programme is offered at 18 production and sales sites in the fields of exercise, mental fitness, nutrition and the working environment. The most comprehensive programme here is "Geberit Vital", which can be accessed by around 40% of the workforce. This programme was additionally adapted to the demands of the ceramics plants in the reporting year, and will now be gradually rolled out.

# CUSTOMERS

## BRAND HARMONISATION COMPLETED

Following the replacement of the Keramag brand with Geberit in the key markets Germany, Austria, Switzerland and Belgium as well as in several Eastern European countries in the previous year, the brand harmonisation continued in three further markets in 2020. In more than 2,000 showrooms, over 25,000 ceramic sanitary appliances from the brands Allia (France), Pozzi-Ginori (Italy) and Sphinx (the Netherlands) were replaced with Geberit products. Thanks to strong partnerships with wholesalers and intensive preparations, it was possible to complete this brand harmonisation in 2020. The associated streamlining of the brand portfolio affected almost all areas of the company – including production and logistics, master data management, marketing and the sales organisations.

Focusing on the strong Geberit brand – a brand that is firmly established in the sanitary industry – has numerous advantages. Foremost among these are the concentration of marketing activities, the simplification of production and logistics, and the consolidation of product information. Additionally, in Italy, for example, almost all supplied showrooms were visited by the sales organisation as part of the brand switch. As a result, it was possible to significantly enhance the presentation of the Geberit products by using new showroom modules and demonstrating product combinations in front of and behind the wall.

## SIGNIFICANTLY INCREASED PRESENCE WITH CUSTOMERS

As before, a significant share of the varied marketing activities is targeted at plumbers and sanitary engineers. This especially applies to the ongoing, personalised and frequently project-related support given to installation companies and planning offices by technical advisors and other sales representatives.

In all markets, it was difficult to carry out face-to-face customer visits in the reporting year as a result of the lockdowns and restrictions enforced due to COVID-19. Accordingly, the sales organisations quickly and consistently used digital visit and meeting formats in addition to increased contacts over the phone. Despite a drop of around one-fifth in face-to-face customer visits, this resulted in a 9% increase in overall contacts (including phone calls and video conferences). The goal of being there for customers and offering all-round support in their work at all times – even in these difficult times – was thus met. The significantly intensified customer relationships in the year under review were also reflected in the fact that the number of e-newsletters sent out rose by 120% to 4.1 million and the number of hits on Geberit's worldwide websites increased by 48% to 25.0 million. For more information on marketing and sales aspects in connection with COVID-19, see the section → **Geberit and COVID-19**.

## STANDARDISED PRODUCT DATA FOR WHOLESALERS

In order to ensure that trading partners can process product and marketing information from Geberit in an efficient and structured way and present this in their portals, the corresponding data has been adapted to meet ETIM (Electro-Technical Information Model) standards. This meant the product data for more than 20,000 items had to be revised.

In addition to well-structured product information, the availability of products is of prime importance for wholesalers. Despite the COVID-19 pandemic, Geberit was able to maintain a very high level of delivery capability at all times.

## DIGITAL TOOLS FOR SANITARY ENGINEERS AND PLUMBERS

Digital skills in customer support and sales promotion were further expanded, with the aim of developing and launching digital tools as efficiently as possible and according to the needs of the respective target groups.

As before, the support of BIM was given a high priority here. Building Information Modelling (BIM) is an interdisciplinary planning method for optimising the entire planning and building process. Architects, sanitary engineers and building owners use BIM to share information efficiently. This helps them to avoid planning errors and improve productivity, which brings advantages in major construction projects in particular. For a number of years now, an in-house Geberit team has been providing BIM users with support in the form of product data and calculation modules. A special plug-in has been developed for the Revit planning software, which gives sanitary engineers direct access to compact 3D models and corresponding planning parame-

ters that are always kept up to date. The small size of the individual files allows them to be used efficiently. Following the roll-out for the most important product categories in the first markets in autumn 2019, the plug-in is now available worldwide and has already been downloaded over 4,000 times by planning and engineering companies.

A digital specification tool has been developed to offer even better support to architects, sanitary engineers and plumbers when planning and configuring bathrooms. It is used to assist the specialists in selecting the right products for a customer-specific project, from the installation and sanitary technology all the way through to the various bathroom products. Additionally, a new tool for industrial applications supports planners and engineers in the specification and dimensioning of the Mapress metallic piping system.

### SUCCESSFUL DIGITAL EDUCATION AND TRAINING OFFER

As a result of the restrictions enforced due to the COVID-19 pandemic, it was only possible to provide around 27,000 (previous year 35,000) professionals with face-to-face training on products, tools, software tools and installation skills at the 29 Geberit information centres in Europe and overseas. However, this was more than compensated for by a wide range of webinars and alternative training formats. Whereas webinars were visited by just 2,000 specialists in the previous year, there were around 52,000 participants at these online training courses in the reporting year. Additionally, the range of in-house digital training courses was expanded and saw widespread use by employees. For more information on training aspects in connection with COVID-19, see the section → **Geberit and COVID-19**.

### DIGITAL ALTERNATIVES TO TRADE FAIRS

With the exception of Swissbau, which took place in January in Basel (CH), all national and international trade fairs were cancelled in the reporting year due to the COVID-19 pandemic. Geberit responded quickly to this development. For example, with the cancellation of the SHK – which was planned for mid-March in Essen (DE) – the German sales organisation decided to offer trade professionals a virtual 360° visit to its planned booth. A similar approach was taken in Spain, where the Casa Decor in Madrid (ES) – a renowned trade fair for interior design – was cancelled to visitors. Here too, the local sales company offered the interested professional audience the opportunity of visiting the Geberit booth online.

At the same time, Geberit also developed a virtual showroom that can be tailored to the needs of the individual markets with relative ease. These showrooms offer a good overview of the wide range of products and new products in the respective market. They also provide additional information in the form of short videos, graphics and links, and offer visitors the opportunity of tailoring their own showroom experience. The first virtual showrooms went live in the second quarter of the reporting year and have already been visited by over 30,000 customers. For more information on digital trade fair aspects in connection with COVID-19, see the section → **Geberit and COVID-19**.

### INCREASING FOCUS ON THE END USER

Following its launch in autumn of the previous year in Germany, Austria and Switzerland, the end user campaign "Better bathrooms, better lives" was rolled out in a further 12 European markets in the reporting year. Increasing the level of communication with end users is a key step in a long-term strategy of firmly establishing the Geberit brand among users.

The campaign consists of three digital elements: an advertising campaign in digital media, the websites of the local sales companies and a customer relationship management (CRM) system. Nowadays, a large majority of potential end users first take inspiration online before visiting a specialist showroom. As a consequence, the Geberit websites are continually enriched with new inspirations, information and digital tools that are both relevant and helpful for the end user. Potential customers are made aware of the websites by a campaign in digital media. They then receive additional advice and support from qualified specialists after they register in the CRM system. In the reporting year, the campaign generated over 2.5 million sessions on the corresponding websites and 17,000 end user registrations in the CRM system.

### TARGETING CUSTOMERS VIA SOCIAL MEDIA

The social media presence was further expanded and intensified in the reporting year. In addition to employer branding, the focal points included increased sales support. The target groups here were professional decision-makers and end users, who were addressed with targeted advertising formats and editorial content. Geberit used the most popular social media channels for these activities and informed the

constantly growing communities through the local marketing teams and the Group on Facebook (295,000 followers), Instagram (102,000 followers), YouTube (58,000 followers / 34.6 million views), LinkedIn (73,000 followers), Twitter (17,000 followers) and Pinterest (4,000 followers).

#### **CAMPAIGN FOR SHOWER TOILETS CONTINUED**

The advertising campaign for AquaClean shower toilets launched in 2018 was continued in the reporting year and again met with a positive response in all 15 campaign markets. As a result of event cancellations due to COVID-19, there were only limited opportunities for the mobile test options – the Geberit AquaClean truck, mobile AquaClean WC lounges and the AquaClean trailers – in the reporting year. In contrast, the “Test at home” campaign continued to prove popular in its four markets. As part of this campaign, potential customers are given the chance to try out a shower toilet at home for free. In most cases, the interested parties wanted to keep their installed Geberit AquaClean beyond the trial period. Another campaign is the test set, which was successfully piloted on the Swiss market. The set can be connected temporarily with an existing WC ceramic appliance in just a few steps and without tools, and removed again easily. It can be tested out free of charge for 14 days, and is sent out and returned by post.

The international sales initiative for hotels again made encouraging progress. Additional prestigious hotel projects were acquired in the reporting year, including the Art House in Basel (CH) and the Mandarin Oriental in Munich (DE). The number of four- and five-star hotels equipped with AquaClean shower toilets in Europe is now far in excess of 500.

The webshop developed by Geberit for shower toilet consumables (cleaning and descaling agent, replacement filters for odour extraction units, etc.) is now live in five markets.

# INNOVATION

## INNOVATION AS THE FOUNDATION FOR FUTURE GROWTH

Geberit's culture of innovation, 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 75 million (previous year CHF 77 million) – or 2.5% of net sales – was invested in the development and improvement of products, processes 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. In the reporting year, 37 patents were applied for, which is above the long-term average. In the last five years, Geberit has applied for a total of 176 patents.

The scientists and engineers at Geberit have the very latest technologies and laboratory infrastructures at their disposal for their development projects. In the reporting year, various test equipment was modernised and expanded, in the latter case primarily for the quality and materials tests carried out on bathroom furniture. Furthermore, additional capacities were created for the development and programming of electronic controls and the establishment of a mechatronics laboratory. As a result, Geberit is well equipped to deal with future requirements in terms of bringing together sanitary technology and building service management systems.

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, quality and a system approach as well as the consistent strengthening of the brand identity are of central importance here.

## NEW PRODUCTS FOR SOPHISTICATED MARKETS

Among others, the following products were newly launched on the market in 2020:

- The particularly high-quality **CleanLine 80** model was added to the successful shower channel portfolio. It is available in various metal colours and comes with a collector profile with integrated slope, which further simplifies installation by the tiler, even in the case of large ceramic or natural stone.
- The **Geberit Pluvia roof drainage system** is designed for use on large and extremely large flat and special roofs. The system is used all over the world – including in monsoon regions. Pluvia works according to the principle of negative pressure, meaning water is suctioned off the roof. Newly developed fastening elements ensure maximum stability for pipes installed directly underneath the roof, which are subjected to heavy loads.
- The trend towards individualisation also brings with it increasing demands from end users. With this in mind, the high-quality **actuator plates Sigma50 and Sigma21** are available in a wide range of different materials and models that can be combined with each other in a variety of ways.
- The **Selnova and Renova bathroom series** in the middle and lower price segment have been expanded with the addition of various ceramic sanitary appliances with optimised designs. Thanks to the depth of the product range, both series are used regularly in project business and in bathroom renovations.

For more details on new products in 2020, see the publication → **Facts & Figures 2020**.

Several new product launches are planned for 2021. The most important products are as follows:

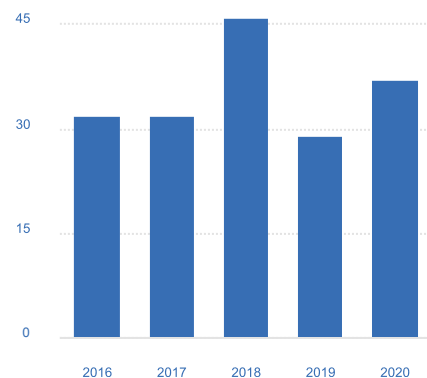
- With **FlowFit**, Geberit is introducing a new piping system for drinking water and heating applications. FlowFit consists of two components – newly developed connection technology and proven, lightweight pipes made of plastic and aluminium (or all-plastic pipes for heating applications). The pressfittings in the connection technology not only set new standards in terms of easy and reliable installation, but also in terms of their flow char-

## R&D expenditures

(in CHF million)

	2016	2017	2018	2019	2020
	72	78	78	77	75
In % of net sales	2.6	2.7	2.5	2.5	2.5

## Number of new patents



acteristics. With over 400 different fittings in eight different pipe dimensions, the supply system is suitable for all installation tasks inside buildings. The development of FlowFit all the way through to series production is one of the biggest development projects in the history of Geberit.

- The integrated bathroom series **Geberit ONE** launched in 2019 will be expanded with numerous components and configuration options. At the washbasin area, additional washbasin models in various widths and depths will be on offer, together with matching cabinets, trap types and taps. Furthermore, an intuitively controlled lighting concept was developed for mirror cabinets.
- In order to prevent drinking water from stagnating in pipes, leading to the rapid multiplication of germs and bacteria, the Geberit portfolio has included sanitary flush units for many years. These electronically controlled devices ensure that drinking water installations are regularly flushed. **Sanitary flush units** that are directly integrated in the concealed cistern are now also available. This means an additional drainage connection is no longer required during installation.
- Developed for markets in Asia and Africa, the robust, easy-to-install **Alpha concealed cistern 12 cm** offers high levels of operational reliability at a low price. Depending on the installation situation, the actuator plate for flush actuation can be mounted on the top or front of the cistern on this model.
- The **end user app for Geberit AquaClean** shower toilets has been enhanced with the addition of a **remote maintenance option**. In the event of a malfunction, customers can then call up a rapid diagnosis – and even request a rectification of the malfunction – via remote maintenance.

For more details on new products in 2021, see the publication

→ [www.geberit.com/products/new-products/](https://www.geberit.com/products/new-products/).



# PRODUCTION

## AN EFFICIENT NETWORK

The Geberit Group operated 29 plants in the reporting year, 23 of which are located in Europe, three in the US, two in China and one in India. The plants fall into the following three categories depending on the processed materials and production technologies:

- Ceramics (10 plants)
- Plastics & Metal (12 plants)
- Composites & Metal (7 plants)

## FLOW PRODUCTION PRINCIPLE AS A GUIDELINE

All Geberit plants display an ongoing capability for renewal. Despite the diversity of the materials and production technologies used, the approach is determined uniformly: all improvements are consistently geared to the principle of flow production. Maximum efficiency and flexibility are targeted in this way, which is reflected in the reliable, timely supply of products to customers and savings in important resources such as working time and materials. The benchmarks of flow production are set out in the Geberit Production System (GPS 2.0). GPS 2.0 is the guideline for production processes in which the principles for efficient manufacturing are combined.

Numerous measures were again initiated, promoted or brought to a conclusion in the reporting year, with the aim of optimising the efficiency of production processes, increasing capacities, and improving energy and material efficiency. The "FlowFit" project in Rapperswil-Jona (CH), "Progress 2023" project in Pfullendorf (DE), mould building centre in Ekenäs (FI) and expansion of high-pressure casting capacities in ceramic production are just some of the many major and minor improvements made in the production processes:

- State-of-the-art systems were set up at the site in Rapperswil-Jona for the technically demanding large-scale production of pressfittings for the new FlowFit supply system. These systems allow for fittings that are ready to install and packed ready for shipment to be manufactured in a single, uninterrupted pass.
- At the plant in Pfullendorf, an expansion of production capacities for concealed cisterns was started in order to also be able to cope with continuously growing demand in future. At the same time, the existing flow production will also be optimised further. To do this, structural measures will be implemented and additional production lines set up.
- In Ekenäs, work has started on developing a second mould building competence centre for the demanding ceramics high-pressure casting process. In future, all high-pressure casting tools required in ceramic production across the Group will be manufactured here and at the plant in Bromölla (SE).
- New production lines with state-of-the-art high-pressure casting machines have been set up at the ceramics plants in Ekenäs (FI), Slavuta (UA) and Kolo (PL). The high-pressure casting process ensures stable processes and very low scrap rates.

## POSITIVE IMPACTS OF THE BRAND SWITCH

The streamlining of the brand portfolio (see the section on → **Customers**) had a direct effect on the production plants. The replacement of Keramag in the previous year and of Allia, Pozzi Ginori and Sphinx with the Geberit brand in the reporting year required a special effort that will pay off in the medium and long term through the significant reduction in complexity of the existing product range.

## ENVIRONMENTAL MANAGEMENT IN PRODUCTION

As already mentioned, continuous improvements at the plants are aimed at increasing efficiency by saving resources. GPS 2.0 ensures that the goals associated with a continuous improvement in sustainability are also taken into account. One example of this is the use of recycled plastic. At the plants in

Pfullendorf (DE), Ruše (SI) and Rapperswil-Jona (CH), bought-in plastic regranulate is used to manufacture components for actuator plates, fill and flush valves, and for the Monolith sanitary module.

# LOGISTICS AND PROCUREMENT

## DELIVERY CAPABILITY AND PRODUCT AVAILABILITY IN LOGISTICS ENSURED

At the end of 2020, Group logistics comprised the central logistics centre for installation and flushing systems and piping systems in Pfullendorf (DE) as well as a decentralised network of 13 European distribution sites for bathroom products.

In the reporting year, logistics at Geberit was also faced with major challenges due to the COVID-19 pandemic. Thanks to the outstanding commitment and flexibility of the employees, it was nonetheless largely possible to ensure delivery capability and product availability around the world and also compensate for the partly significant volume fluctuations.

## FURTHER STANDARDISATION IN CERAMICS LOGISTICS

The integration of the ceramics business into Group logistics was completed back in 2019. Nonetheless, it was possible to further standardise processes in ceramics logistics in the reporting year thanks to the Geberit Logistics Operation System (GLOS) – a system used for the continuous improvement of business processes.

Implementation of the OneERP project – where the IT systems and processes are adjusted to the Group ERP standard – also continued successfully. In this context, preparations for the introduction of the Group-wide SAP ERP system in Italy progressed so well during the reporting year that it was ready for operation from 1 January 2021. In 2021, the aim is to prepare further sites for switching over to the SAP EWM storage management system. In Sweden and Finland, where the system was introduced back in 2019, further process improvements and increased overall productivity have been achieved.

## IMPACTS OF THE BRAND SWITCH

The streamlining of the brand portfolio (see the section on → **Customers**), which was completed in 2020 with the brand switch in France, Italy and the Netherlands, also had a direct effect on logistics. As part of the brand switch, the inventories were adapted and numerous end user showrooms were also supplied with new ceramic appliances and furniture. Thanks to coordinated processes and smooth cooperation between production, logistics and sales, it was possible to ensure that bottlenecks did not occur in the markets at any time during the switchover process.

## SYNERGIES IN TRANSPORT MANAGEMENT

Great importance is attached to central transport management as the interface between suppliers, production plants, wholesalers and transport service providers in order to enable cost- and resource-optimised transport solutions. Customers generally receive orders of Geberit sanitary technology products in a single truck delivery. This not only reduces the number of empty kilometres, it also increases truck capacity utilisation and reduces CO<sub>2</sub> emissions (see also → **Strategy Green Logistics**). Geberit's key transport service providers are required to report regularly on reductions in energy consumption and emissions. Checks are also made regularly as to whether new, sustainable truck technologies can be used in logistics across the Geberit Group.

## COMPLIANCE WITH CODE OF CONDUCT FOR SUPPLIERS CHECKED

The Corporate Purchasing department is responsible worldwide 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 business partners and suppliers are obligated to comply with → **comprehensive standards**. This applies to quality, socially responsible and healthy working conditions as well as environmental protection and the commitment to fair business practices. The basis for cooperation is the → **Code of Conduct for Suppliers**. This Code is aligned with the principles of the United Nations Global Compact and is available in 15 languages. As of the end of the reporting year, a large majority of suppliers as measured in terms of purchasing volumes had signed the Code.

Corporate Purchasing and Sustainability jointly ensure that the standards found in the Code of Conduct are upheld by conducting regular EHS (Environment, Health and Safety) audits. The number of audits made and their content are selected with the help of a risk matrix. The goal of these audits is to also check compliance with the respective national legislation and regulations in the areas of environmental pro-

tection and occupational health and safety, plus compliance with local regulations in terms of salary payment, the payment of health insurance premiums and pension contributions by the employer, and regulations concerning working hours and overtime. The audits are carried out by an independent service provider. Appropriate measures are initiated where required. During the reporting year, five external audits on EHS were carried out at suppliers in the area of procurement.

#### **SUPPLIER INTEGRITY LINE**

Introduced in 2017, the Supplier Integrity Line from Geberit 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 hotline is free of charge for users and is operated by an independent service company in a total of eleven languages. Violations can also be reported online via an external URL. No violations of the guidelines set out in the Code of Conduct for Suppliers were reported in 2020.

# SUSTAINABILITY

## LONG-TERM, SUSTAINABLE VALUE CREATION

An initial environmental strategy was tabled and specific measures implemented at Geberit as far back as 1990. Over the years, this strategy was gradually developed into a comprehensive → **Sustainability strategy**, is now an integral part of the corporate culture, and is linked to the → **Sustainable Development Goals** of the United Nations. The sustainability strategy bundles together current and future projects, initiatives and activities, and contains clear responsibilities with measurable objectives, derived measures and quantifiable key figures for effective monitoring. In this strategy, aspects relating to employees and society, plus the environment and economy are given equal consideration. A total of twelve sustainability modules form the basis here. Among these are occupational health and safety, social responsibility, conservation of resources, energy and CO<sub>2</sub> reduction, eco-design and green procurement.

## FOCUS ON FOUR GLOBAL GOALS

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 – with significant support from the business world. Four of these goals are particularly important to Geberit. The goal calling for “equitable access to clean drinking water and basic sanitation” for all people worldwide is key to the company’s efforts, as is the goal of “sustainable cities and communities”. With its durable sanitary technology, an important contribution is also made towards “developing robust infrastructures” and promoting “sustainable industrialisation”.

Sparing, careful use of water as a valuable resource is one of Geberit’s core areas of focus. An analysis of Geberit’s entire value chain in the form of a water footprint shows that nearly 100% of water consumption is attributable to the product use phase.

## WATER FOOTPRINT THROUGHOUT THE VALUE CHAIN IN 2020

### PROVISION OF RAW MATERIALS

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



**0.15%**  
(6.7 million m<sup>3</sup>)

### MANUFACTURING

A mere 0.02% of the water was used in the manufacture of products.



**0.02%**  
(1.0 million m<sup>3</sup>)

### USE

The greatest water consumption by far occurs during the use of products manufactured in 2020 during their entire service life (cisterns, urinal flushing systems and washbasin taps).



**99.83%**  
(4,572 million m<sup>3</sup>)

### DISPOSAL

Less than 0.01% of the total amount of water was used for the disposal of products.



**< 0.01%**  
(0.2 million m<sup>3</sup>)

## GREEN BUILDING SUPPORTED BY DIGITALISATION

Green building is becoming ever more important. More and more buildings are being constructed in accordance with sustainability standards such as LEED, DGNB, Minergie or BREEAM. As they increase transparency and are intended to provide data relating to sustainability, these standards also influence the planning processes in sanitary technology. For many years, Geberit has been creating product life cycle assessments and externally inspected environmental product declarations (EPDs) in accordance with the European standard EN 15804. EPDs present relevant, comparable and verified information about a product’s environmental performance in a transparent manner. Four new EPDs for the new FlowFit drinking water system were compiled in the reporting year: two EPDs for the fittings (one for the plastic fittings and one for the metal fittings) and one EPD each for the multilayer pipes and plastic pipes. There was also an EPD update for the AquaClean Mera shower toilet.

In order to meet the increased demand for digitally available data, a medium- to long-term goal is the creation of a "material passport" for each individual product. This contains information on the product materials used and the associated ecological footprint.

### **SUPPORT FOR THE CIRCULAR ECONOMY**

Thanks to top-class materials and strict quality requirements, Geberit products have a service life spanning several decades. Furthermore, they are usually backwards-compatible and can be cleaned, maintained and repaired easily. A significant proportion of the product range also has a guaranteed spare parts availability of up to 25 years. In production, the goal is to close internal material cycles, and to minimise waste and recycle it where appropriate. Additionally, plastics processing plants are also working towards constantly increasing the share of bought-in plastic regrain used (post-consumer waste). In general, the use of recycled plastics in production is continuously being driven forward. In future, recycled material should also be partly used in applications involving polypropylene (PP), for example.

### **REDUCING THE USE OF PACKAGING MATERIAL**

The goal of using less packaging material is followed continuously in various areas of production and logistics. For example, packaging of the sanitary flush unit has been optimised by dispensing with the polystyrene insert (leading to a 35% reduction in packaging volume) and using only recyclable cardboard boxes (which makes disposal easier). This results in savings of around 33 tonnes of CO<sub>2</sub> per year.

### **CAREFUL HANDLING OF PLASTICS**

In 2020, Geberit joined Operation Clean Sweep (OCS). OCS is an international initiative promoted by the plastics industry dedicated to preventing the loss of plastic granules, flakes and powder and ensuring that these materials do not pollute the environment. By joining the initiative, Geberit commits itself to ensuring that plastic granules do not pollute the environment, among other aspects. All Geberit plants that process plastics take part in the initiative and are obliged to define and implement improvements.

### **ECO-DESIGN AS AN INTEGRAL PART OF EACH DEVELOPMENT PROCESS**

The eco-design approach has been consistently applied at Geberit 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 should be better than its predecessor from an ecological perspective. The CleanLine shower channel is one example of this. Significant material savings amounting to 85% less stainless steel per shower channel were achieved as part of the product development. Furthermore, it was also possible to significantly reduce the amount of packaging material. Compared to the predecessor model, these measures led to a significant reduction in CO<sub>2</sub> emissions of around 7,300 tonnes in total.

## FURTHER IMPROVEMENT OF ENVIRONMENTAL PERFORMANCE AT A HIGH LEVEL

The absolute environmental impact of the Geberit Group decreased by 8.9% in 2020, even though currency-adjusted net sales increased by 1.3% in the same period. The environmental impact in relation to currency-adjusted net sales (eco-efficiency) decreased by 10.1%. Since the integration of the energy-intensive ceramics production in 2015, eco-efficiency has improved by 34.8%. As regards the long-term target, which is based on an average annual decrease of 5% per year, Geberit therefore remains very well on course.

CO<sub>2</sub> emissions were reduced in 2020 by 7.2% to 206,553 tonnes. In relation to currency-adjusted net sales, emissions decreased by 8.4%. Since the integration of the energy-intensive ceramics production in 2015, CO<sub>2</sub> emissions in relation to net sales have fallen by 32.6%. This enabled the targets set out in the long-term → **CO<sub>2</sub> strategy** for reducing → **CO<sub>2</sub> 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 CO<sub>2</sub> strategy. The first pillar is about savings in energy consumption, such as the deactivation of facilities that are not currently needed. Increasing efficiency forms the second pillar. The third pillar entails the targeted sourcing of high-quality renewable energies. The detailed → **CO<sub>2</sub> balance sheet** and all measures taken to reduce CO<sub>2</sub> 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 leading position in the industry in the area of sustainability. Eco-efficiency and relative CO<sub>2</sub> emissions are to be improved by 5% per year (see also → **Sustainability Strategy 2021–2023**). One major system helping to achieve this target is the integrated Geberit Management System, which unites aspects such as quality, environment, occupational health and safety, and energy. At the end of the reporting year, all 29 production plants and central logistics were certified in accordance with ISO 9001 (quality), ISO 14001 (environment) and ISO 45001 (occupational health and safety). Certification according to ISO 50001 (energy management) is taking place for selected sites.

## COMPREHENSIVE CONTROLLING AND REPORTING

Since 2007, a sustainability performance report of the Geberit Group has been prepared annually in accordance with the guidelines of the Global Reporting Initiative (GRI). This has been carried out according to the new GRI Standards since 2018. The information disclosed within the scope of this reporting has been compiled in accordance with the "Comprehensive" option contained in the GRI Standards. The sustainability reporting has been subjected to and has successfully completed the GRI Materiality Disclosures Service, see → **GRI label and formal GRI Content Index**. All aspects of the GRI Standards can be found in the → **Sustainability Performance Report** for 2020. The → **materiality analysis** reviewed by an → **external stakeholder panel** for the fifth time in 2020 as well as the sustainability strategy have been further developed.

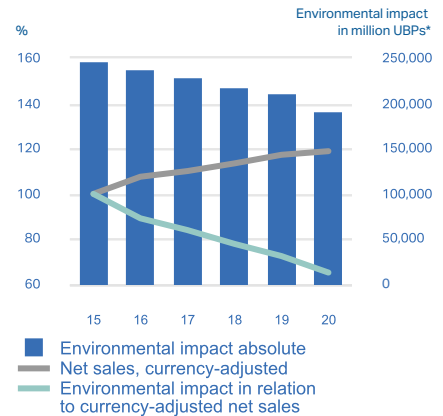
Geberit has been a member of the United Nations (UN) Global Compact since 2008. The purpose of this worldwide agreement between companies and the UN is to place globalisation on a more social and ecological footing. A → **Communication on Progress** regarding measures in the areas of human rights, labour 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**.

## GREATER IMPORTANCE OF SUSTAINABLE BUSINESS MANAGEMENT FOR THE CAPITAL MARKET

The activities in terms of sustainable business management are recognised by the capital market. Geberit is prominently 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 In-

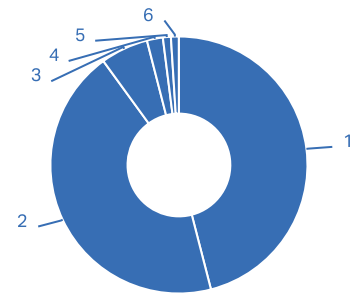
## Environmental impact 2015–2020

(index: 2015 = 100)



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

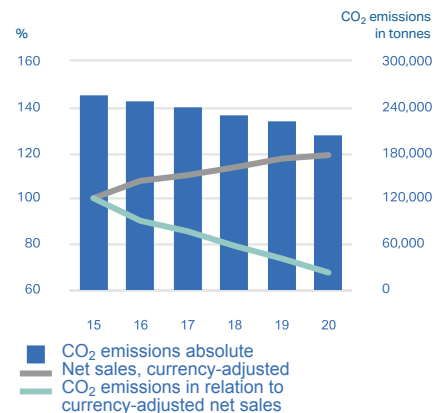
## Distribution environmental impact 2020



- 1 Combustibles (46%)
- 2 Electricity (44%)
- 3 Fuels (6%)
- 4 Disposal (2%)
- 5 Water/waste water (1%)
- 6 Solvents (1%)

## CO<sub>2</sub> emissions 2015–2020

(index: 2015 = 100)



dex 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.



# COMPLIANCE

## COMPREHENSIVE COMPLIANCE ORGANISATION AND ACTIVITIES

Compliance activities encompass the topics antitrust legislation, data protection, corruption, product liability, environment and fundamental employee rights. Audits are carried out to check the corresponding regulations are being adhered to.

Corporate Sustainability and Process Management is responsible for compliance topics connected to the environment, while Corporate HR is responsible for fundamental employee rights. Otherwise, the Geberit Group's legal department is the point of contact for all issues related to compliance. Regular internal audits demonstrate a well-developed sensitivity among the employees in relation to compliance topics, particularly in the area of antitrust legislation and data protection.

As in previous years, compliance activities again focused on antitrust legislation and data protection in 2020. Comprehensive training courses were carried out, including eLearning modules, for example. In these courses, employees were made aware of the respective topic and informed about the applicable legal regulations and the directives within the Group. The training concepts and tools were developed further and professionalised. Geberit has effective instruments at its disposal for the comprehensive and straightforward training of affected employees across the Group on the topics of antitrust legislation and data protection.

In the reporting year, Group management and all employees at the European sales companies were trained on the topic of antitrust legislation. It is planned to carry out these training courses at the companies outside Europe in 2021.

## FOCUS ON DATA PROTECTION

The implementation of the General Data Protection Regulation (GDPR), which was started in 2018, was completed in all Group companies where the GDPR is applicable in 2020.

An external audit of the data-protection compliance system was carried out to ensure conformity with GDPR requirements. Corrective measures were implemented in cases where the audit results did not meet internal requirements. Employees in HR and marketing who are particularly affected by the topic were trained using a newly created training programme addressed specifically to their needs.

# SOCIAL RESPONSIBILITY

## PROJECTS WITH APPRENTICES

Geberit assumes social responsibility and combines this with the core topics of water and basic sanitation. Commitments should be linked to both expertise and corporate culture at the company. This approach contributes to the → **mission** of achieving sustained improvement in the quality of people's lives.

This mission includes social projects involving Geberit apprentices, which have been carried out since 2008 as part of the company's social responsibility. During their assignments in developing and newly industrialised countries, the young apprentices not only gain new intercultural, linguistic, professional and social competencies, but also often end up as ambassadors for the company and its social commitment following these formative weeks abroad. The 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.

The tradition of carrying out social projects was continued in 2020, this time in Romania. However, apprentices were unfortunately unable to take part due to restrictions in connection with COVID-19. Working in close cooperation with a non-governmental organisation and with the support of the local Geberit sales company, Geberit helped to construct the bathrooms at a newly built children's hospital.

## GLOBALLY ENGAGED

Geberit continued its partnership with the Swiss development organisation Helvetas with a series of initiatives and supported the new Helvetas campaign with a substantial sum of money. As part of a knowledge transfer project launched and implemented several years ago, two Geberit employees again travelled to Nepal at the start of 2020 in order to pass on basic know-how in sanitary technology as part of a training project. A major donation was also made to support Helvetas-run water projects around the world.

The Geberit Group's social commitment is rounded off by a multitude of other initiatives at a local level. In Germany, Austria and Switzerland, for example, simple assembly and packaging work is regularly awarded to workshops for people with disabilities. In the reporting year, this work amounted to around CHF 9 million and gave around 500 people meaningful work.

Additionally, on the initiative of Geberit employees, a long-term solution was found for some of the ceramic sanitary appliances that were discontinued, but as good as new, following the → **brand harmonisation** in Germany. These appliances were loaded on five trucks and sent to Moldova, where they have been installed in various social institutions.

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, 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. No donations were made to parties or politicians. This is ensured globally as part of the annual audit of the Code of Conduct.

# CHANGES IN GROUP STRUCTURE

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 → **32. Group companies as of 31 December 2020**).

# OUTLOOK

## FRAMEWORK CONDITIONS IMPACTED BY THE EFFECTS OF COVID-19

As a result of the ongoing uncertainties in relation to the COVID-19 pandemic and the lack of visibility, it remains very difficult – if not impossible – to provide an outlook, which is why this has been dispensed with in this annual report.

## CURRENCIES AND RAW MATERIALS

Fluctuations in the Swiss franc compared to other important currencies used by the Geberit Group will continue to affect sales and earnings. Gains and losses result mainly from the translation of local results into Swiss francs (translation effects). However, currency fluctuations generally have no significant impact on operating margins due to natural currency hedging. Natural currency hedging 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.

## GEBERIT

In the coming year, the objective is again to perform strongly in all markets and, as in previous years, to gain further market shares. To this end, significant contributions will be made by new products introduced in recent years, the focus on markets in which Geberit products or technologies are still under-represented, and the further expansion of the shower toilet business. In line with the Geberit strategy, these measures shall be accompanied by efforts to continuously optimise business processes in order to be able to achieve continued high margins and a strong free cashflow also in 2021. Based on the strong foundation already built up over the past decades, the sustainability performance should also continue to improve.

Both the Board of Directors and Group Executive Board are convinced that the Geberit Group is very well equipped and positioned to meet current and upcoming opportunities and challenges in order to emerge stronger from the global economic crisis caused by the COVID-19 pandemic. The possibilities offered as a result of combining technical know-how in sanitary technology “behind the wall” and design expertise “in front of the wall” will continue to be firmly seized. In 2021, a focal point will again be the continued implementation of the digitalisation strategy. 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 its future success.

BUSINESS REPORT

**CORPORATE  
GOVERNANCE**  
2020

# 1. GROUP STRUCTURE AND SHAREHOLDERS

## 1.1 GROUP STRUCTURE

The operational Group structure is shown in the diagram → **Annual Report 2020, Business Report, Management structure, p. 9.**

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 2020, Business Report, Geberit share information, p. 7.**

The Group's consolidated subsidiaries are listed under → **Annual Report 2020, Financials, Consolidated Financial Statements Geberit Group, Notes to the Consolidated Financial Statements, Note 32**, 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 listed 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 (Finanzmarktinfratstrukturgesetz, FinfraG) held more than 3% of the voting rights or share capital recorded in the Commercial Register on 31 December 2020.

Disclosure notifications reported to Geberit during 2020 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](http://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 2018, 2019 and 2020 financial years.

The current Articles of Incorporation can be viewed online at → **[www.geberit.com/investors/downloads/publications](http://www.geberit.com/investors/downloads/publications)**.

### Significant shareholders\*

(as of 31 December 2020) in %

Black Rock, New York, US	5.21
Geberit AG, CH	3.08
Fiera Capital Corporation, CA	3.06

\* In accordance with the corresponding reports to the SIX Swiss Exchange

## 2. CAPITAL STRUCTURE

### 2.1 CAPITAL

Amount of ordinary, authorised and conditional capital of the company as of 31 December 2020:

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

### 2.2 AUTHORISED AND CONDITIONAL CAPITAL DETAILS

As of 31 December 2020, the Geberit Group had no conditional or authorised capital.

### 2.3 CHANGES IN CAPITAL

For Geberit AG's changes in capital, see 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 2020 (→ **Annual Report 2020, Financials, Consolidated Financial Statements Geberit Group, Consolidated Statements of Changes in Equity**), including the Notes to the Consolidated Financial Statements (→ **Annual Report 2020, Financials, Consolidated Financial Statements Geberit Group, Notes to the Consolidated Financial Statements, Note 21**), to the information in the → **Annual Report 2020, Financials, Financial Statements Geberit AG**, as well as to the 2018 figures in the 2019 Annual Report (Consolidated Financial Statements Geberit Group: → **Annual Report 2019, Financials, Consolidated Financial Statements Geberit Group, Consolidated Statements of Changes in Equity** and → **Annual Report 2019, Financials, Consolidated Financial Statements Geberit Group, Notes to the Consolidated Financial Statements, Note 21**; → **Annual Report 2019, Financials, Financial Statements Geberit AG**).

The share buyback programme, launched in June 2017, was completed at the end of April 2020. In total, 1,026,094 registered shares – equal to CHF 439,767,616 and corresponding to 2.77% of the share capital entered in the Commercial Register at that time – were repurchased. The share buyback programme was conducted via a second trading line set up especially for this purpose. A proposal will be submitted to the ordinary General Meeting on 14 April 2021 to carry out a capital reduction in the amount of the repurchased shares and to cancel these shares.

The new share buyback programme was started on 17 September 2020. Over a maximum period of two years, registered shares amounting to a maximum purchase value of CHF 500 million will be repurchased. Based on the closing price of Geberit registered shares on 15 September 2020, this corresponded to around 950,000 registered shares or 2.6% of the share capital currently entered in the Commercial Register. The registered shares are repurchased via a separate trading line on the SIX Swiss Exchange for the purpose of a capital reduction. In addition to the capital reduction from the share buyback programme of 2017 to 2020, a proposal will also be submitted to the ordinary General Meeting on 14 April 2021 to carry out a capital reduction in the amount of the shares repurchased as part of the new programme by the end of February 2021, and to also cancel these shares.

### 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. All 37,041,427 registered shares of Geberit AG are 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

MCHF	31.12.2018	31.12.2019	31.12.2020
Share capital	3.7	3.7	3.7
Reserves	757.3	837.2	987.2
Retained	482.7	560.0	603.7

in accordance with Art. 27 of the company's → **Articles of Incorporation** and allocated to the general reserve. As of 31 December 2020, the company held 1,415,834 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](http://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. Art. 5 of the → **Articles of Incorporation** stipulates 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 2020, there were two registrations in the share register of shares with voting rights held by nominees. In both instances, the nominee requested the registration of shares in excess of the 3% registration limitation. The Board of Directors approved this because the nominees in question met the requirements in the Articles of Incorporation that would enable such an exemption.

As of 31 December 2020, two nominees were registered in the share register of Geberit AG with voting rights of more than 3% of the total outstanding share capital:

- Chase Nominees Ltd.: 6.96%
- NorTrust Nominees Ltd.: 3.6%

The Board of Directors did not have to delete any entries in the share register retroactively as of the date of entry in the 2020 reporting year.

According to Art. 11 of 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 2020, 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](http://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 2020, Business Report, Remuneration Report, 8. Summary of share and option plans 2020, p. 86** and → **Annual Report 2020, Financials, Consoli-**



**dated Financial Statements Geberit Group, Notes to the Consolidated Financial Statements, Note 17** 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 2020, the Board of Directors was composed of six non-executive, independent 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, independent 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**
- **Chairman of the Board of Directors Lonza Group AG, Basel (CH); Vice Chairman of the Board of Directors Investis Holding SA, Zurich (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 Chemical 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 Executive Area 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. From November 2019 to October 2020, he was also Chief Executive Officer (CEO) a. i. at Lonza.

Albert M. Baehny 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.

---

#### Felix R. Ehrat (1957)

- **Non-executive, independent member of the Board of Directors since 2013**
- **Swiss citizen**
- **Chairman of the Board of Directors Globalance Bank AG, Zurich (CH); Member of the Board of Directors Idorsia AG, Allschwil (CH); Member of the Board of Directors Swiss Fintech AG (Loanbox), Zurich (CH); Member of the Board of Directors Hyos Invest Holding AG, Zurich (CH); Member of the Advisory Committee RepRisk AG, Zurich (CH); Member of the Advisory Board Accenture, 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 Mc-George School of Law in Sacramento (US). He has also completed a number of management training courses, including at Harvard University in Boston (US). From October 2011 to June 2018, he was Group General Counsel of Novartis and, since 1 January 2012, was a member of the Executive Committee of the Novartis Group, a company in which he has held a number of other executive positions. Felix R. Ehrat was active as 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. Furthermore, he has held posts in major business organisations, e.g. member of the board at economiesuisse (2013–2015), Chairman of SwissHoldings (2015–2017) and member of the think tank Avenir Suisse (Member of the Board of Trustees [2014–

2019)). He is a lecturer at the University of St. Gallen (CH) and Member of the Board of Trustees at the Law and Economics Foundation St. Gallen and the UZH Foundation (University of Zurich).

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.

---

#### **Werner Karlen (1967)**

- **Non-executive, independent member of the Board of Directors since April 2020**
- **Swiss citizen**
- **CEO Fr. Sauter AG, Basel (CH)**

Werner Karlen studied Industrial Management and Manufacturing (Dipl. Ing. ETH) at the Swiss Federal Institute of Technology (ETH) in Zurich (CH) and then completed his doctorate (Dr. oec. HSG) at the University of St. Gallen (CH). Following his studies, he started his career as a sales engineer at ABB Kraftwerke AG in Baden (CH) and was Project Manager at McKinsey & Company in Zurich (CH) from 1996 to 2000. He then took over as COO (production, purchasing, finances, foreign subsidiaries) at Biella-Neher AG in Brügg (CH). From 2002 to 2009, he was COO at Phoenix Mecano AG in Kloten (CH) and from 2010 to 2014, CEO (and member of the Board of Directors in 2015/2016) at Schulthess Group AG in Bubikon (CH).

Werner Karlen 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.



---

#### **Bernadette Koch (1968)**

- **Non-executive, independent member of the Board of Directors since 2019**
- **Swiss citizen**
- **Member of the Board of Directors Mobimo Holding AG, Lucerne (CH); Member of the Board of Directors Swiss Post AG, Bern (CH); Member of the Board of Directors PostFinance AG, Bern (CH)**

Bernadette Koch is a graduate business economist and a certified public accountant. She has over 25 years of experience in auditing and financial reporting, which she acquired at EY Switzerland. As Global Client Service Partner, she was responsible for the auditing mandates of national and international companies. Furthermore, she brings a wide range of experience from her role as the Talent Officer of EY Assurance Switzerland and as a member of the Management Committee from EY Switzerland's Auditing division. She worked for EY until 2018. Today, Bernadette Koch shares her extensive experience as a Board of Directors member and advisor.

Bernadette Koch 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.

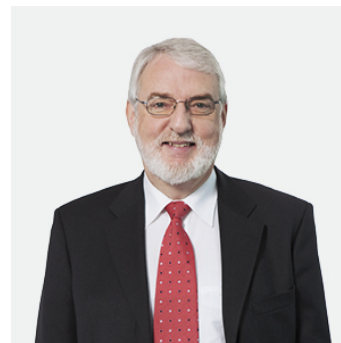


---

#### **Hartmut Reuter (1957)**

- **Vice Chairman of the Board of Directors since April 2016; non-executive, independent member of the Board of Directors since 2008**
- **Citizen of Switzerland and Germany**
- **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 Münders (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.

---

#### Eunice Zehnder-Lai (1967)

- **Non-executive, independent member of the Board of Directors since 2017**
- **Citizen of Switzerland and Hong Kong**
- **Member of the Board of Directors DKSH Holding AG, Zurich (CH); Member of the Board of Directors Bank Julius Bär & Co. Ltd., Zurich (CH); Member of the Board of Trustees Asia Society Switzerland Foundation, Zurich (CH); Member of the Board of Trustees Asia Society, New York (US)**

Eunice Zehnder-Lai holds a Master of Business Administration from Harvard Business School (US) and a Bachelor of Arts from Harvard University (US). From 2014 until the end of November 2018, she was CEO of IPM Institut für Persönlichkeitsorientiertes Management, a firm headquartered in Pfäffikon (CH) that offers solutions aimed at enhancing the efficiency of organisations 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.

---

For former members of the Board of Directors who have left the Board during the past five years, please refer to the following links:

- → **Thomas M. Hübner, (Annual Report 2018, Business Report, Corporate Governance, 3. Board of Directors)**, left the Board on 4 October 2019
- → **Jørgen Tang-Jensen, (Annual Report 2018, Business Report, Corporate Governance, 3. Board of Directors)**, left the Board on 3 April 2019
- → **Regi Aalstad, (Annual Report 2016, Business Report, Corporate Governance, 3. Board of Directors)**, left the Board on 5 April 2017
- → **Robert F. Spoerry, (Annual Report 2015, Business Report, Corporate Governance, 3. Board of Directors)**, left the board on 6 April 2016

### 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 Art. 24 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](http://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.

Hartmut Reuter (Chairman) and Eunice Zehnder-Lai were re-elected to the Nomination and Compensation Committee at the ordinary General Meeting on 1 April 2020. Werner Karlen was newly elected to the Nomination and Compensation Committee. The constitution subsequent to the ordinary General Meeting 2020 resulted in the following composition of the Audit Committee: Felix R. Ehrat (Chairman), Bernadette Koch, Hartmut Reuter. Hartmut Reuter continues to hold the office of Vice Chairman of the Board of Directors.

Hartmut Reuter will not be standing for re-election at the ordinary General Meeting in 2021 after 13 years on the Board of Directors of Geberit AG. Within the context of succession planning, the Geberit AG Board of Directors will nominate Thomas Bachmann as a new member of the Board of Directors. The Chairman of the Board of Directors and all remaining members of the Board of Directors will be standing for re-election for a further year.

The following changes in the Board of Directors and committees are planned following the departure of Hartmut Reuter:

- Subject to her re-election as a member of the Board of Directors, Eunice Zehnder-Lai, will take over the office of Vice Chairperson of the Board of Directors.
- Thomas Bachmann will be nominated to become a new member of the Nomination and Compensation Committee at the General Meeting 2021.
- Subject to her re-election as a member of the Nomination and Compensation Committee, Eunice Zehnder-Lai will be appointed Chairperson of the Nomination and Compensation Committee.
- Werner Karlen will join the Audit Committee.
- The composition of the committees is otherwise 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](http://www.geberit.com/investors/downloads/publications))** and the → **Organisational Regulations of the Board of Directors of Geberit AG ([www.geberit.com/investors/downloads/publications](http://www.geberit.com/investors/downloads/publications))** (see also → **Annual Report 2020, 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 in accordance with the → **Articles of Incorporation**, the Chairman of the Board of Directors and the members of the Nomination and Compensation Committee are each to be elected annually and on an individual basis by the General Meeting. After each ordinary General Meeting, the Board of Directors elects the Vice Chairman from among its members, as well as the Chairman of the Nomination and Compensation Committee and the Chairman and the members of the Audit Committee.

The Board of Directors meets whenever business so requires, but at least four times a year generally for a day each (2020: nine meetings or telephone conferences). Each meeting that took place in 2020 lasted three and a half hours on average, and each telephone conference 15 minutes. 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 for the most part. The internal auditors did not take part in any meetings of the Board of Directors. None of the meetings involved the participation of external consultants or external auditors.

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 2020 was 98%.

	3 Mar	9 Mar	1 Apr	1 Jul	17 Aug	27 Aug	28 Aug	23 Oct	2 Dec
Albert M. Baehny	X	X	X	X	X	X	X	X	X
Felix R. Ehrat	X	X	X	X	X	X	X	X	X
Werner Karlen <sup>1</sup>	n/a	n/a	n/a	X	X	X	X	X	X
Bernadette Koch	X	X	X	X	X	X	X	-	X
Hartmut Reuter	X	X	X	X	X	X	X	X	X
Eunice Zehnder-Lai	X	X	X	X	X	X	X	X	X

<sup>1</sup> Werner Karlen has been a member of the Board of Directors since 1 April 2020

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. As a result, Thomas M. Hübner was replaced by Bernadette Koch in the Nomination and Compensation Committee as of 5 October 2019 following his death at the beginning of October 2019. 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.

At the ordinary General Meeting on 1 April 2020, Werner Karlen was newly elected to the Nomination and Compensation Committee in place of Bernadette Koch. The members of the Nomination and Compensation Committee as of 31 December 2020 were Hartmut Reuter (Chairman), Werner Karlen and Eunice Zehnder-Lai. The committee meets at least three times a year generally for a half day each (2020: four meetings). Each meeting that took place in 2020 lasted three hours on average, and the telephone conference 30 minutes. During the reporting year, one or more members of the Group Executive Board took part in the four meetings. The internal audi-



tors did not take part in any meetings of the Nomination and Compensation Committee. None of the meetings involved the participation of external consultants or external auditors.

The participation rate for meetings in 2020 was 92%.

	28 Feb	1 Jul	27 Aug	2 Dec
Hartmut Reuter	X	X	X	X
Werner Karlen <sup>1</sup>	n/a	X	X	X
Bernadette Koch <sup>2</sup>	–	n/a	n/a	n/a
Eunice Zehnder-Lai	X	X	X	X

<sup>1</sup> Werner Karlen has been a member of the Nomination and Compensation Committee since 1 April 2020

<sup>2</sup> Bernadette Koch was a member of the Nomination and Compensation Committee until 1 April 2020

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. In 2020, the CEO and CFO attended each meeting of the Audit Committee, at least in part. The internal auditors took part in all meetings, and the external auditors in two meetings. None of the meetings involved the participation of external consultants. 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 2020, the Audit Committee was composed of Felix R. Ehrat (Chairman), Bernadette Koch and Hartmut Reuter. It meets at least twice a year, generally for a half day each (2020: six meetings). Each meeting that took place in 2020 lasted two and a half hours on average, and each telephone conference 30 minutes.

The participation rate for meetings in 2020 was 100%.

	10 Jan <sup>1</sup>	3 Mar	29 Apr	11 Aug	27 Aug	1 Dec
Felix R. Ehrat	X	X	X	X	X	X
Bernadette Koch	X	X	X	X	X	X
Hartmut Reuter	X	X	X	X	X	X

<sup>1</sup> The meeting in December 2019 was moved to January 2020 due to scheduling reasons

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 auditors provide a comprehensive report on all audits carried out and the measures to be implemented. The external auditors take part in two of the meetings. In the first meeting of the year, they present their report on the financial statements. The second meeting, which takes place in the third quarter, focuses on the planning of the upcoming audit of the financial statements and developments in the regulatory environment. The Audit Committee monitors the implementation of the conclusions of the audit. In addition, the Audit Committee assesses the functionality of the internal control system, including risk management (see also → **Annual Report 2020, 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** 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 Definition of Areas of Responsibility), the Nomination and Compensation Committee and the Audit Committee can be viewed online at → [www.geberit.com/investors/downloads/publications](http://www.geberit.com/investors/downloads/publications).

### 3.6 DEFINITION OF AREAS OF RESPONSIBILITY

Pursuant to Swiss Corporate Law and Art. 17 of the → **Articles of Incorporation** at Geberit AG, the Board of Directors has the following non-transferable and irrevocable responsibilities:

- The ultimate management of the Company and the giving of the necessary directives
- The establishment of the organisation
- The structuring of the accounting system and the financial controls, as well as the financial planning
- The appointment and removal of the persons entrusted with the management and the representation
- The ultimate supervision of the persons entrusted with the management, in particular in view of compliance with the law, → **Articles of Incorporation**, regulations and directives
- The preparation of the annual report and of the remuneration 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** and the → **Supplement to the Organisational Regulations** ([https://annualreport.geberit.com/geberit/annual/2020/gb/English/pdf/supplement\\_BoD.pdf](https://annualreport.geberit.com/geberit/annual/2020/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 2020, the Group Executive Board is composed of the Chief Executive Officer and five other members. The members of the Group Executive Board are appointed by the Board of Directors based on the proposal of the Nomination and Compensation Committee.

The → **Articles of Incorporation** and/or the → **Organisational Regulations of the Board of Directors 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 of Geberit AG**, the → **Nomination and Compensation Committee (NCC)** and the → **Audit Committee (AC)** can be viewed at → [www.geberit.com/investors/downloads/publications](http://www.geberit.com/investors/downloads/publications).

### 3.7 INFORMATION AND CONTROL INSTRUMENTS VIS-À-VIS THE GROUP EXECUTIVE BOARD

At every meeting of the Board of Directors, individual 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** and the → **Organisational Regulations for the Audit Committee** 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 2020, Business Report, Business and financial review, Strategy and goals, Risk management, p. 16**). For information on the management of financial risks, refer to → **Annual Report 2020, Financials, Consolidated Financial Statements Geberit Group, Notes to the Consolidated Financial Statements, Note 4**. For information on other risks recorded in the reporting year and how they are dealt with, refer to → **Annual Report 2020, Business Report, Business and financial review, Strategy and goals, Risk management, p. 16**

The Internal Audit department at Geberit performs independent, objective auditing services in order to ensure that Geberit complies with applicable laws and internal directives and procedures. Functionally, the Internal Audit department reports to the Audit Committee. Administratively, the Internal Audit department reports to the Chief Financial Officer (CFO). The Audit Committee checks and approves the auditing plan from the Internal Audit department and significant changes made to it. 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 of Geberit AG**, the → **Organisational Regulations of the Nomination and Compensation Committee (NCC)** and the → **Organisational Regulations of the Audit Committee** can be viewed online at → [www.geberit.com/investors/downloads/publications](http://www.geberit.com/investors/downloads/publications).

## 4. GROUP EXECUTIVE BOARD

### 4.1/4.2 MEMBERS OF THE GROUP EXECUTIVE BOARD

At the end of 2020, the Group Executive Board was composed of six members.

#### Christian Buhl (1973)

- **Chairman of the Group Executive Board (CEO) 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 (CH) 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 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 2020, Business Report, Management structure, p. 9.**



#### Roland Iff (1961)

- **Head of Group Executive Area Finance (CFO)**
- **Member of the Group Executive Board since 2005**
- **With Geberit since 1993**
- **Swiss citizen**
- **Vice Chairman of the Board of Directors VZ Holding AG, Zurich (CH)**
- **Member of the Board of Directors Bauwerk Boen AG, Wallisellen (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. In 1997, he served as Head of Group Treasury. Roland Iff has been Head of Group Executive Area Finance (CFO) of the Geberit Group since 2005; see also → **Annual Report 2020, Business Report, Management structure, p. 9.**



#### Martin Baumüller (1977)

- **Head of Group Executive Area Marketing & Brands**
- **Member of the Group Executive Board since 2016**
- **With Geberit since 2011**
- **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 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 Executive Area Marketing & Brands since 2016; see also → **Annual Report 2020, Business Report, Management structure, p. 9.**

---

#### **Clemens Rapp (1981)**

- **Head of Group Executive Area Sales Europe**
- **Member of the Group Executive Board since April 2020**
- **With Geberit since 2009**
- **Austrian citizen**

Clemens Rapp completed his Master's degree in International Business at the Leopold-Franzens-University of Innsbruck (AT) in 2005. He started his career in 2006 at Hilti, first as sales consultant, then as Product Manager Installation Systems and afterwards as Key Account Business Development Manager for Central and Eastern Europe. In 2009, he joined Geberit as Head of Technical Sales at its Austrian sales company, before taking over as Managing Director here in 2012. From January 2015 to March 2020, he was Managing Director of the German sales company – the most important sales unit within the Geberit Group. Since 1 April 2020, Clemens Rapp has been Head of Group Executive Area Sales Europe; see also → **Annual Report 2020, Business Report, Management structure, p. 9.**

---



#### **Ronald van Triest (1969)**

- **Head of Group Executive Area Sales International**
- **Member of the Group Executive Board since 2015**
- **With Geberit since 2015**
- **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 Executive Area Sales International of the Geberit Group; see also → **Annual Report 2020, Business Report, Management structure, p. 9.**

---



#### **Martin Ziegler (1969)**

- **Head of Group Executive Area Products & Operations**
- **Member of the Group Executive Board since 2018**
- **With Geberit since 1995**
- **Swiss citizen**
- **Member of the Board of Directors Pincabo SA, Agarone (CH)**

Martin Ziegler completed his Master's degree in Industrial Engineering at ETH Zurich (CH) in 1994. Following his time as an assistant at ETH, he joined the Geberit Group in 1995. He initially worked for Geberit as a project manager in a German production plant before later becoming Head of Quality Management for the Group and working as Managing Director of the piping production plant in Givisiez (CH). From 2003, he headed up the Piping Systems product area at Group level for ten years – with the exception of one year where he worked in Shanghai (CN) as Head of Operations and Product Manager for the Asia/Pacific region. From 2012 to the end of 2017, he was responsible for the Group's EFA (Extrusion, Forming, Assembly) production plants. From 2018 to March 2020, he was Head of Group Executive Area Operations, and since April 2020 for the new Products & Operations Group Executive Area created from the two merged Group Executive Areas Operations and Product Management & Innovation; see also → **Annual Report 2020, Business Report, Management structure, p. 9.**

---



For former members of the Group Executive Board who have left the Board during the past five years, please refer to the following links:

- → **Michael Reinhard (Annual Report 2017, Business Report, Corporate Governance, 4. Group Executive Board)**, left the board on 31 December 2017
- → **Egon Renford-Sasse (Annual Report 2019, Business Report, Corporate Governance, 4. Group Executive Board)**, left the board on 31 March 2020
- → **Karl Spachmann (Annual Report 2019, Business Report, Corporate Governance, 4. Group Executive Board)**, left the board on 31 March 2020

#### **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 Art. 24 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](http://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 the → **Annual Report 2020, Business Report, Remuneration Report, p. 68**, which is also available online at → [www.geberit.com/investors/corporate-governance/remuneration-report/](http://www.geberit.com/investors/corporate-governance/remuneration-report/).

Art. 21 of the → **Articles of Incorporation (www.geberit.com/investors/downloads/publications/)** contains the relevant regulations relating to the principles of performance-based remunerations as well as remunerations in the form of shares, option rights and similar instruments. Art. 22 f. of the → **Articles of Incorporation** includes provisions regarding approval at the General Meeting of the maximum aggregate remunerations for the members of the Board of Directors and the Group Executive Board, as well as regarding the additional amount for the Group Executive Board. According to Art. 26 of the → **Articles of Incorporation**, no loans or credits shall be granted to members of the Board of Directors or the Group Executive Board.

# 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 Art. 11 of 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 Art. 10 of the company's → **Articles of Incorporation**. The company recognises only one representative per share.

Company shareholders have the option of using the → **Sherpany platform (www.sherpany.com)** to appoint their independent proxy for every General Meeting. A description of the method for registering and voting via the Sherpany platform is sent to all shareholders recorded in the share register.

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, → **Annual Report 2020, Business Report, Corporate Governance, 2. Capital structure, 2.6 Limitations on transferability and nominee registrations, p. 48.**

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 at → **[www.geberit.com/investors/downloads/publications](http://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 2020, Business Report, Remuneration Report, 5. Remuneration architecture, p. 76.**



## 8. AUDITORS

### 8.1 DURATION OF THE MANDATE AND TERM OF OFFICE OF THE LEAD AUDITOR

PricewaterhouseCoopers AG, Zurich (CH), 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 2020, PricewaterhouseCoopers invoiced the Geberit Group TCHF 1,715 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 286 relating to tax consultancy and support as well as TCHF 49 for other services. Therefore, the non-audit fees amount to 20% of the audit fees.

### 8.4 INFORMATION TOOLS OF THE EXTERNAL AUDITORS

The external auditors take part in two of the meetings of the Audit Committee. In the first meeting of the year, they present their report on the financial statements. The second meeting, which takes place in the third quarter, focuses on the planning of the upcoming audit of the financial statements and developments in the regulatory environment. Representatives of the internal auditors attend all meetings of the Audit Committee for specific agenda items, and to comment on their activities and answer questions.

The Audit Committee of the Board of Directors makes an annual assessment of the performance, fees and independence of the auditors, and 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 2020, Business Report, Corporate Governance, 3. Board of Directors, 3.5 Internal organisational structure, Audit Committee (AC), p. 55.**

## 9. INFORMATION POLICY

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

Printed summary annual reports as well as half-year reports are sent to shareholders. A comprehensive online version of the annual report, including an integrated sustainability report, is available on the website at → [www.geberit.com/annualreport](http://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](mailto: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](http://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](http://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](http://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 (containing General Meeting dates, publication dates for quarterly and half-year reports, and dividend payment dates), please refer to → **Annual Report 2020, Business Report, Geberit share information, Communication, p. 7.**

Headquarters:  
Geberit AG  
Schachenstrasse 77  
8645 Jona  
→ [www.geberit.com](http://www.geberit.com)

BUSINESS REPORT

**REMUNERATION  
REPORT**  
2020

# 1. INTRODUCTION

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 2020. 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 2021 Annual 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
2. Foreword by the Chairman of the Nomination and Compensation Committee
3. Remuneration at a glance
4. Determination of remuneration
5. Remuneration architecture
6. Board of Directors: remuneration and share ownership in 2020
7. Group Executive Board: remuneration and share/option ownership in 2020
8. Summary of share and option plans 2020
9. Summary of shares and options held by management and employees as of 31 December 2020
10. Report of the statutory auditor

For additional information on business development in 2020 see also → **Business and financial review**.

## 2. FOREWORD BY THE CHAIRMAN OF THE NOMINATION & COMPENSATION COMMITTEE

Dear shareholders,

On behalf of the Nomination and Compensation Committee (NCC, Nomination and Compensation Committee), I am pleased to present the 2020 Remuneration Report.

Following the election of the members of the Nomination and Compensation Committee during the Annual General Meeting for 2020, Werner Karlen was welcomed as a new member of the Committee.

Despite the COVID-19 crisis and the resulting, unprecedented slump seen in the construction industry in the second quarter, we are able to look back on a very good business and financial year. The results were negatively affected by currency developments. However, results in local currencies increased on all levels and significant market shares were gained despite the sales decrease as a result of COVID-19. The currency-adjusted sales growth was down to our rapid, successful crisis management, the conscious decision to not furlough employees in order to also maintain the levels of contact with customers during the lockdown periods, and a rapid transition to a digital customer service approach. This increase in the margin was mainly due to targeted cost savings (particularly marketing and expenses), the targeted, increased levels of flexibility in production and logistics, lower raw material prices, the natural currency hedging followed over the long term, and price increases. Thanks to these measures, it was also possible to compensate for the significant tariff-related increases in personnel expenses and additional investments in digitalisation initiatives. As a consequence of further improved, high profitability, we succeeded in further consolidating our position as the leading supplier of sanitary products and gained further market shares. Despite the COVID-19 crisis, the results were achieved without restructuring, dismissals, loss of pay, short-term work or other financial support from the state. 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.

There were no changes to the remuneration system of the Board of Directors in the reporting year. The remuneration system and the amount of remuneration for Geberit's Board of Directors conform to standard market practice and the Board of Directors confirmed that no changes were necessary.

There were no changes to the remuneration programmes for the Group Executive Board in 2020. The purpose of the changes implemented in the previous year was to harmonise and simplify the remuneration programmes.

In order to bring the interests of the members of the Group Executive Board into line with those of the shareholders and to strengthen their ties to the company, the CEO and each member of the Group Executive Board must satisfy the minimum requirements with respect to the ownership of shares in Geberit.

In the course of the year, the Nomination and Compensation Committee dealt with the conversion of the supplementary benefits under the Wohlfahrtsfonds into a collective foundation (Sammelstiftung) in accordance with Art. 1e BBV 2 (Ordinance on Occupational Retirement, Surviving Dependants' and Disability Pension Plans) for members of the Group Executive Board and around 100 additional managerial staff from Switzerland. In addition, the Committee has taken account of the feedback received from the shareholders at the Annual General Meeting in 2020 and modified the Remuneration Report slightly, rendering it more transparent. Otherwise, the Committee 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 Annual General Meeting. You will find further information on our activities and on Geberit's compensation system and governance on the following pages.

At the 2021 Annual 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 Annual General Meeting, and the maximum aggregate remuneration awarded to the Group Executive Board for the 2022 business year. Additionally, you will have the opportunity to express your opinion on this Remuneration Report in a consulta-

tive vote. You will see in the report that the remuneration awarded to the Board of Directors for the compensation period ending with the 2021 Annual General Meeting and the remuneration awarded to the Group Executive Board in 2020 are within the limits approved at the 2020 Annual General Meeting and 2019 Annual 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. Environmental protection, social responsibility and good Corporate Governance, also known as ESG topics (Environmental, Social and Governance), are growing in relevance. ESG topics and their measurability have been an integral part of the corporate strategy and operational implementation since the 1990s. To further emphasise accountability for and management of these efforts, we will integrate ESG targets in the remuneration of the Group Executive Board from 2022.

This report contains all relevant information on the remuneration paid to the Board of Directors and to the Group Executive Board in 2020. Our remuneration system rewards performance in a balanced and sustainable manner and aligns well with shareholders' interests.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'H. Reuter', written in a cursive style.

Hartmut Reuter  
Chairman of the Nomination & Compensation Committee

## 3. REMUNERATION AT A GLANCE

### BOARD OF DIRECTORS

#### SUMMARY OF CURRENT COMPENSATION SYSTEM

In order to ensure the independence in their supervisory function, members of the Board of Directors receive a fixed remuneration only, in the form of cash and shares, with a blocking period of four years.

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

See also → 5. Remuneration architecture, 5.1 Board of Directors

#### COMPENSATION IN 2020

The compensation awarded to the Board of Directors for the term of office until the Annual General Meeting 2020 is within the limits approved by the shareholders at the Annual General Meetings:

Comparison period	Approved amount (CHF)	Effective amount (CHF)
AGM 2019–AGM 2020	2,350,000	2,193,150
AGM 2020–AGM 2021	2,350,000	2,293,689*

\* As the compensation period is not yet completed, the final amount (including social security contributions) will be included in the Remuneration Report for Financial Year 2021.

### GROUP EXECUTIVE BOARD

#### SUMMARY OF CURRENT COMPENSATION SYSTEM

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 targets. It consists of short-term and long-term elements:

<b>Base salary</b>	Pay for the function	Fixed salary
<b>Benefits</b>	Cover retirement, death and disability risks, attract and retain	
<b>Short-Term Incentive</b>	Drive and reward performance, attract and retain	Variable salary
<b>Share Participation Programme (MSPP)</b>	Align with shareholders' interests	
<b>Long-Term Incentive (Share Option Plan/ MSOP)</b>	Drive and reward long-term performance, align with shareholders' interests, attract and retain	

See also → 5. Remuneration architecture, 5.2 Group Executive Board

## COMPENSATION IN 2020

The compensation awarded to the Group Executive Board in the financial year 2020 is within the limits approved by the shareholders at the Annual General Meeting:

Comparison period	Approved amount (CHF)	Effective amount (CHF)
Financial year 2020	11,500,000	9,790,676

### Performance in the financial year 2020

Achievement of all targets, including individual targets, for the calculation of the Short-Term Incentive for the members of the Group Executive Board exceeded the targets.

See also → **7. Group Executive Board, 7.1 Performance in 2020**

---

## REMUNERATION 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.

## COMPENSATION GOVERNANCE

- Authority for decisions related to remuneration is governed by the → **Articles of Incorporation** and the → **Organisational Regulations of Geberit AG**.
- The prospective maximum aggregate amounts of remuneration of the members of the Board of Directors and of the Group Executive Board are subject to a binding shareholders' vote at the Annual General Meeting.
- The Remuneration Report for the preceding period is subject to a consultative vote.

See also → **4. Determination of remuneration**



## 4. DETERMINATION OF REMUNERATION

### 4.1 NOMINATION AND COMPENSATION COMMITTEE (NCC)

Pursuant to the Articles of Incorporation and the Organisational Regulations of Geberit AG (see also → **Articles of Incorporation**), 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 Incorporation		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 <sup>1</sup> , LTI <sup>2</sup> )		Proposes	Approves	
Individual remuneration of the other members of the GEB	Proposes	Reviews	Approves	
LTI <sup>2</sup> grant for all other eligible parties	Proposes	Reviews	Approves	
Remuneration Report		Proposes	Approves	Consultative vote

<sup>1</sup> Short-Term Incentive

<sup>2</sup> Long-Term Incentive

The NCC meets at least three times per year and consists of independent and non-executive members of the Board of Directors only, who are elected annually by the shareholders at the Annual General Meeting. Since the 2020 Annual General Meeting, the NCC has consisted of Hartmut Reuter as Chairman as well as Eunice Zehnder-Lai and Werner Karlen as members. In 2020, the NCC held four meetings covering the predefined recurring agenda items illustrated below. The participation rate for NCC meetings was 92%.

	February	July	August	December
<b>Remuneration policy</b>	- Participation programme (STI and LTI programme, review ongoing throughout the year)	- Participation programme (STI and LTI programme, review ongoing throughout the year)		
<b>GEB matters</b>	- Individual performance appraisal (previous year) - STI payout (previous year) - Vesting of equity awards (previous years)		- Succession planning for GEB positions - Talent management session	- General update of Corporate Governance - Target remuneration (following year) - Target setting for STI (following year) - Option valuation and definition of performance criteria LTI for next grant
<b>BoD matters</b>		- BoD evaluation		- BoD remuneration (following year)
<b>Governance</b>	- AGM preparation (maximum amounts of remuneration of BoD and GEB to be submitted to "say-on-pay"-votes)		- Review of shareholders' and proxy advisors' feedback on the Remuneration Report	- Draft Remuneration Report - Agenda NCC for following year - Target income Head International Audit (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.

## 4.2 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 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 performed at that time was conducted on the basis of a peer group comprising industrial companies of a similar scale and geographic presence with headquarters in Switzerland. The peer group comprised Autoneum, Barry Callebaut, Bucher, Dätwyler, Dormakaba, Ems-Chemie, Georg Fischer, Givaudan, Logitech, Lonza, Mettler-Toledo, OC Oerlikon, Schindler, Schweiter, SFS, Sika, Sonova, Sulzer and Zehnder. 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 financial year 2020. 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 system and amount are reviewed periodically by the NCC. This includes regular participation in comparative studies. In 2019, consulting company Agnès Blust Consulting AG performed such a review on the basis of a comparative analysis of 19 Swiss industrial companies traded on the SIX Swiss Exchange. The remuneration analysis was conducted on the basis of a peer group of industrial companies with comparable market capitalisation, sales and employee numbers. The peer group comprised ABB, AMS, Aryzta, Barry Callebaut, Clariant, Dätwyler, Dormakaba, Forbo, Georg Fischer, Givaudan, LafargeHolcim, Logitech, Lonza, OC Oerlikon, Schindler, Sika, Sonova, Straumann and Sulzer. This consulting company is also advising the NCC on other matters of relevance for remuneration. It has no other consulting mandates from Geberit.

## 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.



## 4.3 SHAREHOLDER INVOLVEMENT

In the last few years, based on the feedback received from 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 Annual General Meeting, so that shareholders have an opportunity to express their opinion about the remuneration system.

## 4.4 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 (Article 21):  
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 (Article 22):  
Shareholders vote prospectively on the maximum aggregate remuneration amount for the Board of Directors until the next ordinary Annual 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 Annual General Meeting (Article 23):  
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 Annual 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 Annual General Meeting.
- Loans, credit facilities and post-employment benefits for members of the Board of Directors and the Group Executive Board (Article 26):  
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 best 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 → **5. Remuneration architecture, 5.1 Board of Directors**).

## 5. REMUNERATION ARCHITECTURE

### 5.1 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 the 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 structure and amount of the remuneration for the members of the Board of Directors were reviewed by an independent consulting company in 2019. The analysis indicated that the remuneration system for the Board of Directors of Geberit is in line with customary market practices and that therefore no modifications to the structure and amount of remuneration for the Board of Directors were necessary:

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 2021 Annual General Meeting to the 2022 Annual General Meeting is provided in the invitation to the 2021 Annual General Meeting.

### 5.2 GROUP EXECUTIVE BOARD

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

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

	Programme	Instrument	Purpose	Plan/ Performance period	Performance metrics in 2020
<b>Base salary</b>	Annual base salary	Monthly cash payments	Pay for the function		
<b>Short-Term Incentive, STI</b>	Short-Term Incentive, STI	Annual variable cash	Drive and reward performance, attract and retain	1-year performance period	Sales, EBITDA margin, EPS, ROIC, individual objectives
	Share Participation Programme MSPP	Matching share options in case of an investment of variable cash in restricted shares, cost-free performance share options	Align with shareholders' interests	Shares: 3-year restriction period  Share options: 3-year vesting period, 9-year plan period	Share options: ROIC
<b>Long-Term Incentive, LTI</b>	Share Option Plan MSOP	Performance share options	Drive and reward long-term performance, align with shareholders' interests, retain	3-year performance period, 9-year plan period	ROIC
<b>Benefits</b>	Pension	Swiss pension funds (Gemeinschaftsstiftung/Sammelstiftung) (supplementary benefits under Art. 1e BVV 2)	Cover retirement, death and disability risks		
	Perquisites	Company car, expense policy	Attract and 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 STI (assuming 100% achievement of all financial business goals) form the so-called target income. The variable target remuneration (i.e. the STI assuming 100% achievement of all objectives) is unchanged over the previous year. In accordance with standard market practice it is now expressed as a percentage of the annual base salary and equals 43% for the CEO and the other members of the Group Executive Board.

The financial objectives include equal weightings of sales performance and earnings per share (EPS) compared with the previous year as well as the margin on earnings before interest, taxes, depreciation and amortisation (EBITDA margin) and 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. Geberit wants to reinforce its position as market leader and consistently achieve above-average performance. As a general principle, the results achieved in the previous year must be specifically improved 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 short-term variable remuneration is capped, are determined. The payout level between the threshold, the target and the maximum is calculated by linear interpolation.

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

The individual performance component is based on the achievement of individual objectives predefined at the beginning of the year between the CEO and individual members of the Group Executive Board, and for the CEO, between the Board of Directors and the CEO. The individual objectives are of a more qualitative and strategic nature and may include, for example, objectives related to product and service innovation, leadership skills, entry in new markets, management of strategic projects and leadership.

The maximum payout for achievement of all objectives is 200% of the variable target remuneration, equivalent to 100% of the base salary.

Members of the Group Executive Board have the opportunity to invest part or all of 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, 1.5 free share options are provided for each share purchased through the programme. The options are subject to a performance-based vesting period of three years. The other features of the options and the performance condition (ROIC) are the same as those applicable to the options granted under the Long-Term Incentive MSOP programme (see also → **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
<b>Good leaver</b>	Retirement benefits		Immediate unblocking
	Invalidity	Full exercise based on effective performance at regular vesting date	
	Other reasons		Regular blocking period
	Liquidation/change of control*	Accelerated full vesting based on effective performance at date of termination as determined by the Board of Directors	
	Death	Accelerated full vesting	
<b>Bad leaver</b>	Inadequate performance/ inadequate conduct**	Forfeiture	Regular exercise period Regular blocking 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.

\*\* Inadequate performance or conduct on the part of members of the Group Executive Board is determined at the due discretion of the Board of Directors.

## LONG-TERM INCENTIVE (LTI)

The purpose of the Long-Term Incentive (Management Stock 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 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. ROIC expresses how well the company is generating cash relative to the capital it has invested in its business. The Board of Directors determines the expected performance annually on the basis of a recommendation submitted by the Nomination and Compensation Committee. The options partially vest upon the reference level being achieved. In addition, a minimum level of performance (threshold value) under which no options vest and a maximum level of performance (cap) at which 100% of the options vest are defined. Both the reference level and the cap are ambitious and are substantially above the weighted average cost of capital. The payout amounts between the threshold value and the cap are determined by linear interpolation. The options can be exercised between the respective vesting date, three years after being granted, and the expiration date. The exercise price of the options corresponds to the fair market value of the underlying share at the time of granting.

Every year, the Board of Directors determines the granting of share options. There was no change in the granting of the LTI over the previous year in 2020. The fair value of options granted amounted to 86% of the annual base salary for the CEO and 71% of the annual base salary for the other members of the Group Executive Board. For some 100 additional participants of the Group management, the fair value amounted to 13% of the base salary.

In the event of termination of employment, the following provisions apply to MSOP options:

Termination reason	Plan rules	
	Unvested options	Vested options
<b>Good leaver</b>	Retirement benefits	
	Invalidity	Pro-rata exercise based on effective performance at regular vesting date
	Other reasons	Regular exercise period
	Liquidation/change of control*	Accelerated full vesting based on effective performance at date of termination as determined by the Board of Directors
	Death	Accelerated full vesting
<b>Bad leaver</b>	Inadequate performance/inadequate conduct**	Forfeiture
		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.

\*\* Inadequate performance or conduct on the part of members of the Group Executive Board is determined at the due discretion of the Board of Directors.

## 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 could as such 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 149 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 149 is insured (including actual variable cash remuneration), up to the maximum amount permitted by law. The NCC reviewed and revised the supplementary benefits in 2020. The Wohlfahrtsfonds was replaced by a collective foundation (Sammelstiftung) in accordance with Art. 1e BVV 2 (Ordinance on Occupational Retirement, Surviving Dependants' and Disability Pension Plans) effective 1 January 2020. This did not have any effect on the company's income statement. With respect to these supplementary benefits, the plan participants are able to individually select the investment strategy and deposit higher savings of their own.

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 bring the interests of the members of the Group Executive Board into line with those of the shareholders and to strengthen their ties to the company, the CEO and each member of the Group Executive Board must satisfy the minimum requirements with respect to the ownership of shares in Geberit.

In order to ensure good Corporate Governance, Geberit has implemented a claw-back policy on payments made under the Short-Term Incentive programme and the Long-Term Incentive programme. Those provisions foresee that in case of financial restatement due to non-compliance with accounting standards and/or fraud, and/or in case of violation of the law or internal rules by a participant, the Board of Directors may deem all or part of any unpaid short-term incentive or unvested long-term incentive to be forfeited (malus provision) and/or may seek reimbursement of all or

part of any paid short-term incentive or vested long-term incentive. The clawback and malus provisions may be enacted for a period of three years following the year subject to a financial restatement and/or the year of the fraudulent behaviour.

For further information on both programmes, please also refer to → **5. Remuneration architecture, 5.2 Group Executive Board.**



## 6. BOARD OF DIRECTORS: REMUNERATION AND SHARE OWNERSHIP IN 2020

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 2020, members of the Board of Directors received a total remuneration of TCHF 2,240 (previous year TCHF 2,244). Remuneration for regular board activities and committee assignments amounted to TCHF 2,053 (previous year TCHF 2,055). 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	H. Reuter Vice Chairman	F. Ehrat	E. Zehnder-Lai	B. Koch	W. Karlen <sup>1</sup>	Total
	CHF	CHF	CHF	CHF	CHF		CHF
<b>2020</b>							
<b>Remuneration of the Board of Directors</b>							
Accrued remuneration <sup>2</sup>	270,000	320,000	235,000	220,000	227,500	165,000	1,437,500
Cash remuneration	615,000						615,000
Expenses	15,000	15,000	15,000	15,000	15,000	11,250	86,250
Contributions to social insurance	42,882	15,578	11,685	11,023	11,340	8,371	100,879
<b>Total</b>	<b>942,882</b>	<b>350,578</b>	<b>261,685</b>	<b>246,023</b>	<b>253,840</b>	<b>184,621</b>	<b>2,239,629</b>

<sup>1</sup> W. Karlen has been a member of the Board of Directors since 1 April 2020.

<sup>2</sup> Director's fee booked, but not yet paid as at 31 December. Payment will be made in the first quarter of 2021 in the form of restricted shares of the company with a par value of CHF 0.10 each; 4-year blocking period; valued at fair value at grant date. 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 (none)

Accrued remuneration

Cash remuneration

Expenses

Contributions to social insurance

**Total**

	A. Baehny Chairman	H. Reuter Vice Chairman	F. Ehrat	E. Zehnder-Lai	B. Koch <sup>1</sup>	Total
	CHF	CHF	CHF	CHF	CHF	CHF
<b>2019</b>						
<b>Remuneration of the Board of Directors</b>						
Accrued remuneration <sup>2</sup>	270,000	320,000	235,000	220,000	172,167	1,217,167
Cash remuneration	615,000					615,000
Expenses	15,000	15,000	15,000	15,000	11,250	71,250
Contributions to social insurance	41,938	15,516	11,636	10,954	8,696	88,740
<b>Total</b>	<b>941,938</b>	<b>350,516</b>	<b>261,636</b>	<b>245,954</b>	<b>192,113</b>	<b>1,992,157</b>

<sup>1</sup> B. Koch has been a member of the Board of Directors since 3 April 2019.

<sup>2</sup> Director's fee booked, but not yet paid as at 31 December. Payment was made in the first quarter of 2020 in the form of restricted shares of the company with a par value of CHF 0.10 each; 4-year blocking period; valued at fair value at grant date. 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 (J. Tang-Jensen<sup>1</sup>, T. Hübner<sup>2</sup>)**

Accrued remuneration	55,000
Cash remuneration	167,444
Expenses	15,167
Contributions to social insurance	14,594
<b>Total</b>	<b>252,205</b>

<sup>1</sup> J. Tang-Jensen was a member of the Board of Directors until 3 April 2019.

<sup>2</sup> T. Hübner was a member of the Board of Directors until 4 October 2019.

For the period from the 2020 Annual General Meeting to the 2021 Annual General Meeting, the remuneration paid to the Board of Directors is expected to amount to CHF 2,293,689. This is within the limit of CHF 2,350,000 approved by the 2020 Annual General Meeting.

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

(in CHF)	1*	2**	3***	4****	5*****	6*****
AGM2020–AGM2021	2020	1 Jan 2020 to 2020 AGM	1 Jan 2021 to 2021 AGM	2020 AGM to 2021 AGM	AGM 2020	AGM 2020
<b>Board of Directors (total)</b>	<b>2,239,629</b>	<b>-518,435</b>	<b>572,495</b>	<b>2,293,689</b>	<b>2,350,000</b>	<b>98%</b>
AGM2019–AGM2020	2019	1 Jan 2019 to 2019 AGM	1 Jan 2020 to 2020 AGM	2019 AGM to 2020 AGM	AGM 2019	AGM 2019
<b>Board of Directors (total)</b>	<b>2,244,362</b>	<b>-569,878</b>	<b>518,666</b>	<b>2,193,150</b>	<b>2,350,000</b>	<b>93%</b>

\* Compensation earned during financial year as reported (A)

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

\*\*\* Plus compensation accrued from January to Annual General Meeting of year following financial year (C)/budget value for 2021

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

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

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

As of the end of 2020 and 2019, the members of the Board of Directors held the following shares in the company:

	A. Baehny Chairman	H. Reuter Vice Chairman	F. Ehrat	E. Zehnder-Lai	B. Koch	W. Karlen	Total
<b>2020</b>							
<b>Shareholdings Board of Directors</b>							
Shares	94,525	8,204	3,843	1,340	372	0	108,284
Call options	19,328*	0	0	0	0	0	19,328
Share of voting rights	0.26%	< 0.1%	< 0.1%	< 0.1%	< 0.1%	0.0%	0.29%

\* A. Baehny options until 2014 as CEO

	A. Baehny Chairman	H. Reuter Vice Chairman	F. Ehrat	E. Zehnder-Lai	B. Koch	Total
<b>2019</b>						
<b>Shareholdings Board of Directors</b>						
Shares	71,415	9,030	3,348	877	10	84,680
Call options	41,864*	0	0	0	0	41,864
Share of voting rights	0.19%	< 0.1%	< 0.1%	< 0.1%	< 0.1%	0.23%

\* A. Baehny options until 2014 as CEO

As of 31 December 2020, 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.

# 7. GROUP EXECUTIVE BOARD: REMUNERATION AND SHARE/OPTION OWNERSHIP IN 2020

This section is audited by the external auditor.

## 7.1 PERFORMANCE IN 2020

In 2020, consolidated net sales fell by 3.1% to CHF 2,986 million due to negative currency effects. Despite the COVID-19 crisis, which led to a historic slump in the construction industry in the second quarter, it was possible to increase net sales in local currencies by 1.3% and thus gain significant market share thanks to fast and successful crisis management. Furthermore, despite the sales decrease as a result of COVID-19, the operating and financial results in local currencies increased at all levels. Operating cashflow (EBITDA) increased by 2.4% to CHF 925 million. The EBITDA margin increased by 170 basis points to 31.0% (previous year 29.3%) and thus significantly above our medium-target range. This increase in the margin was mainly due to targeted cost savings, particularly in marketing, the targeted increased levels of flexibility in production and logistics, lower raw material prices, natural currency hedging achieved due to the deliberately balanced investment strategy, and the consequent implementation of price increases. Thanks to these measures, it was also possible to compensate for the significant tariff-related increases in personnel expenses and additional investments in digitalisation initiatives. At CHF 17.95, earnings per share practically reached the previous year's level despite the negative currency development (2019: CHF 17.97); in local currencies, the earnings per share could be increased. The return on invested capital (ROIC) also increased to 23.2% (previous year 23.1%).

It is important to mention that the increase in results at all levels was achieved despite the COVID-19 crisis and without restructuring, dismissals, wage cuts, furlough schemes or other government financial support.

The variable cash remuneration (STI) of the Group Executive Board is determined on the basis of the following key performance indicators, which all have the same weighting: sales performance and EPS compared with the previous year as well as EBITDA margin and ROIC. The achievement of qualitative individual targets is also taken into consideration. The goals for 2020 were set taking into account the challenging conditions created by COVID-19 and the need to gain further market share during the crisis. In this connection, the weighted average of all elements used to calculate the variable cash remuneration substantially exceeded the defined targets.

## 7.2 REMUNERATION AWARDED IN 2020

The remuneration of the Group Executive Board amounted to TCHF 9,791 in 2020 (previous year TCHF 10,278). The remuneration of the CEO amounted to TCHF 3,009 in the same period (previous year TCHF 3,058). The total remuneration of the Group Executive Board in 2020 was less than in the previous year. The first reason is the fewer number of Group Executive Board members (since April 2020), and thus lower compensation, and the second reason is the lower social security contribution.

The CEO's variable compensation represented 88.4% of his fixed salary. For the other members of the Group Executive Board, the variable compensation represented between 74.1% and 88.4% of their individual fixed salary.

At the 2019 Annual General Meeting, the shareholders approved a maximum aggregate amount of TCHF 11,500 for the remuneration of the Group Executive Board for the year 2020. The compensation awarded for that period amounts to TCHF 9,791 and is therefore within the approved amount.

Further information on the remuneration awarded to the Group Executive Board for the business year 2020, compared with the maximum potential amount of remuneration, is provided with the invitation to the ordinary Annual General Meeting 2021.

The following table shows details of remuneration (gross) for 2020 and 2019:

	2020		2019	
	C. Buhl CEO	Total	C. Buhl CEO	Total
	CHF	CHF	CHF	CHF
<b>Salary</b>				
- Fixed salary	1,001,806	3,386,672	966,810	3,412,642
- Variable salary <sup>1</sup>	897,550	2,889,359	866,600	3,032,650
<i>thereof in shares in 2020<sup>2</sup></i>			865,977	2,116,632
<b>Shares/Options</b>				
- Call options MSOP 2020/2019 <sup>3</sup>	870,432	2,391,556	840,399	2,488,670
- Call options MSPP 2020/2019 <sup>4</sup>	31,817	77,766	52,415	119,412
<b>Non-cash benefits</b>				
- Private share of company vehicle <sup>5</sup>	7,056	33,751	7,056	45,646
<b>Expenditure on pensions</b>				
- Pension plans	96,628	511,364	90,262	524,743
- Social insurance	101,117	484,679	232,583	637,875
- Contribution health/accident insurance	2,350	15,529	2,187	16,149
<b>Total<sup>6/7</sup></b>	<b>3,008,756</b>	<b>9,790,676</b>	<b>3,058,312</b>	<b>10,277,787</b>

<sup>1</sup> The amounts to be paid (current year), and the amounts effectively paid (previous year) respectively 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.

<sup>2</sup> 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 451.50 (PY CHF 406.75).

<sup>3</sup> Call options on registered shares of the company with a par value of CHF 0.10 each, issued within the scope of the Management Stock Option Programme (MSOP); 1 option entitles to purchase 1 registered share at an exercise price of CHF 451.50 (PY CHF 406.75); definitive acquisition of the option ("vesting") dependent on various conditions, 3-year vesting period (1 tranche at 100%); the total value of the call options is evaluated as of the grant date and afterwards measured annually according to the expected achievement of objectives. Market value of CHF 16.58 (PY CHF 39.39) determined using the binomial method.

<sup>4</sup> 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 451.50 (PY CHF 406.75); definitive acquisition of the option ("vesting") dependent on various conditions, 3-year vesting period (1 tranche at 100%); the total value of the call options is evaluated as of the grant date and afterwards measured annually according to the expected achievement of objectives. Market value of CHF 16.58 (PY CHF 39.39) determined using the binomial method.

<sup>5</sup> Valuation in accordance with the guidelines of the Swiss Federal Tax Administration FTA (0.8% of the purchase cost per month).

<sup>6</sup> 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.

<sup>7</sup> Leaving of two members of the Group Executive Board as of March 31, 2020; one new member of the Group Executive Board as of April 1, 2020.

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

### 7.3 SHAREHOLDINGS OF GROUP EXECUTIVE BOARD

As of the end of 2020 and 2019, the Group Executive Board held the following shares in the company:

	Maturity	Average exercise price in CHF	C. Buhl CEO	R. Iff CFO	R. van Triest	M. Baumüller	M. Ziegler	C. Rapp	Total
<b>2020</b>									
<b>Shareholdings Group Executive Board</b>									
Shares			14,690	28,280	700	4,024	3,582	751	52,027
Percentage voting rights shares			< 0.1%	< 0.1%	< 0.1%	< 0.1%	< 0.1%	< 0.1%	0.14%
<b>Call options<sup>1</sup></b>									
Vesting-year:									
Lapsed	2021–2027	357.20	21,392	0	6,058	4,107	1,781	1,617	34,955
2021	2024–2028	409.97	19,945	10,746	6,653	3,462	2,548	766	44,120
2022	2025–2028	424.97	47,421	22,641	14,498	11,294	11,377	1,775	109,006
2023	2028–2029	429.13	88,457	40,603	29,627	23,711	32,109	24,436	238,943
<b>Total options</b>			<b>177,215</b>	<b>73,990</b>	<b>56,836</b>	<b>42,574</b>	<b>47,815</b>	<b>28,594</b>	<b>427,024</b>
Percentage potential share of voting rights options			0.48%	0.20%	0.15%	0.11%	0.13%	< 0.1%	1.15%

<sup>1</sup> Purchase ratio 1 share for 1 option. The unvested options are subject to a performance-based vesting condition.

	Maturity	Average exercise price in CHF	C. Buhl CEO	R. Iff CFO	K. Spachmann	E. Renfordt-Sasse	R. van Triest	M. Baumüller	M. Ziegler	Total
<b>2019</b>										
<b>Shareholdings Group Executive Board</b>										
Shares			12,772	28,316	12,000	646	400	3,408	2,908	60,450
Percentage voting rights shares			< 0.1%	< 0.1%	< 0.1%	< 0.1%	< 0.1%	< 0.1%	< 0.1%	0.16%
<b>Call options<sup>1</sup></b>										
End of vesting period:										
Lapsed	2021–2026	372.20	8,041	695	119	10,240	1,431	3,228	2,316	26,070
2020	2023–2027	409.97	13,351	7,608	6,751	3,664	4,627	1,983	921	38,905
2021	2024–2028	409.97	19,945	10,746	9,684	5,161	6,653	3,462	2,548	58,199
2022	2025–2028	424.97	47,421	22,641	19,765	10,714	14,498	11,294	11,377	137,710
2023	2028	432.20	6,871	3,266	3,011	1,594	2,036	1,527	1,696	20,001
<b>Total options</b>			<b>95,629</b>	<b>44,956</b>	<b>39,330</b>	<b>31,373</b>	<b>29,245</b>	<b>21,494</b>	<b>18,858</b>	<b>280,885</b>
Percentage potential share of voting rights options			0.26%	0.12%	0.11%	< 0.1%	< 0.1%	< 0.1%	< 0.1%	0.76%

<sup>1</sup> Purchase ratio 1 share for 1 option. The unvested options are subject to a performance-based vesting condition.

As of 31 December 2020, 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.

## 8. SUMMARY OF SHARE AND OPTION PLANS 2020

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

In 2020, employees, management and the members of the Board of Directors participated in three different share plans. The plans (for the Board of Directors and the management) are described 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 (ESPP)	2022	3,012	21,230	248.30
Management share purchase plan (MSPP)	2023	93	12,806	451.50
Board of Directors compensation	2024	6	2,666	451.50
<b>Total</b>			<b>36,702</b>	

The 36,702 shares required for these plans were taken from the stock of treasury shares.

In 2020, Geberit management participated in two different **option plans** (MSPP and MSOP). The plans are described in this Remuneration Report. Under these plans, the following numbers of options are expected to be allocated at the end of the vesting period\*:

	Vesting period	Maturity	Number of participants	Number of options expected to be allocated	Exercise price CHF
Management share purchase plan (MSPP)	2020–2023	2029	93	12,813	451.50
Option plan (MSOP)	2020–2023	2029	93	265,551	451.50
<b>Total</b>				<b>278,364</b>	

The fair value of the options granted in 2020 amounted to CHF 16.58 (MSPP) and CHF 16.58 (MSOP) on average at the respective grant date. The fair value was calculated using the binomial model for "American Style Call Options".

The calculation model was based on the following parameters:

	Exercise price <sup>1</sup> CHF	Expected $\sigma$ volatility %	Expected $\emptyset$ dividend yield %	Contractual period Years	Risk-free $\emptyset$ interest rate %
Management share purchase plan (MSPP)	451.50	16.87	2.83	9	-0.53
Option plan (MSOP)	451.50	16.87	2.83	9	-0.53

<sup>1</sup> The exercise price corresponds to the average price of Geberit shares for the period from 3–16 March 2020.

Costs resulting from share participation plans amounted to CHF 4.8 million in 2020 (previous year CHF 2.9 million); those for option plans totalled CHF 5.8 million (previous year CHF 4.7 million).

\* The number of options expected to be allocated with final effect at the end of the vesting period depends on target achievement (average ROIC) and has been calculated on the basis of expected target achievement.

## 9. SUMMARY OF SHARES AND OPTIONS HELD BY MANAGEMENT AND EMPLOYEES AS OF 31 DECEMBER 2020

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 2020, the Board of Directors, the Group Executive Board and the employees owned a combined total of 395,271 (previous year 372,600) shares, i.e. 1.1% (previous year 1.0%) of the share capital of Geberit AG.

The following table summarises all option plans in place as at 31 December 2020\*:

End of vesting period	Maturity	Number of options outstanding	Ø exercise price CHF	Number of options in the money	Ø exercise price CHF
Vested	2021–2027	124,007	363.19	124,007	363.19
2021	2024–2028	105,736	410.23	105,736	410.23
2022	2025–2028	183,520	416.58	183,520	416.58
2023	2028–2029	309,688	449.44	309,688	449.44
<b>Total</b>		<b>722,951</b>	<b>420.57</b>	<b>722,951</b>	<b>420.57</b>

This table also includes options under participation plans from earlier years that have different terms and vesting conditions.

The following movements took place in 2020 and 2019\*:

	MSOP		MSPP		Total 2020		Total 2019	
	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
<b>Outstanding 1 January</b>	<b>483,552</b>	<b>389.35</b>	<b>44,300</b>	<b>401.06</b>	<b>527,852</b>	<b>390.33</b>	<b>507,944</b>	<b>374.19</b>
Granted options	265,551	451.50	12,813	451.50	278,364	451.50	124,713	406.75
Forfeited options	13,182	420.32	314	407.90	13,496	420.04	7,258	530.74
Expired options	0	0	0	0	0	0	0	0
Exercised options	61,200	307.12	8,569	373.74	69,769	315.31	97,547	325.25
<b>Outstanding 31 December</b>	<b>674,721</b>	<b>420.66</b>	<b>48,230</b>	<b>419.28</b>	<b>722,951</b>	<b>420.57</b>	<b>527,852</b>	<b>390.33</b>
Exercisable at 31 December	106,578	357.81	17,429	396.08	124,007	363.19	117,637	311.78

This table also includes options under participation plans from earlier years that have different terms and vesting conditions.

The options outstanding at 31 December 2020 had an exercise price of between CHF 281.95 and CHF 451.50 and an average remaining contractual life of 6.7 years.

\* The number of options expected to be allocated with final effect at the end of the vesting period depends on target achievement (average ROIC) and has been calculated on the basis of expected target achievement.

# 10. REPORT OF THE STATUTORY AUDITOR



PricewaterhouseCoopers AG  
Birchstrasse 160  
CH-8050 Zürich  
Telephone +41 58 792 44 00  
Fax +41 58 792 44 10  
→ [www.pwc.ch](http://www.pwc.ch)

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 2020

We have audited the accompanying → **remuneration report** of Geberit AG for the year ended 31 December 2020. 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 6 to 9 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 2020 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, 9 March 2021