



GEBERIT GROUP

ANNUAL REPORT

2020

HIGHLIGHTS OF THE FINANCIAL YEAR 2020

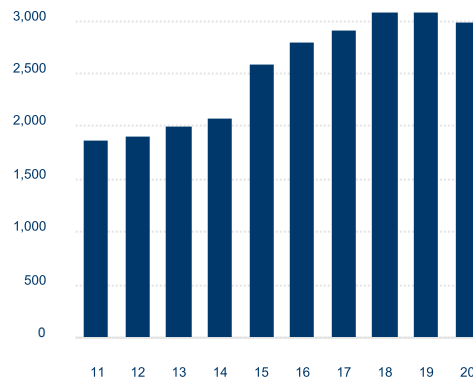
Net sales

+1.3%

Currency-adjusted net sales growth in 2020

Net sales development 2011–2020

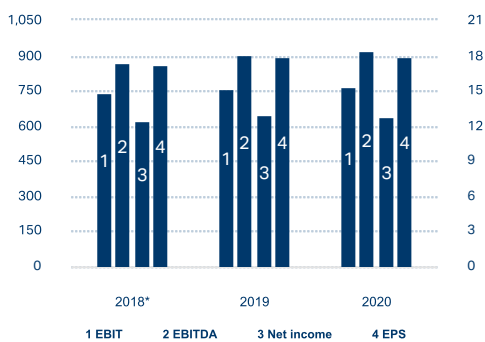
(in CHF million)



EBIT, EBITDA, Net income, Earnings per share (EPS) 2018–2020

(in CHF million)

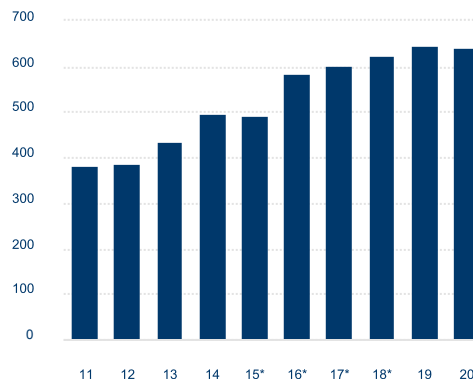
(EPS: in CHF)



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

Net income development 2011–2020

(in CHF million)



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

Operating cashflow margin (EBITDA margin)

31.0%

+170 basis points higher than prior year

Free cashflow (in CHF)

717 million

+11.4% versus prior year

Earnings per share
(in CHF)

17.95

-0.1% versus prior year

Payout ratio

63.8%

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

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

150 million

-10.2% versus prior year

R&D expenditures
(in CHF)

75 million

2.5% of net sales

Currency effects in net sales
(in CHF)

**-136
million**

Currency effects in EBIT
(in CHF)

-43 million

GEBERIT KEY FIGURES

2016 – 2020

| | | 2016 | 2017 | 2018 | 2019 | 2020 |
|---|-------------|--------|--------|--------|--------|--------|
| Net sales | MCHF | 2,809 | 2,908 | 3,081 | 3,083 | 2,986 |
| Change Net sales on previous year | % | +8.3 | +3.5 | +5.9 | +0.1 | -3.1 |
| Change Net sales on previous year c.a./org. | % | +6.4 | +3.5 | +3.1 | +3.4 | +1.3 |
| Operating profit (EBIT)² | MCHF | 687 | 706 | 744 | 757 | 772 |
| Margin in % of Net sales ² | % | 24.4 | 24.3 | 24.2 | 24.5 | 25.8 |
| Net income² | MCHF | 584 | 604 | 626 | 647 | 642 |
| Margin in % of Net sales ² | % | 20.8 | 20.8 | 20.3 | 21.0 | 21.5 |
| Operating cashflow (EBITDA)² | MCHF | 795 | 821 | 868 | 904 | 925 |
| Margin in % of Net sales ² | % | 28.3 | 28.2 | 28.2 | 29.3 | 31.0 |
| Free cashflow³ | MCHF | 557 | 476 | 582 | 644 | 717 |
| Margin in % of Net sales ³ | % | 19.8 | 16.4 | 18.9 | 20.9 | 24.0 |
| Financial results, net² | MCHF | -9 | -9 | -20 | -14 | -17 |
| Capital expenditures | MCHF | 139 | 159 | 162 | 167 | 150 |
| Research and development expenses | MCHF | 72 | 78 | 78 | 77 | 75 |
| In % of Net sales | % | 2.6 | 2.7 | 2.5 | 2.5 | 2.5 |
| Earnings per share² | CHF | 15.85 | 16.43 | 17.21 | 17.97 | 17.95 |
| Distribution per share | CHF | 10.00 | 10.40 | 10.80 | 11.30 | 11.40 |
| Employees | | | | | | |
| Number of employees (31.12) | | 11,592 | 11,709 | 11,630 | 11,619 | 11,569 |
| Annual average | | 11,972 | 11,726 | 11,803 | 11,631 | 11,552 |
| Net sales per employee | TCHF | 235 | 248 | 261 | 265 | 258 |
| Balance sheet (31.12) | | | | | | |
| Total assets | MCHF | 3,601 | 3,743 | 3,502 | 3,725 | 3,751 |
| Liquid funds, marketable securities and other short-term investments | MCHF | 510 | 413 | 282 | 428 | 469 |
| Net working capital | MCHF | 147 | 173 | 206 | 202 | 181 |
| Property, plant and equipment | MCHF | 727 | 813 | 829 | 920 | 934 |
| Goodwill and intangible assets | MCHF | 1,681 | 1,749 | 1,652 | 1,597 | 1,577 |
| Total debt | MCHF | 971 | 895 | 837 | 837 | 779 |
| Equity | MCHF | 1,635 | 1,837 | 1,745 | 1,899 | 1,922 |
| Equity ratio | % | 45.4 | 49.1 | 49.8 | 51.0 | 51.2 |
| Gearing | % | 28.2 | 26.3 | 31.8 | 21.5 | 16.1 |
| ROIC ² | % | 21.5 | 22.4 | 22.6 | 23.1 | 23.2 |

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

² 2015 - 2018: Adjusted for costs in connection with the Sanitec acquisition and integration (EBITDA 2018 not adjusted)

³ 2016 - 2017: Adjusted due to an internal reclassification

GEBERIT KEY FIGURES

2011 – 2015

| | | 2011 | 2012 ¹ | 2013 | 2014 | 2015 |
|---|-------------|-------|-------------------|-------|-------|--------|
| Net sales | MCHF | 1,868 | 1,920 | 2,000 | 2,089 | 2,594 |
| Change Net sales on previous year | % | -1.7 | +2.8 | +4.2 | +4.5 | +24.2 |
| Change Net sales on previous year c.a./org. | % | +8.9 | +4.2 | +3.1 | +5.9 | +2.7 |
| Operating profit (EBIT)² | MCHF | 449 | 457 | 511 | 577 | 591 |
| Margin in % of Net sales ² | % | 24.1 | 23.8 | 25.5 | 27.6 | 22.8 |
| Net income² | MCHF | 384 | 388 | 436 | 499 | 493 |
| Margin in % of Net sales ² | % | 20.6 | 20.2 | 21.8 | 23.9 | 19.0 |
| Operating cashflow (EBITDA)² | MCHF | 532 | 537 | 593 | 657 | 694 |
| Margin in % of Net sales ² | % | 28.5 | 28.0 | 29.6 | 31.5 | 26.7 |
| Free cashflow³ | MCHF | 386 | 391 | 444 | 460 | 484 |
| Margin in % of Net sales ³ | % | 20.7 | 20.4 | 22.2 | 22.0 | 18.7 |
| Financial results, net² | MCHF | -7 | -7 | -6 | -2 | -17 |
| Capital expenditures | MCHF | 93 | 86 | 98 | 105 | 147 |
| Research and development expenses | MCHF | 48 | 50 | 51 | 56 | 63 |
| In % of Net sales | % | 2.6 | 2.6 | 2.5 | 2.7 | 2.4 |
| Earnings per share² | CHF | 9.82 | 10.16 | 11.59 | 13.28 | 13.23 |
| Distribution per share | CHF | 6.30 | 6.60 | 7.50 | 8.30 | 8.40 |
| Employees | | | | | | |
| Number of employees (31.12) | | 6,004 | 6,134 | 6,226 | 6,247 | 12,126 |
| Annual average | | 5,992 | 6,150 | 6,219 | 6,303 | 12,477 |
| Net sales per employee | TCHF | 312 | 312 | 322 | 331 | 208 |
| Balance sheet (31.12) | | | | | | |
| Total assets | MCHF | 2,123 | 2,007 | 2,226 | 2,432 | 3,554 |
| Liquid funds, marketable securities and other short-term investments | MCHF | 542 | 423 | 613 | 750 | 460 |
| Net working capital | MCHF | 114 | 134 | 128 | 169 | 147 |
| Property, plant and equipment | MCHF | 516 | 521 | 536 | 551 | 715 |
| Goodwill and intangible assets | MCHF | 645 | 638 | 646 | 645 | 1,757 |
| Total debt | MCHF | 76 | 15 | 12 | 11 | 1,139 |
| Equity | MCHF | 1,420 | 1,431 | 1,664 | 1,717 | 1,482 |
| Equity ratio | % | 66.9 | 71.3 | 74.8 | 70.6 | 41.7 |
| Gearing | % | -32.9 | -28.5 | -36.1 | -43.0 | 45.9 |
| ROIC ² | % | 28.8 | 28.9 | 32.1 | 35.5 | 20.1 |

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

² 2015 - 2018: Adjusted for costs in connection with the Sanitec acquisition and integration (EBITDA 2018 not adjusted)

³ 2016 - 2017: Adjusted due to an internal reclassification

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 CO₂ 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, CO₂ emissions in relation to net sales have fallen by 32.6%. This enabled us to meet the targets set out in the long-term → **CO₂ strategy** for reducing → **CO₂ emissions**. In addition to relative targets, this strategy also includes long-term absolute targets. A three-pillar model is used for implementing the CO₂ strategy. The first pillar is about savings in energy consumption, 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, including ad hoc announcements. Among other things, the current version of the investor presentation is available on the website at any time. In addition, interested parties may add their names to a mailing list → www.geberit.com/maillinglist in order to receive the most recent information relating to the company.

Share price development 1.1. – 31.12.2020

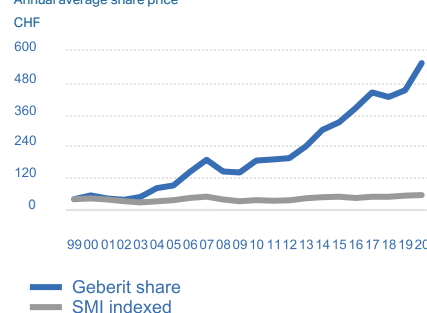
Monthly average share price



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 |
| Total | 360 | 460 | 566 | 436 | 571 | 2,393 |

Distribution paid

(in CHF per share)

| | 2016 | 2017 | 2018 | 2019 | 2020 |
|-----------------|-------------|--------------|--------------|--------------|--------------|
| Dividend | 8.40 | 10.00 | 10.40 | 10.80 | 11.30 |

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

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

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

Major data relating to the Geberit share

31.12.2020

| | |
|--|--------------------|
| 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 ¹ | 11.30 | 11.40 |

¹ 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 |
|---|---|--|--|---|--|
| Chief Executive Officer Christian Buhl | Member Executive Board Clemens Rapp | Member Executive Board Ronald van Triest | Member Executive Board Martin Baumüller | Member Executive Board Martin Ziegler | Member Executive Board Roland Iff |
| Human Resources Roland Held | Germany Kerstin Wolff | North America Dominic Rice | Digital Kai Hildebrandt | Purchasing Adriaan 't Gilde | Controlling Roland Iff |
| Communications / Investor Relations Roman Sidler | Switzerland Reto Bättig | Far East / Pacific | Installation and Flushing Systems / Bathroom Systems Tobias Mayr | Logistics Gerd Haifinger | Treasury Thomas Wenger |
| Strategic Planning Michael Reinhard | Nordic Countries Lars Risager | China Tony Zhang | Piping Systems Renato Di Rubbo | Production Plants P & M* Robert Lernbecher | Information Technology Johan Engvall |
| Sustainability and Process Management Roland Högger | Italy Giorgio Castiglioni | NSEA Simon Wong | Marketing Operations Daniela Koch | Production Plants C & M** Martin Ziegler | Taxes Jürgen Haas |
| Shower Toilets Margit Harsch | The Netherlands Menno Portengen | Pacific Eric Lander | Pricing Frank Heuser | Production Plants CER*** Simon Imhof | Legal Albrecht Riebel |
| | Belgium José Wyns | Middle East / Africa Daniel Engelhard | Master Data Management Jürgen Lay | Quality Andreas Lange | Internal Audit Martin Reiner |
| | Austria Guido Salentinig | South Africa Mark Schurr | Technical Documentation Werner Trefzer | Technology / Innovation Thomas Mattle | |
| | France Yves Danielou | | | Accredited Test Laboratory Markus Tanner | |
| | United Kingdom Mark Larden | | | Products Installation and Flushing Systems Marcel Heierli | |
| | Poland Przemyslaw Powalacz | | | Products Piping Systems Arnd Gildemeister | |
| | Ukraine Oleksiy Rakov | | | Products Bathroom Systems Jörn Ikels | |
| | Czech Republic / Slovakia Vladimir Sedlacko | | | | |
| | Adriatic Region Miran Medved | | | | |
| | Iberian Peninsula David Mayolas | | | | |
| | Russia Irina Buralkina | | | | |
| | Hungary Tamás Kőszeghy | | | | |
| | Romania Catalin Mitroi | | | | |
| | Key Account Management Michael Albrecht | | | | |
| | Business Development / OEM / Industry 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).

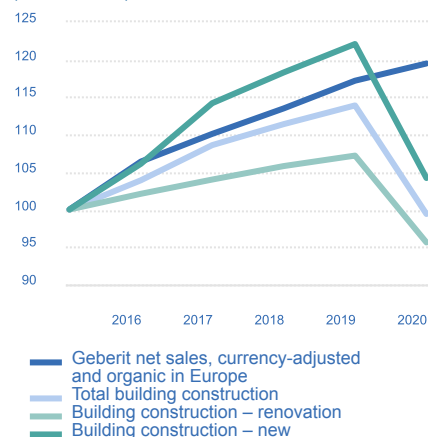
In the **Far East/Pacific** region, economic growth amounted to -2.0% in 2020. While negative, this figure was still a significant improvement on global economic growth (-4.6%). At just under 20%, less than one-fifth of the global economic decline originated from the Far East/Pacific region (previous 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

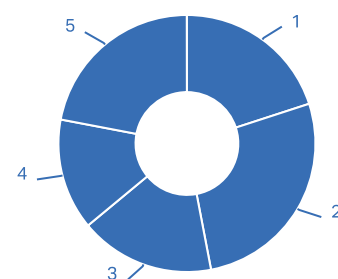
(Index: 2015 = 100)



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

| | |
|--|---|
| No restructuring | <ul style="list-style-type: none">• Think long term – anti-cyclical investing• No change of strategic agenda |
| Emerge stronger from the crisis | <ul style="list-style-type: none">• 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 | <ul style="list-style-type: none">• Maximise flexibility• Targeted cost-saving programme |

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

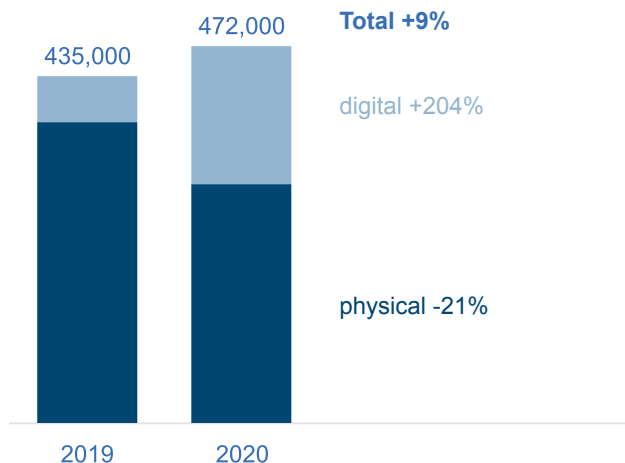
As a result, it was possible to determine the short- and medium-term savings potential within a short period of time and to align the organisation with activities to be stopped or to be continued. This also made it possible to prevent negative impacts on long-term potential.

EMERGING STRONGER FROM THE CRISIS THANKS TO A DEDICATED APPROACH

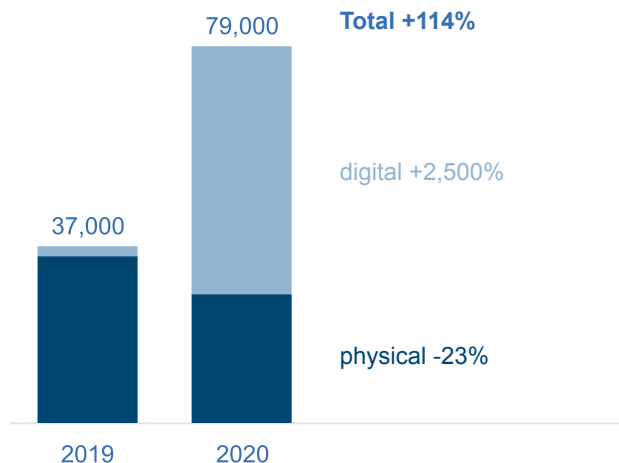
Due to high levels of cost flexibility as part of the aforementioned cost-saving programme and to active price management, it was largely possible to offset the margin losses seen in the most critical months April and May – which saw a volume decline of 23%.

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.

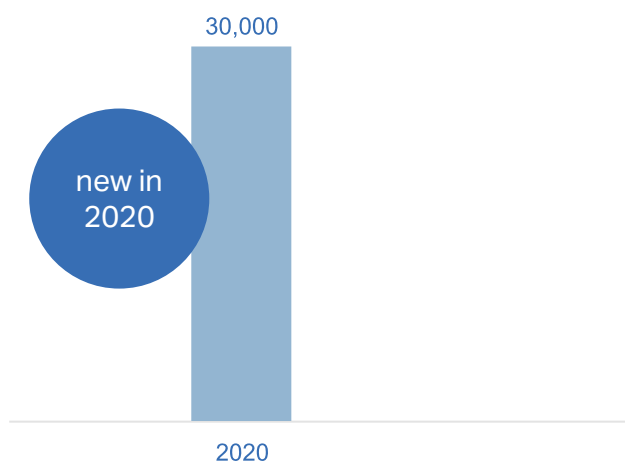
Customer contacts



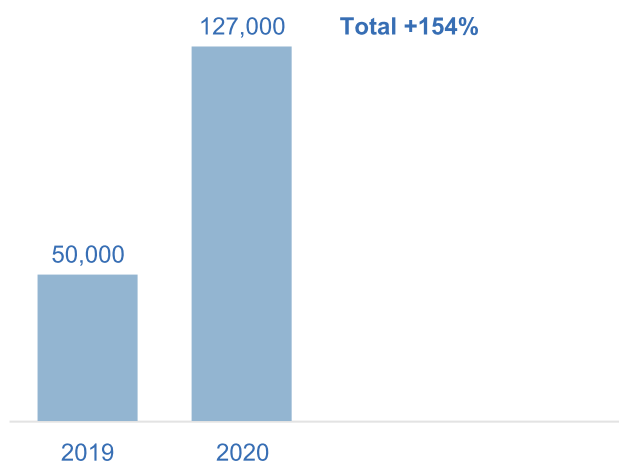
Customer trainings (number of participants)



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%.

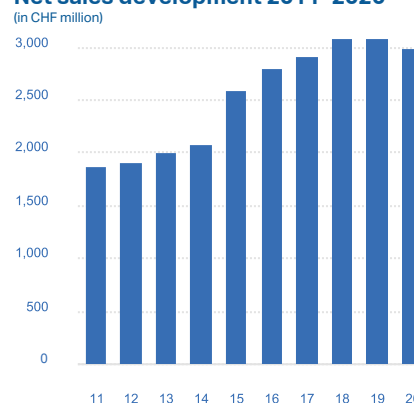
BATHROOM SYSTEMS WITH THE STRONGEST GROWTH

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.

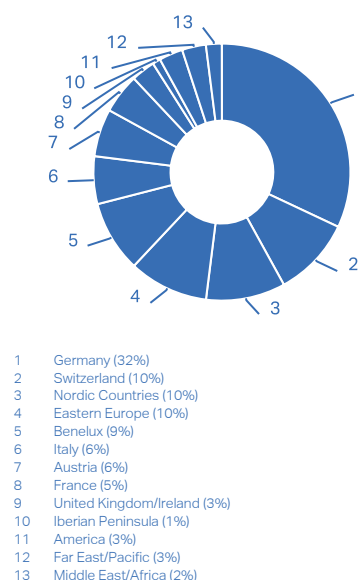
Net sales in the **Installation and Flushing Systems** product area increased by +2.1%. As in previous years, this growth was driven by two factors: firstly, Installation and Flushing Systems saw accelerated growth in the European expansion markets as a result of synergies from the integration of the 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.

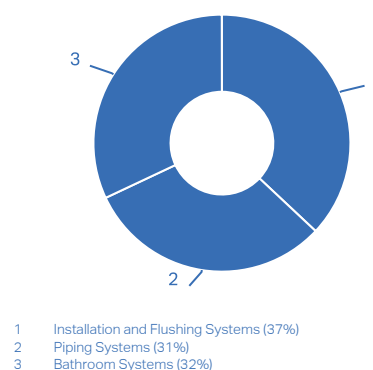
Net sales development 2011–2020



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.

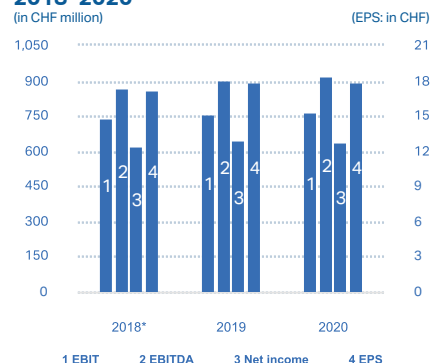
The net financial result fell to CHF -17 million (previous year CHF -14 million) due to higher currency losses as a result of the strong Swiss franc. Tax expenses grew from CHF 96 million to CHF 112 million due to the effects of the corporate tax reform in Switzerland. This resulted in a tax rate of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

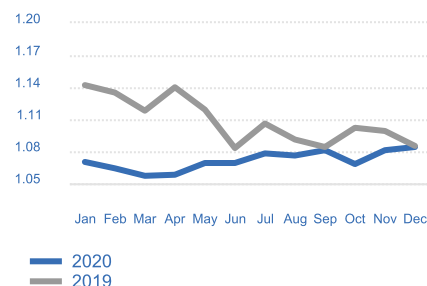


* Adjusted for costs in connection with the Sanitec acquisition and integration (EBITDA 2018 not adjusted)

EUR/CHF exchange rates

2019/2020

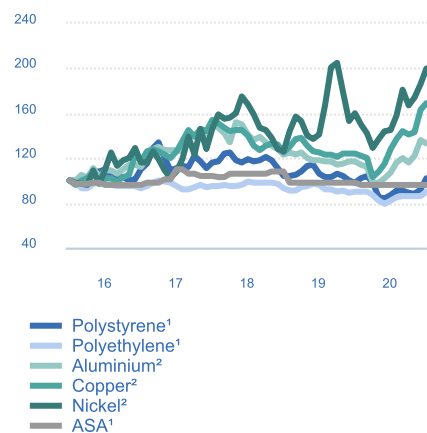
(Period-end exchange rates)



Raw material price development

2016–2020

(Market price; index: December 2015 = 100)



¹ Source: Kunststoff Information Verlagsgesellschaft mbH

² 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.

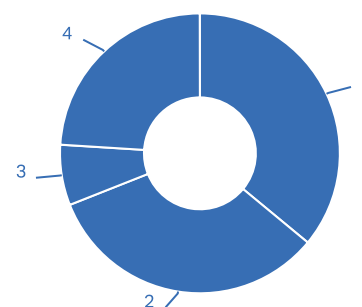
As in previous years, the biggest single ongoing undertaking was the conversion and new-build project in Langenfeld (DE). Significant investments were also made as part of the introduction of FlowFit – the new piping system for drinking water supply and heating – at the plant in Rapperswil-Jona (CH).

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

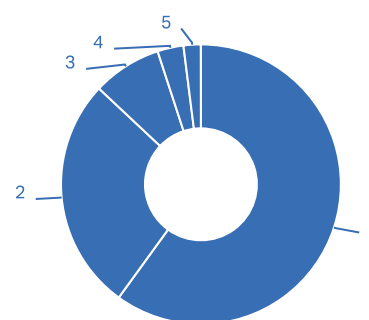
(as of 31 December)

| | 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 |
| Total | 11,619 | 100 | 11,569 | 100 |

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:

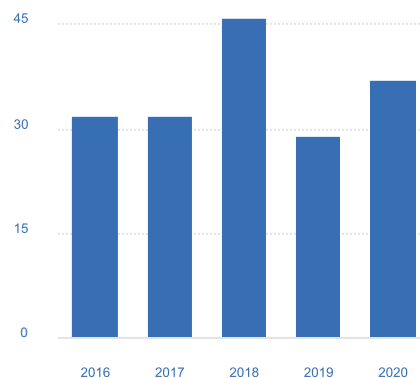
- With **FlowFit**, Geberit is introducing a new piping system for drinking water and heating applications. FlowFit consists of two components – newly developed connection technology and proven, lightweight pipes made of plastic and aluminium (or all-plastic pipes for heating applications). The pressfittings 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/.

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 CO₂ 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 CO₂ 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 m³)

MANUFACTURING

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



0.02%
(1.0 million m³)

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 m³)

DISPOSAL

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



< 0.01%
(0.2 million m³)

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 CO₂ 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 CO₂ 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.

CO₂ 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, CO₂ emissions in relation to net sales have fallen by 32.6%. This enabled the targets set out in the long-term → **CO₂ strategy** for reducing → **CO₂ emissions** to be met. In addition to relative targets, this strategy also includes long-term absolute targets. A three-pillar model is used for implementing the CO₂ strategy. The first pillar is about savings in energy consumption, 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 → **CO₂ balance sheet** and all measures taken to reduce CO₂ emissions are also disclosed in detail as part of the company's participation in the Carbon Disclosure Project (CDP).

Geberit aims to further reinforce its leading position in the industry in the area of sustainability. Eco-efficiency and relative CO₂ 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.

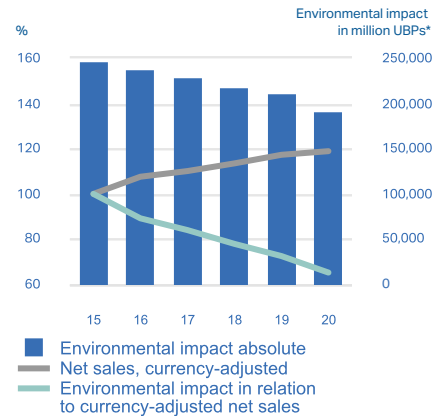
Geberit has been a member of the United Nations (UN) Global Compact since 2008. The purpose of this worldwide agreement between companies and the UN is to place globalisation on a more social and ecological footing. A → **Communication on Progress** regarding measures in the areas of human rights, labour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

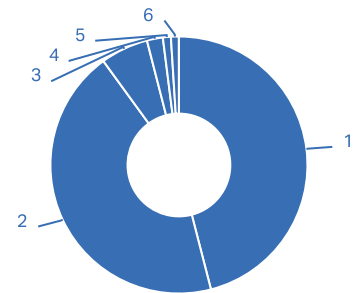
Environmental impact 2015–2020

(index: 2015 = 100)



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

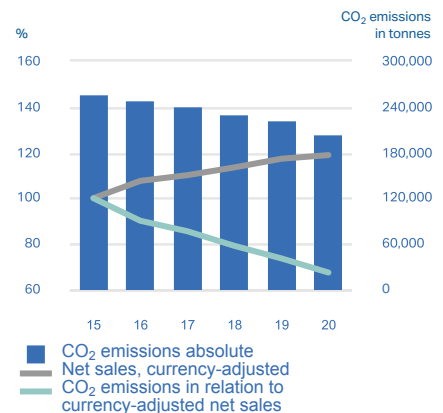
Distribution environmental impact 2020



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

CO₂ 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. 13.**

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. 11.**

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, p. 134,** 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 (Finanzmarktinfrastrukturgesetz, 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**.

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**.

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, p. 97**), 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, p. 128**), to the information in the → **Annual Report 2020, Financials, Financial Statements Geberit AG, , p. 142** 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.

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. 67**.

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

2.7 CONVERTIBLE BONDS AND WARRANTS/OPTIONS

No convertible bonds are outstanding.

No options were issued to any external parties. As regards options issued to employees of the Geberit Group, reference is made to the → **Annual Report 2020, Business Report, Remuneration Report, 8. Summary of share and option plans 2020, p. 90** and → **Annual Report 2020, Financials, Consoli-**

dated Financial Statements Geberit Group, Notes to the Consolidated Financial Statements, Note 17, p. 123 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 McGeorge 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 Brugg (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.

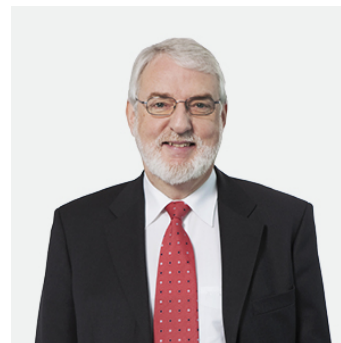
Bernadette Koch was not a member of any Management Board of a Geberit Group company in the three years preceding the reporting period. Apart from her Board of Directors' mandate, she does not have any significant business relations with the Geberit Group.



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 Münden (DE)**

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



Corporate Center, responsible for all financial and strategic functions. From 2002, he was CEO of the Rieter Group. Since 2009, he has worked as a freelance management consultant and has held positions in various supervisory boards.

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

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**.

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)** and the → **Organisational Regulations of the Board of Directors of Geberit AG (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. 60**).

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 ¹ | 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 |

¹ 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 ¹ | n/a | X | X | X |
| Bernadette Koch ² | – | n/a | n/a | n/a |
| Eunice Zehnder-Lai | X | X | X | X |

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

² 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 ¹ | 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 |

¹ 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. 61**). 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.

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).

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.

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. 20**). 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, p. 104**. 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. 20**

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.

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. 13.**



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. 13.**



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. 13.**

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. 13.**



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. 13.**



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. 13.**



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**.

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. 72**, which is also available online at → 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. 52.**

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**.

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. 80.**

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. 59.**

9. INFORMATION POLICY

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

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

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

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

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

For further details on the Geberit Group's information policy, including a time schedule (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. 11.**

Headquarters:
Geberit AG
Schachenstrasse 77
8645 Jona
→ 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 Dependents' 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:

| | | |
|--|--|-----------------|
| Base salary | Pay for the function | Fixed salary |
| Benefits | Cover retirement, death and disability risks, attract and retain | |
| Short-Term Incentive | Drive and reward performance, attract and retain | Variable salary |
| Share Participation Programme (MSPP) | Align with shareholders' interests | |
| Long-Term Incentive (Share Option Plan/ MSOP) | 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 ¹ , LTI ²) | | Proposes | Approves | |
| Individual remuneration of the other members of the GEB | Proposes | Reviews | Approves | |
| LTI ² grant for all other eligible parties | Proposes | Reviews | Approves | |
| Remuneration Report | | Proposes | Approves | Consultative vote |

¹ Short-Term Incentive

² Long-Term Incentive

The NCC 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 |
|----------------------------|---|---|---|---|
| Remuneration policy | - Participation programme (STI and LTI programme, review ongoing throughout the year) | - Participation programme (STI and LTI programme, review ongoing throughout the year) | | |
| GEB matters | - 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 |
| BoD matters | | - BoD evaluation | | - BoD remuneration (following year) |
| Governance | - 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 |
|----------------------------------|------------------------------------|--|--|--|--|
| Base salary | Annual base salary | Monthly cash payments | Pay for the function | | |
| Short-Term Incentive, STI | 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 |
| Long-Term Incentive, LTI | 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 |
| Benefits | 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 >
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 |
| Good leaver | 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 | |
| Bad leaver | 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 |
| Good leaver | 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 |
| Bad leaver | 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 ¹ | Total |
|---|-----------------------|----------------------------|----------------|----------------|----------------|------------------------|------------------|
| | CHF | CHF | CHF | CHF | CHF | | CHF |
| 2020 | | | | | | | |
| Remuneration of the Board of Directors | | | | | | | |
| Accrued remuneration ² | 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 |
| Total | 942,882 | 350,578 | 261,685 | 246,023 | 253,840 | 184,621 | 2,239,629 |

¹ W. Karlen has been a member of the Board of Directors since 1 April 2020.

² 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 ¹ | Total |
|---|-----------------------|----------------------------|----------------|----------------|----------------------|------------------|
| | CHF | CHF | CHF | CHF | CHF | CHF |
| 2019 | | | | | | |
| Remuneration of the Board of Directors | | | | | | |
| Accrued remuneration ² | 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 |
| Total | 941,938 | 350,516 | 261,636 | 245,954 | 192,113 | 1,992,157 |

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

² 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-Jensen¹, T. Hübner²)

| | |
|-----------------------------------|----------------|
| Accrued remuneration | 55,000 |
| Cash remuneration | 167,444 |
| Expenses | 15,167 |
| Contributions to social insurance | 14,594 |
| Total | 252,205 |

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

² 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 |
| Board of Directors (total) | 2,239,629 | -518,435 | 572,495 | 2,293,689 | 2,350,000 | 98% |
| AGM2019–AGM2020 | 2019 | 1 Jan 2019 to 2019 AGM | 1 Jan 2020 to 2020 AGM | 2019 AGM to 2020 AGM | AGM 2019 | AGM 2019 |
| Board of Directors (total) | 2,244,362 | -569,878 | 518,666 | 2,193,150 | 2,350,000 | 93% |

* 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 |
|---|-----------------------|----------------------------|----------|----------------|---------|-----------|---------|
| 2020 | | | | | | | |
| Shareholdings Board of Directors | | | | | | | |
| 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 |
|---|-----------------------|----------------------------|----------|----------------|---------|--------|
| 2019 | | | | | | |
| Shareholdings Board of Directors | | | | | | |
| 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 |
| Salary | | | | |
| - Fixed salary | 1,001,806 | 3,386,672 | 966,810 | 3,412,642 |
| - Variable salary ¹ | 897,550 | 2,889,359 | 866,600 | 3,032,650 |
| <i>thereof in shares in 2020²</i> | | | 865,977 | 2,116,632 |
| Shares/Options | | | | |
| - Call options MSOP 2020/2019 ³ | 870,432 | 2,391,556 | 840,399 | 2,488,670 |
| - Call options MSPP 2020/2019 ⁴ | 31,817 | 77,766 | 52,415 | 119,412 |
| Non-cash benefits | | | | |
| - Private share of company vehicle ⁵ | 7,056 | 33,751 | 7,056 | 45,646 |
| Expenditure on pensions | | | | |
| - 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 |
| Total^{6/7} | 3,008,756 | 9,790,676 | 3,058,312 | 10,277,787 |

¹ 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.

² Registered shares of the company with a par value of CHF 0.10 each, 3-year blocking period, valued at fair market value at grant date of CHF 451.50 (PY CHF 406.75).

³ Call options on registered shares of the company with a par value of CHF 0.10 each, issued within the scope of the Management 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.

⁴ Call options on registered shares of the company with a par value of CHF 0.10 each, issued within the scope of the Management Share Participation Programme (MSPP); 1 option entitles to purchase 1 registered share at an exercise price of CHF 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.

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

⁶ Immaterial payments (below CHF 500) are not included in the total. Overall these payments do not exceed CHF 2,000 per member of the Group Executive Board.

⁷ 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 |
|---|-----------|-------------------------------|----------------|---------------|---------------|---------------|---------------|---------------|----------------|
| 2020 | | | | | | | | | |
| Shareholdings Group Executive Board | | | | | | | | | |
| 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% |
| Call options¹ | | | | | | | | | |
| 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 |
| Total options | | | 177,215 | 73,990 | 56,836 | 42,574 | 47,815 | 28,594 | 427,024 |
| Percentage potential share of voting rights options | | | 0.48% | 0.20% | 0.15% | 0.11% | 0.13% | < 0.1% | 1.15% |

¹ 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 |
|---|-----------|-------------------------------|---------------|---------------|---------------|-------------------|---------------|---------------|---------------|----------------|
| 2019 | | | | | | | | | | |
| Shareholdings Group Executive Board | | | | | | | | | | |
| 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% |
| Call options¹ | | | | | | | | | | |
| 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 |
| Total options | | | 95,629 | 44,956 | 39,330 | 31,373 | 29,245 | 21,494 | 18,858 | 280,885 |
| Percentage potential share of voting rights options | | | 0.26% | 0.12% | 0.11% | < 0.1% | < 0.1% | < 0.1% | < 0.1% | 0.76% |

¹ 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 |
| Total | | | 36,702 | |

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 |
| Total | | | | 278,364 | |

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 ¹ CHF | Expected σ 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 |

¹ 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 |
| Total | | 722,951 | 420.57 | 722,951 | 420.57 |

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 |
| Outstanding 1 January | 483,552 | 389.35 | 44,300 | 401.06 | 527,852 | 390.33 | 507,944 | 374.19 |
| 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 |
| Outstanding 31 December | 674,721 | 420.66 | 48,230 | 419.28 | 722,951 | 420.57 | 527,852 | 390.33 |
| 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

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

GEBERIT GROUP

FINANCIAL REPORT

2020

FINANCIAL REPORT

GEBERIT GROUP
2020

CONSOLIDATED BALANCE SHEETS

| | Note | 31.12.2020 MCHF | 31.12.2019 MCHF |
|---|-------|--------------------|--------------------|
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | | 468.6 | 408.1 |
| Marketable securities and other short-term investments | | 0.0 | 20.0 |
| Trade accounts receivable | 6 | 195.0 | 193.4 |
| Other current assets and current financial assets | 7 | 104.9 | 117.2 |
| Inventories | 8 | 307.1 | 306.9 |
| Total current assets | | 1,075.6 | 1,045.6 |
| Non-current assets | | | |
| Property, plant and equipment | 9 | 933.8 | 920.0 |
| Deferred tax assets | 18 | 126.0 | 124.8 |
| Other non-current assets and non-current financial assets | 10 | 38.7 | 38.2 |
| Goodwill and intangible assets | 11 | 1,576.9 | 1,596.7 |
| Total non-current assets | | 2,675.4 | 2,679.7 |
| Total assets | | 3,751.0 | 3,725.3 |
| Liabilities and equity | | | |
| Current liabilities | | | |
| Short-term debt | 12 | 17.3 | 26.2 |
| Trade accounts payable | | 94.2 | 97.2 |
| Tax liabilities | | 129.9 | 105.4 |
| Other current liabilities | 13 | 324.6 | 305.1 |
| Current provisions | 13 | 6.7 | 12.3 |
| Total current liabilities | | 572.7 | 546.2 |
| Non-current liabilities | | | |
| Long-term debt | 14/15 | 761.5 | 810.7 |
| Accrued pension obligations | 16 | 346.7 | 331.3 |
| Deferred tax liabilities | 18 | 79.6 | 81.3 |
| Other non-current liabilities | 19 | 16.8 | 11.8 |
| Non-current provisions | 19 | 51.7 | 45.0 |
| Total non-current liabilities | | 1,256.3 | 1,280.1 |
| Equity | | | |
| Capital stock | 21 | 3.7 | 3.7 |
| Reserves | | 2,419.1 | 2,366.4 |
| Cumulative translation adjustments | | -500.8 | -471.1 |
| Total equity | | 1,922.0 | 1,899.0 |
| Total liabilities and equity | | 3,751.0 | 3,725.3 |

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

CONSOLIDATED INCOME STATEMENTS

1.1. – 31.12.

| | Note | 2020 MCHF | 2019 MCHF |
|--|-----------|----------------|----------------|
| Net sales | 28 | 2,986.1 | 3,082.9 |
| Cost of materials | | 788.7 | 859.9 |
| Personnel expenses | | 750.4 | 752.1 |
| Depreciation | 9 | 126.6 | 127.4 |
| Amortisation of intangible assets | 11 | 27.2 | 19.9 |
| Other operating expenses, net | 23 | 521.7 | 567.0 |
| Total operating expenses, net | | 2,214.6 | 2,326.3 |
| Operating profit (EBIT) | | 771.5 | 756.6 |
| Financial expenses | 24 | -12.5 | -12.5 |
| Financial income | 24 | 1.1 | 1.8 |
| Foreign exchange loss (-)/gain | 24 | -5.8 | -3.1 |
| Financial result, net | | -17.2 | -13.8 |
| Profit before income tax expenses | | 754.3 | 742.8 |
| Income tax expenses | 25 | 112.0 | 95.9 |
| Net income | | 642.3 | 646.9 |
| EPS (CHF) | 22 | 17.95 | 17.97 |
| EPS diluted (CHF) | 22 | 17.88 | 17.93 |

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

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

1.1. – 31.12.

| | Note | 2020 MCHF | 2019 MCHF |
|--|------|--------------|--------------|
| Net income according to the income statement | | 642.3 | 646.9 |
| Cumulative translation adjustments | | -29.7 | -49.1 |
| Income tax expenses | | 0.0 | 0.0 |
| Cumulative translation adjustments, net of tax | | -29.7 | -49.1 |
| Total other comprehensive income to be reclassified to the income statement in subsequent periods, net of tax | | -29.7 | -49.1 |
| Remeasurements of pension plans | 16 | 3.0 | -49.6 |
| Income tax expenses | | -0.6 | 11.1 |
| Remeasurements of pension plans, net of tax | | 2.4 | -38.5 |
| Total other comprehensive income not to be reclassified to the income statement in subsequent periods, net of tax | | 2.4 | -38.5 |
| Total other comprehensive income, net of tax | | -27.3 | -87.6 |
| Total comprehensive income | | 615.0 | 559.3 |

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

| | Ordinary shares | Reserves | Treasury shares | Pension plans | Cum. translation adjustments | Total equity |
|--------------------------------------|--------------------|----------------|--------------------|------------------|------------------------------------|-----------------|
| | MCHF | MCHF | MCHF | MCHF | MCHF | MCHF |
| Balance at 31.12.2018 | 3.7 | 2,721.7 | -417.7 | -140.3 | -422.0 | 1,745.4 |
| Net income | | 646.9 | | | | 646.9 |
| Other comprehensive income | | | | -38.5 | -49.1 | -87.6 |
| Distribution ¹ | | -389.0 | | | | -389.0 |
| Share buyback programme | | | -46.9 | | | -46.9 |
| Purchase (-)/sale of treasury shares | | 5.6 | 31.2 | | | 36.8 |
| Management option plans | | -6.6 | | | | -6.6 |
| Balance at 31.12.2019 | 3.7 | 2,978.6 | -433.4 | -178.8 | -471.1 | 1,899.0 |
| Net income | | 642.3 | | | | 642.3 |
| Other comprehensive income | | | | 2.4 | -29.7 | -27.3 |
| Distribution ¹ | | -404.0 | | | | -404.0 |
| Share buyback programme | | | -167.9 | | | -167.9 |
| Purchase (-)/sale of treasury shares | | 6.7 | -22.7 | | | -16.0 |
| Management option plans | | -4.1 | | | | -4.1 |
| Balance at 31.12.2020 | 3.7 | 3,219.5 | -624.0 | -176.4 | -500.8 | 1,922.0 |

¹ The dividend (ex2019) was CHF 11.30 per share (PY: CHF 10.80).

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

CONSOLIDATED STATEMENTS OF CASHFLOWS

1.1. – 31.12.

| | Note | 2020 MCHF | 2019 MCHF |
|---|-------|---------------|---------------|
| Cash provided by operating activities | | | |
| Net income | | 642.3 | 646.9 |
| Depreciation and amortisation | 9/11 | 153.8 | 147.3 |
| Financial result, net | 24 | 17.2 | 13.8 |
| Income tax expenses | 25 | 112.0 | 95.9 |
| Changes in provisions | | 28.7 | -3.8 |
| Other non-cash expenses and income | | 13.7 | 10.6 |
| Operating cashflow before changes in net working capital and income taxes | | 967.7 | 910.7 |
| Income taxes paid | | -94.0 | -89.3 |
| Changes in trade accounts receivable | | 2.0 | 7.3 |
| Changes in inventories | | -6.7 | -10.6 |
| Changes in trade accounts payable | | -0.9 | 4.7 |
| Changes in other positions of net working capital | | 31.9 | 11.2 |
| Net cash from/used in (-) operating activities | | 900.0 | 834.0 |
| Cash from/used in (-) investing activities | | | |
| Purchase of property, plant & equipment and intangible assets | 9/11 | -149.7 | -166.9 |
| Sale of property, plant & equipment and intangible assets | | 2.9 | 3.3 |
| Interest received | | 1.1 | 1.7 |
| Purchase (-)/sale of marketable securities and other short-term investments | | 20.0 | -20.0 |
| Other, net | | -2.1 | -3.1 |
| Net cash from/used in (-) investing activities | | -127.8 | -185.0 |
| Cash from/used in (-) financing activities | | | |
| Proceeds from borrowings | 14/15 | 450.2 | 634.7 |
| Repayments of borrowings | 14/15 | -503.5 | -695.6 |
| Repayments of lease liabilities | | -24.1 | -16.2 |
| Interest paid | | -9.8 | -7.8 |
| Distribution | | -404.0 | -389.0 |
| Share buyback programme | 21 | -162.1 | -51.4 |
| Purchase (-)/sale of treasury shares | | -46.4 | 9.9 |
| Other, net | | -2.2 | -2.4 |
| Net cash from/used in (-) financing activities | | -701.9 | -517.8 |
| Effects of exchange rates on cash and cash equivalents | | -9.8 | -5.3 |
| Net increase/decrease (-) in cash and cash equivalents | | 60.5 | 125.9 |
| Cash and cash equivalents at beginning of year | | 408.1 | 282.2 |
| Cash and cash equivalents at end of year | | 468.6 | 408.1 |

The accompanying → Notes are an integral part of the consolidated financial statements.
For further cashflow figures see → Note 27.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. BASIC INFORMATION

The Geberit Group is an international company that focuses on the sanitary industry and, specifically, the areas of sanitary technology and bathroom ceramics. The Group's product range consists of the Installation and Flushing Systems, Piping Systems and Bathroom Systems product areas. Worldwide, the vast majority of its products are sold through the wholesale channel. Geberit sells its products in 119 countries. The Group is present in 50 countries with its own sales employees.

The consolidated financial statements include Geberit AG and all companies under its control ("the Group" or "Geberit"). The Group eliminates all intra-group transactions as part of the Group consolidation process. A company is consolidated for the first time or deconsolidated from the date on which the Group exercises or loses control over the company.

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

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

MAIN SOURCES OF ESTIMATION UNCERTAINTY

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

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

- Assumptions underlying impairment testing of goodwill items and intangible assets with an indefinite useful life (→ **Note 11**)
- Assumptions underlying the capitalisation of development costs (→ **Note 26**)
- Assumptions underlying the recognition of defined benefit pension plans (→ **Note 16**)
- Assumptions underlying the valuation of deferred tax assets and liabilities (→ **Note 18**)
- Assumptions underlying valuation of provisions (→ **Note 13**, → **Note 19**)

2. CHANGES IN GROUP STRUCTURE

No significant changes in the Group structure took place in 2020 and 2019.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

IFRS STANDARDS

New or revised IFRS standards and interpretations 2020 and their adoption by the Group

| Standard/Interpretation | Enactment | Relevance for Geberit | Adoption |
|--|-----------|--|----------|
| Amendments to IFRS 3 Business Combinations – Reference to the conceptual framework | 1.1.2020 | This amendment had no impact on the consolidated financial statements. | 1.1.2020 |
| Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, Interest rate benchmark reform – phase 1 | 1.1.2020 | This amendment had no impact on the consolidated financial statements. | 1.1.2020 |
| Amendments to IFRS 16 Leases – COVID-19-Related Rent Concessions | 1.6.2020 | This amendment had no impact on the consolidated financial statements. | 1.6.2020 |

New or revised IFRS standards and interpretations as from 2021 and their adoption by the Group

| Standard/Interpretation | Enactment | Relevance for Geberit | Adoption |
|--|-----------|--|----------|
| Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, Interest rate benchmark reform – phase 2 | 1.1.2021 | This amendment will not have a material impact on the consolidated financial statements. | 1.1.2021 |
| Amendments to IAS 16 Property, Plant and Equipment – Proceeds before intended use | 1.1.2022 | This amendment will not have a material impact on the consolidated financial statements. | 1.1.2022 |
| Amendments to IAS 37 Onerous Contracts – Cost of fulfilling a contract | 1.1.2022 | This amendment will not have a material impact on the consolidated financial statements. | 1.1.2022 |
| Annual improvements to IFRSs 2018–2020 Cycle | 1.1.2022 | This amendment will not have a material impact on the consolidated financial statements. | 1.1.2022 |
| Amendments to IAS 1 Presentation of financial statements – Classification of liabilities as current or non-current | 1.1.2023 | This amendment will not have a material impact on the consolidated financial statements. | 1.1.2023 |

SUMMARY OF SIGNIFICANT ACCOUNTING AND VALUATION RULES

FOREIGN CURRENCY TRANSLATION

The functional currencies of the Group's subsidiaries are generally the currencies of the local jurisdiction. Transactions denominated in foreign currencies are recorded at the rate of exchange prevailing at the dates of the transaction, or at a rate that approximates to the actual rate at the date of the transaction. At the end of the accounting period, receivables and liabilities in foreign currency are valued at the rate of exchange prevailing at the consolidated balance sheet date, with resulting exchange rate differences charged to the income statement. Exchange rate differences related to loans that are part of the net investment in foreign entities are recorded in → **"Other comprehensive income"** and disclosed as cumulative translation adjustments.

For the consolidation, assets and liabilities stated in functional currencies other than Swiss francs are translated at the rates of exchange prevailing at the consolidated balance sheet date. Income and expenses are translated at the average exchange rates (weighted sales) for the period. Translation gains or losses are recorded in → **"Other comprehensive income"** and disclosed as cumulative translation adjustments.

CASH AND CASH EQUIVALENTS

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

SECURITIES AND OTHER SHORT-TERM INVESTMENTS

Securities are marketable instruments that can be readily liquidated and have a remaining term of between 4 and 12 months. Other short-term investments primarily comprise fixed-term deposits and money-market investments with a remaining term of between 4 and 12 months. Both are either recognised at fair value through profit and loss or at amortised cost.

INVENTORIES

Inventories are stated at the lower of historical or manufacturing costs, or net realisable value. The manufacturing costs comprise all directly attributable costs of material and manufacture and other costs incurred in bringing the inventories to their present location and condition. Historical cost is determined using the weighted average cost formula, while the manufacturing cost is determined using the standard cost formula. Net realisable value corresponds to the estimated selling price in the ordinary course of business less the estimated costs of completion and the selling costs. Allowances are made for obsolete and slow-moving inventories.

PROPERTY, PLANT AND EQUIPMENT

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

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

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

GOODWILL AND INTANGIBLE ASSETS

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

Goodwill and intangibles such as patents, trademarks and software acquired from third parties are initially stated and subsequently measured at cost. Goodwill, trademarks and other intangible assets with an indefinite useful life are not regularly amortised but tested for impairment on an annual basis. Impairments are recorded immediately as expenses in the consolidated income statements and, in the case of goodwill, not reversed in subsequent periods. The amortisation of intangible assets with a definite useful life is calculated using the straight-line method based on the following useful lives: patents and technology (4–10 years), trademarks (5–12 years), software (4–6 years) and capitalised development costs (6 years).

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

For the impairment tests of intangible assets with an indefinite useful life and goodwill, the Group applies the most recent business plans (period of four years) and the assumptions therein concerning development of prices, markets and the Group's market shares. To discount future cashflows, the Group applies market or country-specific discount rates. Management considers the discount rates, the growth rates and the development of the operating margins to be the crucial parameters for the calculation of the recoverable amount. More detailed information is disclosed in → **Note 11**.

LEASING

Leases for property, plant and equipment mainly comprise buildings and vehicles.

Leases are reported as a right-of-use asset, while a corresponding liability is recognised on the date on which the leased asset becomes available for use by the Group. IFRS 16 (Leases) envisages a single accounting model for the lessee. Geberit makes use of the option to refrain from accounting for leases that have a term of no more than 12 months as well as minor-value assets with a value of less than CHF 5,000. The expenses from these agreements are directly recognised in other operating expenses.

According to IFRS 16, the lessee capitalises the right-of-use asset and recognises all future lease payments from the lease as a financial liability. This sum corresponds to the present value of all future lease payments. The lessee defines the agreement term and the interest rate used to discount the payments. If this discount rate is specified in the leasing agreement, this is applied (implicit interest rate). If this is not the case, the incremental borrowing rate (IBR) is applied. The term generally corresponds to the irrevocable lease term taking into account any termination, renewal and purchasing options, as long as their exercise is sufficiently secure. The leased asset is depreciated on the basis of the agreed term.

PROVISIONS

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

NET SALES

The Group focuses on sanitary technology and bathroom ceramics in the sanitary industry. The products are primarily sold through the wholesale channel. Net sales correspond to the amount of consideration to be expected from contracts with customers for the sale of products and do not include any amounts recovered on behalf of third parties.

Sales per transaction are recorded at a single point in time at which the customer obtains effective control over the products that have been delivered. This single point in time depends on the different terms of delivery.

Net sales include the invoiced amounts after deduction of rebates, cash discounts and customer bonuses. Customer bonuses are sales deductions linked to the achievement of predefined targets (e.g. level of sales). Payments to third parties for which Geberit receives no directly linked services are also deducted from sales.

MARKETING EXPENSES

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

INCOME TAX EXPENSES

The consolidated financial statements include current income taxes based on the taxable earnings of the Group companies and are calculated according to national tax rules. Uncertain tax positions are determined on the basis of the most likely amount method. Deferred taxes are recorded on temporary differences between the tax base of assets and liabilities and their carrying amount using the "liability method". Deferred taxes are calculated either using the current tax rate or the tax rate expected to be applicable in the period in which these differences will reverse. If the realisation of future tax savings related to tax loss carryforwards and other deferred tax assets is not or no longer probable, the deferred tax assets are reduced accordingly.

A liability for deferred taxes for non-refundable taxes at source and other earning distribution-related taxes is recognised only for subsidiaries for which available earnings are intended to be remitted and of which the parent company controls the dividend policy (→ **Note 18**).

RESEARCH AND DEVELOPMENT COST (R&D)

The majority of the expenses are incurred in relation to basic research, product and product range management, customer software development and R&D support/overheads, and these are charged directly to the income statement. The residual expenses relate to development costs for new products. If these concern major development projects, they are reviewed at each balance sheet date in order to verify whether the capitalisation criteria of IAS 38.57 are fulfilled. In the case that all criteria are fulfilled, the expenses are capitalised and amortised over a period of six years (→ **Note 26**).

RETIREMENT BENEFIT PLANS

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

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

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

PARTICIPATION PLANS

Rebates granted to employees when buying Geberit shares under share purchase plans are charged to the income statement in the year the programmes are offered.

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

EARNINGS PER SHARE

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

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

FINANCIAL INSTRUMENTS

Financial assets are initially recorded at fair value plus transaction costs and subsequently remeasured at amortised cost less allowances for expected credit losses ("ECL"). It is not necessary for a loss event to occur before an impairment loss is recognised. Impairment is determined based on expected credit losses, which is the present value of the cash shortfalls over the expected life of the financial assets. Geberit incorporates forward-looking information into its historical customer default rates, grouping receivables by customer sector, rating and geography taking into account the existence of collateral, if any.

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

Derivatives are initially recorded at fair value and subsequently adjusted for fair value changes. The recognition of derivatives in the Group's balance sheet is based on internal valuations or on the valuation of the respective financial institution. See → **Note 15** for an allocation of the balance sheet items to the classification by categories.

HEDGE ACCOUNTING

Geberit purchases derivative financial instruments for the purpose of economically hedging specific commitments (see → **Note 4** and → **Note 15**).

4. RISK ASSESSMENT AND MANAGEMENT

GENERAL

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

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

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

MANAGEMENT OF COUNTERPARTY RISKS FROM TREASURY ACTIVITIES

Financial contracts are agreed only with third parties that have at least an A (S&P) or A2 (Moody's) rating or are considered as relevant to the financial system. Management believes that the risk of losses from the existing contracts is remote.

In general, liquid funds are invested for a period of less than three months. Part of the liquid funds may be invested in government bonds (maximum MCHF 70 per country and usually with terms of less than 12 months). The residual liquid funds are generally held at banks on a short-term basis. To avoid cluster risks, the value of an investment per third party may not exceed a certain limit that is determined on the basis of clearly defined creditworthiness criteria such as rating, system relevance and state guarantees (e.g. for Swiss cantonal banks). In addition, investments with the same counterparty may not exceed half of the Group's total deposits. The Group has not suffered any losses on such transactions to date.

MANAGEMENT OF FOREIGN EXCHANGE RATE RISK

The Group generates sales and costs in Switzerland and abroad in foreign currencies. Therefore, exchange rate changes have an impact on the consolidated results. To limit such risks, the concept of "natural hedging" is considered as the primary hedging strategy. Hereby, the foreign exchange rate risk of cash inflows in a certain currency is neutralised with cash outflows of the same currency. Therefore, currency fluctuations influence the profit margin of the Group only to a marginal extent; i.e. the Group is exposed to a relatively small transaction risk. However, the translation risk that results from the translation of profits generated abroad can still substantially influence the consolidated results depending on the financial position and the level of currency fluctuation, despite the effective "natural hedging". The Group does not hedge translation risks.

The currency risk over a period of 12 months is measured via the cashflow-at-risk (CfaR) method. By using statistical methods, the effect of probable changes in foreign exchange rates on the financial result of the Group is evaluated. As at 31 December 2020, the Group's CfaR amounted to MCHF 22.7 (PY: MCHF 24.2), hence there was a 95% likelihood that any loss resulting from currency risk would not exceed MCHF 22.7.

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

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

MANAGEMENT OF INTEREST RATE RISK

Basically, two types of interest rate risk exist:

- the fair market value risk for financial positions bearing fixed interest rates
- the interest rate risk for financial positions bearing variable interest rates

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

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

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

Interest rate risk as at 31 December:

| | 2020 | 2019 |
|--|-------------|------------|
| | MCHF | MCHF |
| EBITDA ¹ | 925.3 | 903.9 |
| Financial result, net + CfaR | 8.9 | 9.9 |
| EBITDA/(Financial result, net + CfaR) | 104x | 91x |

¹ EBITDA = operating profit (EBIT) before depreciation and amortisation

MANAGEMENT OF LIQUIDITY RISK

Liquid funds, including the committed unused credit lines, must be available to cover future cash drains in due time amounting to a certain liquidity reserve. This reserve considers interest and amortisation payments and capital expenditures and investments in net working capital. At the balance sheet date, the liquid funds including the committed unused credit lines exceeded the defined liquidity reserve by MCHF 692.3 (PY: MCHF 624.7).

MANAGEMENT OF CREDIT RISK

Major credit risks to the Group mainly result from the sale of its products (debtor risk). Products are sold throughout the world, but primarily within continental Europe. Ongoing evaluations of the customers' financial situation are performed and, generally, no further collateral is required. The Group records allowances for potential credit losses based on an expected credit loss (ECL) model in accordance with IFRS 9 (see → **Note 6**). Actual losses have not exceeded management's expectations in the past. The COVID-19 crisis also did not result in any exceptional bad debt losses in the past financial year.

The maximum credit risk resulting from receivables and other financial assets basically corresponds to the net carrying amount of the asset. The balance of trade receivables at year-end is not representative because of the low sales volume in December. In 2020, the average balance of trade receivables is about 141% (PY: 139%) of the amount at year-end.

SUMMARY

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

| Type of risk | Key figure | 2020 | 2019 |
|----------------------------|---------------------------------------|------------|------------|
| Foreign exchange rate risk | Cashflow-at-Risk (CfaR) | MCHF 22.7 | MCHF 24.2 |
| Interest rate risk | EBITDA/(financial result, net + CfaR) | 104x | 91x |
| Liquidity risk | (Deficit)/excess of liquidity reserve | MCHF 692.3 | MCHF 624.7 |

IMPACT OF COVID-19

Since mid-March, the construction industry in Europe has been negatively impacted by the COVID-19 pandemic. In several countries (e.g. Italy, France, the United Kingdom, Spain, India and South Africa) most construction sites remained closed for extended periods. In other countries the restrictions enforced as a result of the pandemic led to a slowing of construction activities. Moreover, the majority of showrooms for sanitary products across Europe remained closed for around two months. Overall, these restrictions had a negative impact on the Geberit Group's sales development in the second quarter in particular, although this was partially offset in the second half of the year as a result of catch-up effects. Despite the restrictions enforced due to COVID-19, the supply chain at Geberit remained mostly intact throughout the entire year. In response to the sharp decline in sales in the second quarter, activities that were not time-critical were postponed, while targeted savings measures were implemented. In addition, the restrictions enforced due to COVID-19 led to further savings in marketing and travel expenses in particular. However, future-oriented projects (e.g. product development and IT projects) were continued as planned. Ultimately, the good sales development in the second half of the year combined with the unusually low cost base resulted in extraordinarily high profitability.

5. MANAGEMENT OF CAPITAL

The objectives of the Group regarding the management of the capital structure are as follows:

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

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

- adjustment of the distribution policy
- share buyback programmes
- capital increases
- raise or repay debt

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

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

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

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

The relevant values as at 31 December are outlined below:

| | 2020 | 2019 |
|--|--------------|--------------|
| | MCHF | MCHF |
| Gearing | | |
| Debt | 778.8 | 836.9 |
| Liquid funds, marketable securities and other short-term investments | 468.6 | 428.1 |
| Net debt | 310.2 | 408.8 |
| Equity | 1,922.0 | 1,899.0 |
| Net debt/equity | 16.1% | 21.5% |
| Return on equity (ROE) | | |
| Equity (rolling) ¹ | 1,843.4 | 1,806.8 |
| Net income | 642.3 | 646.9 |
| ROE | 34.8% | 35.8% |
| Return on invested capital (ROIC)² | | |
| Invested capital (rolling) | 2,794.3 | 2,810.0 |
| Net operating profit after taxes (NOPAT) | 648.0 | 648.4 |
| ROIC | 23.2% | 23.1% |

¹ Rolling equity equals the average of the last 5 quarters

² ROIC = Return on invested capital (Net operating profit after taxes / invested capital). Net operating profit after taxes = EBIT less income taxes on EBIT. Invested capital = Net working capital + PPE + Goodwill and intangible assets. Invested capital corresponds with the rolling average of the underlying balance sheet items over the last 5 quarters.

6. TRADE ACCOUNTS RECEIVABLE

| | 2020 | 2019 |
|--|--------------|--------------|
| | MCHF | MCHF |
| Trade accounts receivable | 207.7 | 205.4 |
| Allowances | -12.7 | -12.0 |
| Total trade accounts receivable | 195.0 | 193.4 |
| | 2020 | 2019 |
| | MCHF | MCHF |
| Total trade accounts receivable by currency | | |
| CHF | 9.7 | 8.1 |
| EUR | 59.8 | 65.8 |
| USD | 17.9 | 22.0 |
| GBP | 28.1 | 17.9 |
| SEK | 22.3 | 15.2 |
| DKK | 12.5 | 15.2 |
| NOK | 12.7 | 12.4 |
| PLN | 4.1 | 6.8 |
| Other | 27.9 | 30.0 |
| Total trade accounts receivable | 195.0 | 193.4 |

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

| | 2020 | 2019 |
|---|-------------|-------------|
| | MCHF | MCHF |
| Allowances for trade accounts receivable | | |
| 1 January | 12.0 | 11.0 |
| Additions | 3.5 | 5.0 |
| Used | -0.3 | -2.9 |
| Reversed | -2.1 | -0.8 |
| Translation differences | -0.4 | -0.3 |
| 31 December | 12.7 | 12.0 |

As at 31 December, allowances for trade accounts receivable include individual allowances of MCHF 5.2 (PY: MCHF 3.9) and allowances for expected credit losses (ECL) of MCHF 7.5 (PY: MCHF 8.1).

| | 2020 | 2019 |
|---|--------------|--------------|
| | MCHF | MCHF |
| Maturity analysis of trade accounts receivable | | |
| Not due | 128.5 | 141.1 |
| Past due < 30 days | 54.1 | 45.1 |
| Past due < 60 days | 11.6 | 6.0 |
| Past due < 90 days | 2.3 | 1.9 |
| Past due < 120 days | 1.7 | 2.1 |
| Past due > 120 days | 9.5 | 9.2 |
| Allowances | -12.7 | -12.0 |
| Total trade accounts receivable | 195.0 | 193.4 |

The agreed payment terms range from 30 to 120 days.

7. OTHER CURRENT ASSETS AND CURRENT FINANCIAL ASSETS

| | 2020 | 2019 |
|--|--------------|--------------|
| | MCHF | MCHF |
| Value added tax receivables | 67.6 | 77.4 |
| Income tax refunds receivable | 13.9 | 12.8 |
| Short-term derivative financial instruments ¹ (see → Note 15) | 0.6 | 1.1 |
| Prepaid expenses | 10.7 | 11.8 |
| Other current assets | 12.1 | 14.1 |
| Total other current assets and current financial assets | 104.9 | 117.2 |

¹ Not part of the calculation of net working capital

As at 31 December 2020, the position "Other current assets" included other receivables from governments of MCHF 3.2 (PY: MCHF 3.0).

8. INVENTORIES

| | 2020 | 2019 |
|---|--------------|--------------|
| | MCHF | MCHF |
| Raw materials, supplies and other inventories | 103.0 | 97.2 |
| Work in progress | 51.7 | 52.2 |
| Finished goods | 124.2 | 130.7 |
| Merchandise | 28.2 | 26.7 |
| Prepayments to suppliers | 0.0 | 0.1 |
| Total inventories | 307.1 | 306.9 |

As at 31 December 2020, inventories included allowances for slow-moving and obsolete items of MCHF 47.2 (PY: MCHF 48.8).

9. PROPERTY, PLANT AND EQUIPMENT

The following statement of changes in assets includes the Group's own as well as leased property, plant and equipment:

| | Total | Land and buildings | Machinery and equipment | Office equipment | Assets under constr./advance payments |
|--|----------------|--------------------|-------------------------|------------------|---------------------------------------|
| | MCHF | MCHF | MCHF | MCHF | MCHF |
| 2020 | | | | | |
| Cost at beginning of year | 2,380.5 | 748.6 | 1,442.8 | 68.0 | 121.1 |
| Additions | 158.9 | 21.3 | 52.6 | 9.5 | 75.5 |
| Disposals | -63.4 | -6.9 | -49.3 | -7.2 | |
| Transfers | 0.0 | 9.8 | 57.6 | 6.5 | -73.9 |
| Translation differences | -32.0 | -12.8 | -16.7 | -1.6 | -0.9 |
| Cost at end of year | 2,444.0 | 760.0 | 1,487.0 | 75.2 | 121.8 |
| Accumulated depreciation at beginning of year | 1,460.5 | 355.3 | 1,062.4 | 42.8 | 0.0 |
| Depreciation | 126.6 | 31.4 | 85.7 | 9.5 | |
| Disposals | -61.9 | -6.9 | -47.9 | -7.1 | |
| Translation differences | -15.0 | -3.9 | -10.1 | -1.0 | |
| Accumulated depreciation at end of year | 1,510.2 | 375.9 | 1,090.1 | 44.2 | 0.0 |
| Carrying amounts at end of year | 933.8 | 384.1 | 396.9 | 31.0 | 121.8 |
| 2019 | | | | | |
| Cost at beginning of year | 2,260.3 | 639.5 | 1,414.1 | 65.6 | 141.1 |
| Adoption IFRS 16 | 86.7 | 76.2 | 10.4 | 0.1 | |
| Additions | 153.9 | 11.9 | 53.1 | 8.5 | 80.4 |
| Disposals | -62.1 | -6.3 | -49.9 | -5.9 | |
| Transfers | -1.3 | 43.3 | 51.0 | 2.4 | -98.0 |
| Translation differences | -57.0 | -16.0 | -35.9 | -2.7 | -2.4 |
| Cost at end of year | 2,380.5 | 748.6 | 1,442.8 | 68.0 | 121.1 |
| Accumulated depreciation at beginning of year | 1,431.4 | 339.4 | 1,050.2 | 41.8 | 0.0 |
| Depreciation | 127.4 | 32.4 | 86.0 | 9.0 | |
| Disposals | -60.9 | -5.7 | -49.3 | -5.9 | |
| Transfers | -1.3 | -3.7 | 2.4 | | |
| Translation differences | -36.1 | -7.1 | -26.9 | -2.1 | |
| Accumulated depreciation at end of year | 1,460.5 | 355.3 | 1,062.4 | 42.8 | 0.0 |
| Carrying amounts at end of year | 920.0 | 393.3 | 380.4 | 25.2 | 121.1 |

As at 31 December 2020, there were no qualified assets for which borrowing costs were capitalised during the construction phase. As at 31 December 2020, the Group had entered into firm commitments for capital expenditures of MCHF 13.4 (PY: MCHF 11.6).

The following table breaks down the carrying amount of property, plant and equipment by items that are owned by the Group and items that are leased:

| | 2020 | 2019 |
|---|--------------|--------------|
| | MCHF | MCHF |
| Property, plant and equipment owned | 874.1 | 851.8 |
| Right-of-use of property, plant and equipment | 59.7 | 68.2 |
| Carrying amounts at end of year | 933.8 | 920.0 |

RIGHT-OF-USE OF PROPERTY, PLANT AND EQUIPMENT

| | Total | Land and buildings | Machinery and equipment | Office equipment |
|--|-------------|--------------------|-------------------------|------------------|
| | MCHF | MCHF | MCHF | MCHF |
| 2020 | | | | |
| Carrying amounts at beginning of year | 68.2 | 61.3 | 6.9 | 0.0 |
| Additions | 18.2 | 14.0 | 3.7 | 0.5 |
| Depreciation | -17.9 | -13.9 | -3.9 | -0.1 |
| Transfers | -6.9 | -6.9 | | |
| Translation differences | -1.9 | -1.6 | -0.3 | |
| Carrying amounts at end of year | 59.7 | 52.9 | 6.4 | 0.4 |

| | Total | Land and buildings | Machinery and equipment | Office equipment |
|--|-------------|--------------------|-------------------------|------------------|
| | MCHF | MCHF | MCHF | MCHF |
| 2019 | | | | |
| Initial recognition IFRS 16 | 74.8 | 67.8 | 6.9 | 0.1 |
| Additions | 11.9 | 8.4 | 3.5 | 0.0 |
| Depreciation | -17.2 | -13.7 | -3.4 | -0.1 |
| Translation differences | -1.3 | -1.2 | -0.1 | 0.0 |
| Carrying amounts at end of year | 68.2 | 61.3 | 6.9 | 0.0 |

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

| | 2020 | 2019 |
|--|-------------|-------------|
| | MCHF | MCHF |
| Reinsurance policies for pension obligations (see → Note 16) | 26.3 | 25.1 |
| Assets from defined benefit plans (see → Note 16) | 0.2 | 0.8 |
| Deposits | 4.5 | 3.9 |
| Capitalised financing costs | 0.4 | 0.7 |
| Other | 7.3 | 7.7 |
| Total other non-current assets and non-current financial assets | 38.7 | 38.2 |

As at 31 December 2020 and 2019, the position "Other" mainly includes long-term receivables in connection with the sale of the Varicor Group which was executed in 2017.

11. GOODWILL AND INTANGIBLE ASSETS

| | Total | Goodwill | Patents and technology | Trademarks | Other intangible assets ¹ |
|--|----------------|----------------|------------------------|--------------|--------------------------------------|
| | MCHF | MCHF | MCHF | MCHF | MCHF |
| 2020 | | | | | |
| Cost at beginning of year | 2,065.1 | 1,468.6 | 84.2 | 375.6 | 136.7 |
| Additions | 9.0 | | | | 9.0 |
| Disposals | -6.1 | | | | -6.1 |
| Translation differences | -2.7 | -2.5 | | 0.5 | -0.7 |
| Cost at end of year | 2,065.3 | 1,466.1 | 84.2 | 376.1 | 138.9 |
| Accumulated amortisation / impairment at beginning of year | 468.4 | 213.3 | 84.1 | 77.9 | 93.1 |
| Amortisation | 20.0 | | | 8.1 | 11.9 |
| Impairment loss | 7.2 | | | 7.2 | |
| Disposals | -6.1 | | | | -6.1 |
| Translation differences | -1.1 | -0.5 | | | -0.6 |
| Accumulated amortisation at end of year | 488.4 | 212.8 | 84.1 | 93.2 | 98.3 |
| Carrying amounts at end of year | 1,576.9 | 1,253.3 | 0.1 | 282.9 | 40.6 |
| 2019 | | | | | |
| Cost at beginning of year | 2,285.6 | 1,517.1 | 266.5 | 379.4 | 122.6 |
| Additions | 13.0 | | | | 13.0 |
| Disposals | -182.7 | | -182.3 | | -0.4 |
| Transfers | 2.1 | | | | 2.1 |
| Translation differences | -52.9 | -48.5 | | -3.8 | -0.6 |
| Cost at end of year | 2,065.1 | 1,468.6 | 84.2 | 375.6 | 136.7 |
| Accumulated amortisation / impairment at beginning of year | 633.9 | 217.7 | 266.4 | 69.9 | 79.9 |
| Amortisation | 19.9 | | | 8.0 | 11.9 |
| Disposals | -182.6 | | -182.3 | | -0.3 |
| Transfer | 2.1 | | | | 2.1 |
| Translation differences | -4.9 | -4.4 | | | -0.5 |
| Accumulated amortisation at end of year | 468.4 | 213.3 | 84.1 | 77.9 | 93.1 |
| Carrying amounts at end of year | 1,596.7 | 1,255.3 | 0.1 | 297.7 | 43.6 |

¹ Other intangible assets: mainly software and capitalised product development costs (see → Note 26)

Goodwill and intangible assets from acquisitions with an indefinite useful life are tested for impairment on an annual basis. The following table lists the carrying amounts and parameters of the items that are material for the Group.

| | Carrying amount | Carrying amount | Calculation of recoverable amount (PY numbers in brackets) | | | |
|---|-----------------|-----------------|--|-----------------|--|------------------------------------|
| | | | 31.12.2020 | 31.12.2019 | Value in use (U) or fair value less cost to sell (F) | Growth rate beyond planning period |
| | MCHF | MCHF | | % | % | % |
| Goodwill | 1,253.3 | 1,255.3 | U | 2.0 (2.0) | 6.8 (6.2) | 5.9 (5.4) |
| Geberit trademark (indefinite useful life) | 84.6 | 84.6 | U | 2.0 (2.0) | 6.7 (6.1) | 5.9 (5.4) |
| Various trademarks (indefinite useful life) | 127.6 | 134.8 | U | 2.0 (1.9 - 2.0) | 6.2 - 9.3 (5.6 - 6.4) | 6.1 - 9.0 (5.5 - 6.2) |
| Various trademarks (definite useful life) | 70.7 | 78.3 | | | | |

GOODWILL

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

TRADEMARKS

The Geberit brand is an integral part of the Geberit business model and is assumed to have an indefinite useful life. Impairment is tested using the "relief from royalty" method. Impairment is tested against the Group's estimated net sales attributable to the trademark according to the current business plan (four-year period). Growth rates after the end of the planning period are based on Euroconstruct forecasts and the Group's own assumptions drawn from past experience regarding price and market share trends. A discount rate based on the Group's weighted cost of capital is used to discount future cashflows. The annual impairment test did not produce any evidence of impairment.

The item "Various trademarks (indefinite useful life)" includes the trademarks Ifö, Kolo, IDO, Twyford and these trademarks are assumed to have an indefinite useful life. The "relief from royalty" method is used as well to test these trademarks and the test is based on the current business plan and the growth rates are defined in the same way as for the Geberit brand. Discounted future cashflows are calculated using discount rates based on the Group's weighted cost of capital taking into account country- and currency-specific risks. The annual impairment tests did not produce evidence of any impairment with the exception of one brand, for which an impairment of MCHF 7.2 was recognised. The impairment was mainly due to lower sales expectations and an increased discount rate.

The item "Various trademarks (definite useful life)" includes the trademarks Keramag, Allia and Sphinx. These trademarks have been integrated within the Geberit brand in the last two years. For this reason, they are assumed to have a definite useful life. This means that each individual trademark is amortised over its remaining useful life. Total annual amortisation recognised on these trademarks amounts to MCHF 8.1.

SENSITIVITY ANALYSIS

The sensitivity analysis shows that changes to the key assumptions (discount rate +1.0 percentage points or growth rate -1.0 percentage points or operating margin -1.0 percentage points) that are realistically possible from today's perspective would not result in any need to impair the goodwill. Regarding three trademarks, this would lead to an impairment loss of around MCHF 11.0.

12. SHORT-TERM DEBT

| | 2020 | 2019 |
|---|-------------|-------------|
| | MCHF | MCHF |
| Other short-term debt | 5.8 | 5.0 |
| Short-term portion of long-term lease liabilities | 11.5 | 21.2 |
| Short-term portion of long-term debt (excl. leases) | 0.0 | 0.0 |
| Total short-term debt | 17.3 | 26.2 |

SHORT-TERM CREDIT LINES

The Group maintained credit lines of MCHF 83.1 (PY: MCHF 90.7) from various lenders, which can be cancelled at short notice. The use of these credit lines is always short-term in nature and, accordingly, any amounts drawn are included in short-term debt. As at 31 December 2020 and 2019, the Group did not have any outstanding drawings on the above-mentioned credit lines.

OTHER SHORT-TERM DEBT

As at 31 December 2020, the Group had MCHF 5.8 in other short-term debt (PY: MCHF 5.0). This debt incurred an effective interest rate of 5.5% (PY: 5.5%).

CURRENCY MIX

Of the total short-term debt outstanding as at 31 December 2020, MCHF 11.2 was denominated in EUR (PY: MCHF 11.0) and MCHF 1.0 in CHF (PY: MCHF 8.8).

13. OTHER CURRENT LIABILITIES AND PROVISIONS

| | 2020 | 2019 |
|---|--------------|--------------|
| | MCHF | MCHF |
| Compensation-related liabilities | 100.3 | 98.2 |
| Customer-related liabilities | 134.6 | 125.4 |
| Value added tax payables | 38.6 | 34.7 |
| Short-term derivative financial instruments (see → Note 15) | 0.2 | 0.1 |
| Short-term interest payables | 1.2 | 2.8 |
| Other current liabilities | 49.7 | 43.9 |
| Total other current liabilities | 324.6 | 305.1 |

The outstanding customer bonuses are offset against the outstanding trade accounts receivable (→ Note 6). If the balance of outstanding trade receivables as at 31 December is smaller than the outstanding customer bonuses, these are reported under "Customer-related liabilities". The position "Other current liabilities" mainly included accruals for services and deliveries not yet invoiced.

| | 2020 | 2019 |
|---------------------------------|------------|-------------|
| | MCHF | MCHF |
| Other current provisions | 5.2 | 7.6 |
| Provisions for restructuring | 1.5 | 4.7 |
| Total current provisions | 6.7 | 12.3 |

The movements of other current provisions for 2020 and 2019 are shown in the following table:

| | 2020 | 2019 |
|---------------------------------|------------|------------|
| | MCHF | MCHF |
| Other current provisions | | |
| 1 January | 7.6 | 5.8 |
| Additions | 4.2 | 5.2 |
| Transfers | -1.4 | 0.0 |
| Used | -4.7 | -3.1 |
| Reversed | -0.4 | -0.2 |
| Translation differences | -0.1 | -0.1 |
| 31 December | 5.2 | 7.6 |

The movements of provisions for restructuring for 2020 and 2019 are shown in the following table:

| | 2020 | 2019 |
|-------------------------------------|------------|-------------|
| | MCHF | MCHF |
| Provisions for restructuring | | |
| 1 January | 4.7 | 20.6 |
| Additions | 2.2 | 0.4 |
| Transfers | -1.3 | 1.0 |
| Used | -3.4 | -13.9 |
| Reversed | -0.6 | -3.1 |
| Translation differences | -0.1 | -0.3 |
| 31 December | 1.5 | 4.7 |

In 2017, ceramic production at the plant in Digoin (F) was discontinued and the plant in La Villeneuve-au-Chêne (F) was completely closed. As at 30 June 2017, a restructuring provision was recognised to cover the cost of these measures (MCHF 44.0). The cashout ("Used") from this provision in 2017 amounted to MCHF 12.5, in 2018 to MCHF 15.7, in 2019 to MCHF 10.6 and in 2020 to MCHF 3.2 (see also → Note 19).

14. LONG-TERM DEBT

| | 2020 | 2019 |
|---|--------------|--------------|
| | MCHF | MCHF |
| Bonds | 698.7 | 750.7 |
| Credit facility | 0.0 | 0.0 |
| Lease liabilities | 61.1 | 69.2 |
| Other long-term debt | 13.2 | 12.0 |
| Total long-term debt before reclassification | 773.0 | 831.9 |
| Short-term portion of long-term debt | -11.5 | -21.2 |
| Total long-term debt | 761.5 | 810.7 |

BONDS

A bond for MCHF 300 was issued in April 2020 to refinance the drawings on the existing credit facility. The bond for MEUR 325 was repaid in December 2020. In this connection, Geberit made use of its early-redemption right. The bond was originally due to expire in March 2021.

As at the end of 2020, the four outstanding bonds are as follows: A bond for MCHF 300 (fair value as at 31 December 2020: MCHF 304.1) with a term of 2.5 years and a coupon of 0.35% due 2022, a bond for MCHF 150 (fair value as at 31 December 2020: MCHF 152.0) with a term of eight years and a coupon of 0.3% due 2023, a bond for MCHF 125 (fair value as at 31 December 2020: MCHF 126.7) with a term of 5.5 years and a coupon of 0.1% due 2024, and a bond for MCHF 125 (fair value as at 31 December 2020: MCHF 130.8) with a term of 9.5 years and a coupon of 0.6% due 2028.

REVOLVING CREDIT FACILITY

A firmly committed credit line of MCHF 500 is available to the Group since November 2017. The credit line has a term of five years (due in 2022) as well as two renewal options of one additional year each. The interest rate is variable and based on the LIBOR plus a fixed margin. An additional fee is charged if this credit line is drawn down. The credit facility had not been drawn down by the end of 2020. A commitment fee – recorded as financial expenses – was charged in respect of the undrawn portion.

The credit facility of MCHF 500 is secured by a guarantee issued by Geberit AG. The credit facility contains conditions typical for syndicated financing.

OTHER LONG-TERM DEBT

As at 31 December 2020, the Group had MCHF 13.2 of other long-term debt (PY: MCHF 12.0). This debt incurred an effective interest rate of 5.9% (PY: 6.0%).

CURRENCY MIX

Of the total long-term debt outstanding as at 31 December 2020, MCHF 44.5 was denominated in EUR (PY: MCHF 397.2) and MCHF 699.9 in CHF (PY: MCHF 400.5).

15. FINANCIAL INSTRUMENTS

DERIVATIVE FINANCIAL INSTRUMENTS

Where required, the Group hedges foreign currency exchange rate and interest rate risks using derivative financial instruments in accordance with the treasury policy. This policy and the corresponding accounting policies for the Group's derivative financial instruments are disclosed in → **Note 3** and → **Note 4**. As at 31 December 2020 and 2019, the following derivative financial instruments were outstanding:

FORWARD FOREIGN EXCHANGE CONTRACTS

| | Contract values | | | | | | | | | | Fair value 31.12. | Calculation method |
|----------------------------|-----------------|--------|-------|-------|-------|------|--------|------|------|--|----------------------|-----------------------|
| 2020 | MCZK | MEUR | MDKK | MPLN | MNOK | MGBP | MHUF | MRON | MUSD | | MCHF | |
| Foreign exchange contracts | -6.0 | -74.8 | -8.0 | -50.0 | -35.0 | -4.0 | 0.0 | 0.0 | -4.4 | | 0.4 | Mark-to-Market |
| 2019 | MCZK | MEUR | MDKK | MPLN | MNOK | MGBP | MHUF | MRON | MUSD | | MCHF | |
| Foreign exchange contracts | -12.0 | -102.5 | -42.0 | -68.0 | -54.5 | -0.7 | -100.0 | -2.0 | -3.3 | | 1.0 | Mark-to-Market |

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

HEDGE ACCOUNTING

No hedge accounting was applied in 2020 or 2019.

MEASUREMENT OF FINANCIAL INSTRUMENTS BY CATEGORIES IN ACCORDANCE WITH IFRS 9

Based on the relevant balance sheet item of financial instruments, the following table shows an allocation of the balance sheet items to the classification by categories in accordance with IFRS 9. In addition, a fair value measurement hierarchy was introduced for assets and liabilities that are measured at fair value in accordance with IFRS 13. Level 1 contains all financial instruments with quoted prices in active markets. Level 2 contains all financial instruments with inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly. Level 3 contains all financial instruments with inputs for determining the assets and liabilities that are not based on observable market data.

| | Carrying amount as at 31.12.2020 | Financial assets at amortised cost | Financial assets at fair value through profit and loss | Fair value measurement hierarchy |
|---|-------------------------------------|--|--|--|
| | MCHF | MCHF | MCHF | |
| Financial assets | | | | |
| Cash and cash equivalents | 468.6 | 468.6 | 0.0 | |
| Trade accounts receivable | 195.0 | 195.0 | 0.0 | |
| Other current assets (see → Note 7) | 104.3 | 104.3 | 0.0 | |
| Other non-current assets | 11.3 | 11.1 | 0.2 | Level 2 |
| Derivative financial instruments (see → Note 7) | 0.6 | 0.0 | 0.6 | Level 2 |
| Total | 779.8 | 779.0 | 0.8 | |
| | Carrying amount as at 31.12.2020 | Financial liabilities at amortised cost | Financial liabilities at fair value through profit and loss | Fair value measurement hierarchy |
| | MCHF | MCHF | MCHF | |
| Financial liabilities | | | | |
| Short-term debt | 17.3 | 17.3 | 0.0 | |
| Trade accounts payable | 94.2 | 94.2 | 0.0 | |
| Bonds | 698.7 | 698.7 | 0.0 | |
| Credit facility | 0.0 | 0.0 | 0.0 | |
| Long-term lease liabilities | 49.6 | 49.6 | 0.0 | |
| Other long-term debt | 13.2 | 13.2 | 0.0 | |
| Derivative financial instruments | 0.2 | 0.0 | 0.2 | Level 2 |
| Total | 873.2 | 873.0 | 0.2 | |

| | Carrying amount as at 31.12.2019 | Financial assets at amortised cost | Financial assets at fair value through profit and loss | Fair value measurement hierarchy |
|--|-------------------------------------|---------------------------------------|--|--|
| | MCHF | MCHF | MCHF | |
| Financial assets | | | | |
| Cash and cash equivalents | 408.1 | 408.1 | 0.0 | |
| Marketable securities and other short-term investments | 20.0 | 20.0 | 0.0 | |
| Trade accounts receivable | 193.4 | 193.4 | 0.0 | |
| Other current assets (see → Note 7) | 116.1 | 116.1 | 0.0 | |
| Other non-current assets | 11.2 | 11.0 | 0.2 | Level 2 |
| Derivative financial instruments (see → Note 7) | 1.1 | 0.0 | 1.1 | Level 2 |
| Total | 749.9 | 748.6 | 1.3 | |

| | Carrying amount as at 31.12.2019 | Financial liabilities at amortised cost | Financial liabilities at fair value through profit and loss | Fair value measurement hierarchy |
|----------------------------------|-------------------------------------|--|--|--|
| | MCHF | MCHF | MCHF | |
| Financial liabilities | | | | |
| Short-term debt | 26.2 | 26.2 | 0.0 | |
| Trade accounts payable | 97.2 | 97.2 | 0.0 | |
| Bonds | 750.7 | 750.7 | 0.0 | |
| Credit facility | 0.0 | 0.0 | 0.0 | |
| Long-term lease liabilities | 48.0 | 48.0 | 0.0 | |
| Other long-term debt | 12.0 | 12.0 | 0.0 | |
| Derivative financial instruments | 0.1 | 0.0 | 0.1 | Level 2 |
| Total | 934.2 | 934.1 | 0.1 | |

FAIR VALUE MEASUREMENT HIERARCHY:

Level 1: quoted prices in active markets for identical assets

Level 2: observable prices, either directly or indirectly

Level 3: input factors that are not based on observable market data

MATURITY ANALYSIS OF FINANCIAL INSTRUMENTS

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

| | Carrying amount | Maturity | | | | | |
|---|--------------------|--------------|--------------|--------------|--------------|--------------|----------------|
| | | 31.12.2020 | 2021 | 2022 | 2023 | 2024 | 2025 and later |
| | | MCHF | MCHF | MCHF | MCHF | MCHF | MCHF |
| Short-term debt | 17.3 | 17.9 | 0.0 | 0.0 | 0.0 | 0.0 | |
| Trade accounts payable | 94.2 | 94.2 | 0.0 | 0.0 | 0.0 | 0.0 | |
| Bonds | 698.7 | 2.4 | 302.4 | 151.3 | 125.9 | 128.0 | |
| Credit facility | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | |
| Long-term lease liabilities | 49.6 | 1.5 | 8.6 | 6.0 | 6.7 | 32.5 | |
| Other long-term debt | 13.2 | 0.8 | 4.3 | 4.1 | 2.3 | 4.4 | |
| Total non-derivative financial liabilities | 873.0 | 116.8 | 315.3 | 161.4 | 134.9 | 164.9 | |
| Derivative financial assets/liabilities, net | -0.4 | 106.5 | 0.0 | 0.0 | 0.0 | 0.0 | |
| Total derivative financial instruments | -0.4 | 106.5 | 0.0 | 0.0 | 0.0 | 0.0 | |
| Total | 872.6 | 223.3 | 315.3 | 161.4 | 134.9 | 164.9 | |

| | Carrying amount | Maturity | | | | |
|---|-----------------|--------------|--------------|-------------|--------------|----------------|
| | 31.12.2019 | 2020 | 2021 | 2022 | 2023 | 2024 and later |
| | MCHF | MCHF | MCHF | MCHF | MCHF | MCHF |
| Short-term debt | 26.2 | 26.9 | 0.0 | 0.0 | 0.0 | 0.0 |
| Trade accounts payable | 97.2 | 97.2 | 0.0 | 0.0 | 0.0 | 0.0 |
| Bonds | 750.7 | 3.7 | 356.3 | 1.3 | 151.3 | 253.8 |
| Credit facility | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Long-term lease liabilities | 48.0 | 1.8 | 11.4 | 9.0 | 6.4 | 30.3 |
| Other long-term debt | 12.0 | 0.7 | 4.7 | 3.6 | 2.6 | 2.6 |
| Total non-derivative financial liabilities | 934.1 | 130.3 | 372.4 | 13.9 | 160.3 | 286.7 |
| Derivative financial assets/liabilities, net | -1.0 | 146.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Total derivative financial instruments | -1.0 | 146.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Total | 933.1 | 276.3 | 372.4 | 13.9 | 160.3 | 286.7 |

ADDITIONAL INFORMATION TO THE CASHFLOW STATEMENT

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

| | 2020 | Cashflows | Non-cash movements | | 2019 |
|--|--------------|--------------|-------------------------|-------------|--------------|
| | Total | | Translation differences | Others | Total |
| | MCHF | | MCHF | MCHF | MCHF |
| Long-term debt (excl. leases) | 711.9 | 294.9 | -4.6 | -341.1 | 762.7 |
| Short-term debt (excl. leases) | 5.8 | -348.2 | 0.0 | 349.0 | 5.0 |
| Lease liabilities (incl. payables and prepayments) | 60.9 | -24.1 | -1.9 | 17.5 | 69.4 |
| Interest liabilities | 1.2 | -9.8 | 0.0 | 8.2 | 2.8 |
| Total | 779.8 | -87.2 | -6.5 | 33.6 | 839.9 |

In 2020, the position "Others" of short- and long-term debt mainly included the reclassification of the MEUR 325 bond which was repaid early, in December 2020, and of lease liabilities contained the non-cash addition of new lease contracts.

| | 2019 | Cashflows | Non-cash movements | | 2018 |
|--|--------------|--------------|-------------------------|--------------|--------------|
| | Total | | Translation differences | Others | Total |
| | MCHF | | MCHF | MCHF | MCHF |
| Long-term debt (excl. leases) | 762.7 | 89.4 | -15.2 | 5.4 | 683.1 |
| Short-term debt (excl. leases) | 5.0 | -150.3 | -0.1 | 1.1 | 154.3 |
| Lease liabilities (incl. payables and prepayments) | 69.4 | -16.2 | -1.1 | 86.7 | 0.0 |
| Interest liabilities | 2.8 | -7.8 | -0.1 | 8.2 | 2.5 |
| Total | 839.9 | -84.9 | -16.5 | 101.4 | 839.9 |

In 2019, the position "Others" of lease liabilities contained the non-cash addition of new lease contracts due to the application of IFRS 16.

16. RETIREMENT BENEFIT PLANS

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

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

| | 2020 | 2019 |
|--|---------------|---------------|
| | MCHF | MCHF |
| Switzerland | | |
| Benefit obligation (for funded retirement benefit plans) | 666.7 | 633.8 |
| Plan assets at fair value | 631.5 | 609.1 |
| Funded status | -35.2 | -24.7 |
| Germany | | |
| Benefit obligation (for unfunded retirement benefit plans) | 273.1 | 269.9 |
| Plan assets at fair value | 0.0 | 0.0 |
| Funded status | -273.1 | -269.9 |
| Reimbursement rights | 19.1 | 17.4 |
| Other plans | | |
| Benefit obligation (for funded retirement benefit plans) | 46.1 | 43.0 |
| Benefit obligation (for unfunded retirement benefit plans) | 35.7 | 35.6 |
| Plan assets at fair value | 43.6 | 42.7 |
| Funded status | -38.2 | -35.9 |
| Reimbursement rights | 7.2 | 7.7 |
| Total | | |
| Benefit obligation (for all retirement benefit plans) | 1,021.6 | 982.3 |
| Plan assets at fair value | 675.1 | 651.8 |
| Funded status | -346.5 | -330.5 |
| Reimbursement rights | 26.3 | 25.1 |

SWISS RETIREMENT BENEFIT PLANS

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

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

If the pension fund is underfunded in accordance with the BVG, the Board of Trustees is obliged by law to initiate measures to rectify the situation, such as reducing the interest paid on retirement assets, reducing the benefit entitlement, or collecting remedial contributions. Legally accrued benefits may not be reduced. With remedial contributions, the risk is shared between the employer and employees and the employer is not legally obliged to pay more than 50% of the additional contributions. The technical funding ratio of this Foundation in accordance with the BVG was 117.6% as at 31 December 2020 (PY: 116.2%).

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

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

Until 31 December 2019, the funded plans also included a supplementary insurance cover for Swiss managerial employees. As at 1 January 2020 it has been transferred into a 1e pension plan. It has therefore been reclassified as a defined-contribution plan as in a 1e plan beneficiaries participate directly in the performance of their investment and therefore carry also the investment risk.

GERMAN RETIREMENT BENEFIT PLANS

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

Capital account plans

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

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

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

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

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

Annuity plans

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

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

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

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

In respect of Geberit Keramik GmbH, Wesel, a benefit obligation arose from certain pension commitments made and there is also a benefit obligation with reinsurance assets.

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

| | 2020 | 2019 |
|--|-------------|-------------|
| | MCHF | MCHF |
| Current service cost | 40.3 | 35.9 |
| Past service cost | 0.1 | -3.6 |
| (Gain) / loss on settlement | 0.0 | -3.2 |
| Contributions of employees | -11.2 | -11.0 |
| Net interest cost for retirement benefit plans | 1.9 | 4.0 |
| Net periodic pension cost | 31.1 | 22.1 |

The current service cost for the Swiss retirement benefit plans was MCHF 25.7 in 2020 (PY: MCHF 23.1) and for the German retirement benefit plans MCHF 13.3 (PY: MCHF 11.4). The past service cost 2019 for the Swiss retirement benefit plan (Gemeinschaftsstiftung) was MCHF -3.6 which is a technical effect related to plan changes according to IAS 19 in 2019. The future pension benefits of the active members were reduced due to the steadily increasing life expectancy and low interest rates environment. The position "(Gain) / loss on settlement" mainly includes a non-recurring positive effect of MCHF -2.2 for the movement of the supplementary managerial plan to a 1e plan. The net interest cost for the Swiss retirement benefit plans was MCHF 0.0 in 2020 (PY: MCHF 0.0) and for the German retirement benefit plans MCHF 1.7 (PY: MCHF 3.7).

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

| | 2020 | 2019 |
|--|-------------|-------------|
| | MCHF | MCHF |
| Actuarial gains (-) / losses: | 24.5 | 110.6 |
| - of which from changes in demographic assumptions | -0.8 | 0.0 |
| - of which from changes in financial assumptions | 11.6 | 110.1 |
| - of which from experience adjustments | 13.7 | 0.5 |
| Return on plan assets (excluding interest based on discount rate) | -27.5 | -61.0 |
| Return on reimbursement rights (excluding interest based on discount rate) | 0.0 | 0.0 |
| Asset ceiling adjustment | 0.0 | 0.0 |
| Total pre-tax remeasurements recognised in other comprehensive income | -3.0 | 49.6 |

The remeasurements recognised in other comprehensive income in the Consolidated Statements of Comprehensive Income in 2020 for the Swiss retirement benefit plans amounted to MCHF -2.6 (PY: MCHF 14.4) and for the German retirement benefit plans to MCHF -2.4 (PY: MCHF 30.0).

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

| | 2020 | 2019 |
|--|----------------|--------------|
| | MCHF | MCHF |
| Benefit obligation | | |
| At beginning of year | 982.3 | 891.9 |
| Current service cost | 40.3 | 35.9 |
| Past service cost | 0.1 | -3.6 |
| (Gain) / loss on settlement | 0.0 | -27.6 |
| Interest cost | 4.4 | 10.4 |
| Actuarial gains (-) / losses | 24.5 | 110.6 |
| New plans / plan adjustments | -0.2 | -0.1 |
| Benefits paid | -27.7 | -25.1 |
| Translation differences | -2.1 | -10.1 |
| Benefit obligation at end of year | 1,021.6 | 982.3 |

| | 2020 | 2019 |
|--|---------------|---------------|
| | MCHF | MCHF |
| Plan assets at fair value | | |
| At beginning of year | 651.8 | 602.1 |
| Interest income (based on discount rate) | 2.0 | 5.7 |
| Return on plan assets (excluding interest based on discount rate) | 27.5 | 61.0 |
| Contributions of employees | 10.5 | 10.4 |
| Contributions of employers | 2.6 | 10.8 |
| (Gain) / loss on settlement | 0.0 | -24.4 |
| New plans / plan adjustments | 0.0 | 0.0 |
| Benefits paid | -16.9 | -14.6 |
| Translation differences | -2.4 | 0.8 |
| Plan assets at fair value at end of year | 675.1 | 651.8 |
| Funded status at end of year | | |
| Asset ceiling adjustment | 0.0 | 0.0 |
| Assets from defined benefit plans (see → Note 10) | -0.2 | -0.8 |
| Net funded status at end of year | -346.7 | -331.3 |
| | 2020 | 2019 |
| | MCHF | MCHF |
| Fair value of reimbursement rights | | |
| At beginning of year | 25.1 | 23.8 |
| Interest income (based on discount rate) | 0.5 | 0.7 |
| Return on reimbursement rights (excluding interest based on discount rate) | 0.0 | 0.0 |
| Contributions of employers | 1.3 | 1.3 |
| Contributions of employees | 0.7 | 0.6 |
| Benefits paid | -0.5 | -0.4 |
| Translation differences | -0.8 | -0.9 |
| Fair value of reimbursement rights at end of year | 26.3 | 25.1 |

As at 31 December 2020, the fair value of the reinsurance policies for the German retirement benefit plans was MCHF 19.1 (PY: MCHF 17.4).

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

| | 2020 | | | 2019 | | |
|----------------------------------|-------------------------------|--------------|--------------|-------------------------------|--------------|--------------|
| | Listed on an active market | Other | Total | Listed on an active market | Other | Total |
| | MCHF | MCHF | MCHF | MCHF | MCHF | MCHF |
| Equity instruments | 237.9 | 16.0 | 253.9 | 222.7 | 16.0 | 238.7 |
| Bonds and other debt instruments | 132.3 | 47.5 | 179.8 | 119.3 | 46.6 | 165.9 |
| Real estate property | 54.8 | 132.2 | 187.0 | 46.0 | 133.3 | 179.3 |
| Cash and cash equivalents | 41.2 | 0.1 | 41.3 | 64.1 | 0.0 | 64.1 |
| Other | 4.2 | 8.9 | 13.1 | 3.4 | 0.4 | 3.8 |
| Total | 470.4 | 204.7 | 675.1 | 455.5 | 196.3 | 651.8 |

The plan assets of the Swiss retirement benefit plans were MCHF 631.5 as at 31 December 2020 and the effective income on the plan assets was +3.7% in 2020 and +10.7% in 2019. As at the end of 2020, the plan assets included MCHF 7.3 (PY: MCHF 7.2) in equity instruments of Geberit AG and no real estate (PY: MCHF 5.8) used by the Group any more.

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

| | 2020 | | | | 2019 | | | |
|-------------------------------------|----------------|------------------|--------------|--------------|----------------|------------------|--------------|--------------|
| | Active members | Deferred members | Pensioners | Total | Active members | Deferred members | Pensioners | Total |
| Plan members (number) | | | | | | | | |
| Swiss retirement benefit plans | 1,304 | | 581 | 1,885 | 1,303 | | 544 | 1,847 |
| German retirement benefit plans | 5,308 | 819 | 335 | 6,462 | 5,220 | 766 | 330 | 6,316 |
| Total plan members | 6,612 | 819 | 916 | 8,347 | 6,523 | 766 | 874 | 8,163 |
| Benefit obligation (in MCHF) | | | | | | | | |
| Swiss retirement benefit plans | 387.7 | | 279.0 | 666.7 | 369.5 | | 264.3 | 633.8 |
| German retirement benefit plans | 200.3 | 34.5 | 38.3 | 273.1 | 198.0 | 33.7 | 38.2 | 269.9 |
| Total benefit obligation | 588.0 | 34.5 | 317.3 | 939.8 | 567.5 | 33.7 | 302.5 | 903.7 |
| Share in % | 62.5 | 3.7 | 33.8 | 100.0 | 62.8 | 3.7 | 33.5 | 100.0 |

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

In Switzerland there is an employer contribution reserve from which contribution payments of MCHF 8.4 were made in 2020. As at 31 December 2020, this reserve was valued at MCHF 11.1. Employer contributions for the Swiss retirement benefit plans of MCHF 10.4 are expected for the financial year 2021.

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

| | 2020 | | 2019 | |
|-----------------------|----------------------------|---------------|----------------------------|---------------|
| | CH | DE | CH | DE |
| Discount rate | 0.1 | 0.7 | 0.2 | 0.7 |
| Salary increase rate | 1.2 | 2.5 | 1.2 | 2 - 2.5 |
| Pension increase rate | 0.0 | 2.0 | 0.0 | 2.0 |
| Mortality | BVG 2015 generations table | Heubeck 2018G | BVG 2015 generations table | Heubeck 2018G |

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

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

| | Swiss retirement benefit plans: increase (+)/reduction (-) in present value of benefit obligation | German retirement benefit plans: increase (+)/reduction (-) in present value of benefit obligation |
|------------------------------|--|---|
| Discount rate | | |
| Increased by 50 basis points | -7.8% | -5.7% |
| Reduced by 50 basis points | +9.1% | +6.3% |
| Salaries | | |
| Increased by 25 basis points | +0.4% | +0.0% |
| Reduced by 25 basis points | -0.4% | -0.0% |

In addition, the Group's consolidated income statement for 2020 included expenses for defined contribution plans of MCHF 10.1 (PY: MCHF 9.2).

17. PARTICIPATION PLANS

SHARE PLANS

In 2020, employees were able to purchase a defined number of shares at a discount of 45% (PY: 35%) compared to the market price ("Employee share purchase plan"). Geberit management was entitled to draw the previous year's variable remuneration partly or entirely in shares valued at market price ("Management share purchase plan"). For each of these shares, management participants received 1.5 options (see part 2: "Option plans"). The members of the Board of Directors received a significant part of their compensation for 2019 in shares of Geberit AG (measured at current market value). All share plans are subject to blocking periods valid beyond the period of employment.

The share plans introduced in 2020 are summarised below:

| | 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 |
| Total | | | 36,702 | |

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

As at 31 December 2020, the Board of Directors, the Group Executive Board and the employees owned a combined total of 395,271 (PY: 372,600) shares, i.e. 1.1% (PY: 1.0%) of the share capital of Geberit AG under these plans.

OPTION PLANS

The management has the opportunity to invest part or all of their variable remuneration in shares of Geberit AG through the management share purchase plan (MSPP). They may define a fixed number of shares to purchase, or a certain amount or a percentage of their variable remuneration to be invested in shares. In order to encourage management to participate in the programme, 1.5 free options are provided for each share purchased through the programme. These options are subject to a vesting period of three years.

In connection with an additional option plan (MSOP), the members of the Group Executive Board and managing directors are entitled to additional options. The options are subject to a vesting period of three years.

The exercise price of the options corresponds to the fair market value of the Geberit shares at the time of granting. The options have a term of nine years (MSPP & MSOP). They can be exercised between the vesting date and the maturity date. The vesting of share options is subject to the achievement of a performance criterion – the average Return on Invested Capital (ROIC) – over the respective vesting period.

The following numbers of options out of the 2020 grant are expected to be allocated with final effect at the end of the vesting period¹:

| | 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 |
| Total | | | | 278,364 | |

The fair value of the options granted in 2020 as at March 2020 amounted on average to CHF 16.58 (PY: CHF 39.39) for MSPP and CHF 16.58 (PY: CHF 39.39) for MSOP at the respective granting date. The fair value was determined using the binomial model for "American Style Call Options".

The calculation model was based on the following parameters:

| | Exercise price ² | Expected Ø volatility | Expected Ø dividend yield | Contractual period | Riskfree Ø interest rate |
|---------------------------------------|-----------------------------|-----------------------|---------------------------|--------------------|--------------------------|
| | CHF | % | % | Years | % |
| 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 |

¹ 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.

² The exercise price corresponds to the average price of Geberit shares for the period from 3. – 16.3.2020.

The following table summarises all option plans in place as at 31 December 2020¹:

| 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 |
| Total | | 722,951 | 420.57 | 722,951 | 420.57 |

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 2019¹:

| | 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 |
| Outstanding 1 January | 483,552 | 389.35 | 44,300 | 401.06 | 527,852 | 390.33 | 507,944 | 374.19 |
| 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 |
| Outstanding 31 December | 674,721 | 420.66 | 48,230 | 419.28 | 722,951 | 420.57 | 527,852 | 390.33 |
| 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 722,951 options outstanding represent 2.0% of the outstanding shares of Geberit AG. In principle, the Group hedges this exposure with treasury shares.

The options outstanding as 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 (PY: 6.4 years).

Costs resulting from share plans amounted to MCHF 4.8 in 2020 (PY: MCHF 2.9); those for option plans totalled MCHF 5.8 (PY: MCHF 4.7).

¹ 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.

18. DEFERRED TAX ASSETS AND LIABILITIES

| | 2020 | | Movements 2020 | | | 2019 |
|--|--------------|--|-------------------|-----------------------------|----------------------------|--------------|
| | Total | Charged (-) / credited to income | Through equity | Through OCI ¹ | Translation differences | Total |
| | MCHF | MCHF | MCHF | MCHF | MCHF | MCHF |
| Deferred tax assets | | | | | | |
| Loss carryforwards | 20.5 | -6.6 | 0.0 | 0.0 | -0.2 | 27.3 |
| Accrued pension obligations | 38.2 | 2.0 | 0.0 | -0.6 | -0.6 | 37.4 |
| Property, plant and equipment | 8.7 | 2.7 | 0.0 | 0.0 | -0.2 | 6.2 |
| Short/long-term lease liabilities | 7.3 | -1.2 | 0.0 | 0.0 | -0.2 | 8.7 |
| Other short/long-term liabilities (excl. lease liabilities) | 18.0 | -0.6 | 0.0 | 0.0 | 0.0 | 18.6 |
| Intangible assets | 17.4 | 2.8 | 0.0 | 0.0 | 0.0 | 14.6 |
| Other | 15.9 | 1.7 | 2.6 | 0.0 | -0.4 | 12.0 |
| Total deferred tax assets | 126.0 | 0.8 | 2.6 | -0.6 | -1.6 | 124.8 |
| Deferred tax liabilities | | | | | | |
| Inventories | -2.6 | 0.4 | 0.0 | 0.0 | 0.2 | -3.2 |
| Property, plant and equipment (excl. right-of-use assets) | -25.8 | 0.0 | 0.0 | 0.0 | 0.6 | -26.4 |
| Right-of-use assets | -7.7 | 1.4 | 0.0 | 0.0 | 0.3 | -9.4 |
| Intangible assets | -30.3 | 0.7 | 0.0 | 0.0 | -0.5 | -30.5 |
| Assets from defined benefit plans | -0.5 | 0.1 | 0.0 | 0.0 | 0.0 | -0.6 |
| Other | -12.7 | -1.5 | 0.0 | 0.0 | 0.0 | -11.2 |
| Total deferred tax liabilities | -79.6 | 1.1 | 0.0 | 0.0 | 0.6 | -81.3 |

¹ Recorded in other comprehensive income

| | 2019 | | Movements 2019 | | | 2018 |
|--|--------------|--|-------------------|-----------------------------|----------------------------|--------------|
| | Total | Charged (-) / credited to income | Through equity | Through OCI ¹ | Translation differences | Total |
| | MCHF | MCHF | MCHF | MCHF | MCHF | MCHF |
| Deferred tax assets | | | | | | |
| Loss carryforwards | 27.3 | 3.7 | 0.0 | 0.0 | -1.0 | 24.6 |
| Accrued pension obligations | 37.4 | -0.5 | 0.0 | 11.1 | -1.4 | 28.2 |
| Property, plant and equipment | 6.2 | 1.0 | 0.0 | 0.0 | -0.3 | 5.5 |
| Short/long-term lease liabilities | 8.7 | 8.7 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other short/long-term liabilities (excl. lease liabilities) | 18.6 | 1.5 | 0.2 | 0.0 | -0.4 | 17.3 |
| Intangible assets | 14.6 | 6.7 | 0.0 | 0.0 | 0.0 | 7.9 |
| Other | 12.0 | 2.1 | 1.8 | 0.0 | -0.3 | 8.4 |
| Total deferred tax assets | 124.8 | 23.2 | 2.0 | 11.1 | -3.4 | 91.9 |
| Deferred tax liabilities | | | | | | |
| Inventories | -3.2 | 0.3 | 0.0 | 0.0 | 0.0 | -3.5 |
| Property, plant and equipment (excl. right-of-use assets) | -26.4 | 0.0 | 0.0 | 0.0 | 0.9 | -27.3 |
| Right-of-use assets | -9.4 | -9.4 | 0.0 | 0.0 | 0.0 | 0.0 |
| Intangible assets | -30.5 | -1.4 | 0.0 | 0.0 | 0.8 | -29.9 |
| Assets from defined benefit plans | -0.6 | 0.2 | 0.0 | 0.0 | 0.0 | -0.8 |
| Other | -11.2 | -4.9 | 0.0 | 0.0 | 0.1 | -6.4 |
| Total deferred tax liabilities | -81.3 | -15.2 | 0.0 | 0.0 | 1.8 | -67.9 |

¹ Recorded in other comprehensive income

In general, deferred tax liabilities are recorded for non-refundable withholding taxes or other taxes on unremitted earnings in Group companies if earnings are planned to be remitted. As at 31 December 2020 and 2019, there were no such earnings, except for the Chinese subsidiaries. On the unremitted earnings from China, no deferred tax liabilities were recorded, as no plan exists to remit these earnings. Such a transfer of earnings would lead to income taxes of MCHF 0.5 (PY: MCHF 0.4).

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

| | 2020 | Without deferred tax asset | With deferred tax asset | 2019 | Without deferred tax asset | With deferred tax asset |
|---------------------------------|--------------|----------------------------------|-------------------------------|--------------|----------------------------------|-------------------------------|
| | MCHF | MCHF | MCHF | MCHF | MCHF | MCHF |
| Maturity | | | | | | |
| 1 year | 0.1 | 0.0 | 0.1 | 2.2 | 0.0 | 2.2 |
| 2 years | 1.7 | 0.0 | 1.7 | 1.9 | 0.0 | 1.9 |
| 3 years | 4.3 | 0.0 | 4.3 | 20.8 | 18.1 | 2.7 |
| 4 years | 15.0 | 3.3 | 11.7 | 8.0 | 0.0 | 8.0 |
| 5 years | 8.8 | 2.2 | 6.6 | 19.4 | 0.7 | 18.7 |
| 6 years | 0.8 | 0.1 | 0.7 | 0.0 | 0.0 | 0.0 |
| > 6 years | 157.6 | 111.5 | 46.1 | 159.1 | 91.5 | 67.6 |
| Total loss carryforwards | 188.3 | 117.1 | 71.2 | 211.4 | 110.3 | 101.1 |

19. OTHER NON-CURRENT LIABILITIES AND PROVISIONS

| | 2020 | 2019 |
|---|-------------|-------------|
| | MCHF | MCHF |
| Accrued investment grants | 1.6 | 1.7 |
| Other non-current liabilities | 15.2 | 10.1 |
| Total other non-current liabilities | 16.8 | 11.8 |
| Provisions for operating risks | 37.5 | 37.1 |
| Other non-current provisions | 14.2 | 7.9 |
| Total non-current provisions | 51.7 | 45.0 |
| Total other non-current liabilities and provisions | 68.5 | 56.8 |

Movements of the provisions for operating risks in 2020 and 2019 are shown in the following table.

| | 2020 | 2019 |
|---------------------------------------|-------------|-------------|
| | MCHF | MCHF |
| Provisions for operating risks | | |
| 1 January | 37.1 | 35.8 |
| Additions | 8.3 | 8.8 |
| Transfers | 0.0 | -0.2 |
| Used | -6.7 | -6.1 |
| Reversed | -0.6 | -0.1 |
| Translation differences | -0.6 | -1.1 |
| 31 December | 37.5 | 37.1 |

Provisions for operating risks mainly include provisions for warranties. The payments for the warranty claims delay on average 4.1 years (PY: 4.0 years).

| | 2020 | 2019 |
|-------------------------------------|-------------|------------|
| | MCHF | MCHF |
| Other non-current provisions | | |
| 1 January | 7.9 | 8.6 |
| Additions | 6.5 | 1.0 |
| Transfers | 1.1 | -0.1 |
| Used | -0.7 | -0.5 |
| Reversed | -0.4 | -0.8 |
| Translation differences | -0.2 | -0.3 |
| 31 December | 14.2 | 7.9 |

In 2020, this position includes the non-current portion of the restructuring provision of MCHF 1.7 (PY: MCHF 0.5) for the French restructuring measures in 2017. For a detailed explanation, see → **Note 13**. The position increased mainly due to pending legal cases.

20. CONTINGENCIES

Guarantees and sureties are valued at MCHF 77.2 for 2020 (PY: MCHF 70.1). Guarantees and sureties are only recognised as a provision if an outflow of resources is likely.

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

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

21. CAPITAL STOCK AND TREASURY SHARES

The share capital of Geberit AG consists of 37,041,427 ordinary shares with a par value of CHF 0.10 each.

On 30 April 2020, Geberit AG concluded its share buyback programme started on 6 June 2017. By 30 April 2020, 1,026,094 shares had been repurchased for a total value of MCHF 439.8. This corresponds to 2.77% of the share capital currently entered in the Commercial Register. The shares were repurchased via a separate trading line on the SIX Swiss Exchange for the purpose of a capital reduction.

On 17 September 2020, Geberit AG launched the share buyback programme that it had announced on 10 March 2020. Shares in an aggregate amount of up to MCHF 500.0 will be repurchased over a maximum period of two years. Based on the closing price of Geberit registered shares on 31 December 2020, this corresponds to around 900,000 registered shares or 2.4% of the share capital currently entered in the Commercial Register. The shares will be repurchased via a separate trading line on the SIX Swiss Exchange for the purpose of a capital reduction. As at 31 December 2020, 94,700 shares had been repurchased for a total value of MCHF 51.4.

It is planned to ask the General Meeting of 14 April 2021 to approve a capital reduction matching the number of shares bought back under both programmes up until the end of February 2021 and to subsequently cancel the shares.

| | 2020 | 2019 |
|---------------------------------|------------------|------------------|
| | pcs. | pcs. |
| Stock of treasury shares | | |
| From share buyback programmes | 1,120,794 | 764,551 |
| Other treasury shares | 295,040 | 269,572 |
| Total treasury shares | 1,415,834 | 1,034,123 |

The entire stock of treasury shares on 31 December 2020 amounted to 1,415,834 (PY: 1,034,123) with a carrying amount of MCHF 624.0 (PY: MCHF 433.4). Treasury shares are deducted from equity at historical cost.

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

22. EARNINGS PER SHARE

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

| | 2020 | 2019 |
|--|--------------|--------------|
| Attributable net income according to income statement (MCHF) | 642.3 | 646.9 |
| Weighted average number of ordinary shares (thousands) | 35,791 | 36,008 |
| Total earnings per share (CHF) | 17.95 | 17.97 |

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

| | 2020 | 2019 |
|--|--------------|--------------|
| Attributable net income according to income statement (MCHF) | 642.3 | 646.9 |
| Weighted average number of ordinary shares (thousands) | 35,791 | 36,008 |
| Adjustments for share options (thousands) | 138 | 71 |
| Weighted average number of ordinary shares (thousands) | 35,929 | 36,079 |
| Total diluted earnings per share (CHF) | 17.88 | 17.93 |

23. OTHER OPERATING EXPENSES, NET

| | 2020 | 2019 |
|--|--------------|--------------|
| | MCHF | MCHF |
| Outbound freight cost and duties | 100.5 | 111.3 |
| Energy and maintenance expenses | 125.0 | 130.5 |
| Marketing expenses | 95.2 | 118.2 |
| Administration expenses | 62.2 | 75.4 |
| Other operating expenses ¹ | 151.4 | 149.5 |
| Other operating income | -12.6 | -17.9 |
| Total other operating expenses, net | 521.7 | 567.0 |

¹ In 2020, this item includes expenses for short-term leases of MCHF 3.6 (PY: MCHF 5.2) and expenses for leased minor-value assets of MCHF 0.7 (PY: MCHF 0.8).

"Other operating expenses" includes, among other items, commission expenses, expenses for short-term leases and leases for minor-value assets, consulting expenses as well as warranty cost. "Other operating income" includes, among other items, insurance benefits received, rental income, gains from sales of fixed assets and subsidiaries and catering revenues.

A major part of the cost reductions in nearly all positions of "Other operating expenses, net" resulted from negative currency effects on the one hand and from targeted saving measures in connection with COVID-19 on the other hand (mainly in "Marketing expenses" and "Administration expenses").

In 2020, costs of MCHF 19.7 (PY: MCHF 17.5) were capitalised as property, plant and equipment or intangible assets. This includes tools, moulds and assembly lines that are part of the production process, as well as capitalised product development cost. The amount was deducted pro-rata from the positions "Personnel expenses", "Cost of materials" and "Other operating expenses, net".

24. FINANCIAL RESULT, NET

| | 2020 | 2019 |
|---|--------------|--------------|
| | MCHF | MCHF |
| Interest expenses ¹ | -9.7 | -9.8 |
| Amortisation of deferred financing fees | -0.9 | -0.7 |
| Other financial expenses | -1.9 | -2.0 |
| Total financial expenses | -12.5 | -12.5 |
| Interest income and other | 1.1 | 1.8 |
| Total financial income | 1.1 | 1.8 |
| Foreign exchange loss (-)/gain | -5.8 | -3.1 |
| Total financial result, net | -17.2 | -13.8 |

¹ In 2020, this item includes interest expenses of MCHF 1.9 (PY: MCHF 2.0) on lease liabilities.

"Interest expenses" mainly includes the interest for the bonds and interest expense from lease liabilities.

25. INCOME TAX EXPENSES

| | 2020 | 2019 |
|----------------------------------|--------------|-------------|
| | MCHF | MCHF |
| Current taxes | 113.9 | 103.9 |
| Deferred taxes | -1.9 | -8.0 |
| Total income tax expenses | 112.0 | 95.9 |

The differences between income tax expenses computed at the weighted-average applicable tax rate of the Group of 15.1% (PY: 15.1%) and the effective income tax expenses were as follows:

| | 2020 | 2019 |
|---|--------------|-------------|
| | MCHF | MCHF |
| Income tax expenses, at applicable rate | 114.1 | 112.1 |
| Operating losses with no current tax benefit | 1.3 | 0.0 |
| Offsetting of current profits against loss carryforwards without tax assets | -1.5 | -1.6 |
| Changes in future tax rates | -1.5 | -3.4 |
| Non-deductible expenses and non-taxable income, net | 1.8 | 2.5 |
| Other | -2.2 | -13.7 |
| Total income tax expenses | 112.0 | 95.9 |

The decrease of the position "Other" in 2020 is caused by the reversal of several tax provisions, which were no longer used, and capitalised loss carryforwards in the previous year.

SWISS TAX REFORM

On 19 May 2019, the Swiss electorate passed the Federal Act on Tax Reform and AHV Financing (TRAF). With this vote, the new tax law in the Canton of St. Gallen also entered into force. Under this reform, the tax regimes for holding companies, domiciliary companies and mixed companies, which are no longer accepted internationally, were abolished with effect from 1 January 2020. Some Swiss Geberit companies are also affected by this. In return, the cantons reduced the ordinary corporate tax rates and introduced internationally acceptable tax benefits, from which selected subsidiaries will also benefit. The ordinary tax rate for the Group companies domiciled in the Canton of St. Gallen was reduced from 17.4% to 14.5% as at 1 January 2020. The deferred taxes of these companies were adjusted accordingly as at 31 December 2019.

26. RESEARCH AND DEVELOPMENT COST

| | 2020 | 2019 |
|--|-------------|-------------|
| | MCHF | MCHF |
| Research and development expenses | 75.0 | 76.6 |
| Capitalised development expenses | -4.2 | -4.3 |
| Amortisation of capitalised development expenses | 5.2 | 5.0 |
| Research and development cost | 76.0 | 77.3 |

In 2020, research and development expenses totalling MCHF 75.0 (PY: MCHF 76.6) were included in the items "Personnel expenses", "Depreciation" and "Other operating expenses, net". This represents 2.5% of net sales (PY: 2.5%). For one major development project, the capitalisation criteria according to IAS 38.57 were met and expenses of MCHF 4.2 (PY: MCHF 4.3) were capitalised.

27. FREE CASHFLOW

Free cashflow is calculated as follows:

| | 2020 | 2019 |
|---|--------------|--------------|
| | MCHF | MCHF |
| Net cash from/used in (-) operating activities ¹ | 900.0 | 834.0 |
| Purchase of property, plant and equipment and intangible assets, net ¹ | -146.8 | -163.6 |
| Repayments of lease liabilities ¹ | -24.1 | -16.2 |
| Interest and other financing cost paid, net | -12.0 | -10.2 |
| Free cashflow | 717.1 | 644.0 |

¹ See consolidated statements of cashflows

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

28. SEGMENT REPORTING

The Geberit Group consists of one single business unit, the purpose of which is to develop, produce and distribute sanitary products and systems for the residential and commercial construction industry. The major part of the products is generally distributed through the wholesale channel to plumbers, who resell the products to the end users. Products are manufactured by plants that specialise in particular production processes. As a general rule, one specific article is produced at only one location. Distribution is carried out by country or regional distribution subsidiaries, which sell to wholesalers. A distribution subsidiary is always responsible for the distribution of the whole range of products in its sales area. The main task of the distribution companies is local market development, which primarily focuses on the support of installers, sanitary planners, architects, wholesalers and other distributors. Research and development of the whole range of products is carried out centrally by Geberit International AG. All corporate tasks are also centralised at Geberit International AG.

Due to the unity and focus of the business, the top management (Group Executive Board) and the management structure of the Geberit Group are organised by function (Overall Management, Sales Europe, Sales International, Marketing & Brands, Products & Operations, Finance). The financial management of the Group by the Board of Directors and the Group Executive Board is based on net sales by markets and product areas and on the consolidated income statements, balance sheets and statements of cashflows.

Segment reporting is therefore prepared according to IFRS 8.31 et seq. (one single reportable segment), and the valuation is made in accordance with the same principles as the consolidated financial statements. The basis for revenue recognition is the same for all markets and product areas. The geographical allocation of net sales is based on the domicile of the customers.

The information is as follows:

| | 2020 | 2019 |
|-----------------------------------|----------------|----------------|
| | MCHF | MCHF |
| Net sales by product areas | | |
| Installation and Flushing Systems | 1,115.4 | 1,144.6 |
| Piping Systems | 903.4 | 949.1 |
| Bathroom Systems | 967.3 | 989.2 |
| Total net sales | 2,986.1 | 3,082.9 |

| | 2020 | 2019 |
|---|----------------|----------------|
| | MCHF | MCHF |
| Net sales by markets | | |
| Germany | 956.4 | 928.3 |
| Nordic Countries | 297.0 | 303.2 |
| Switzerland | 305.8 | 293.8 |
| Eastern Europe | 286.0 | 304.9 |
| Benelux | 251.0 | 261.2 |
| Italy | 186.5 | 210.9 |
| France | 161.1 | 179.6 |
| Austria | 175.5 | 172.8 |
| United Kingdom/Ireland | 91.8 | 114.2 |
| Iberian Peninsula | 21.2 | 24.7 |
| Europe | 2,732.3 | 2,793.6 |
| Middle East/Africa | 64.0 | 81.8 |
| America | 97.4 | 101.5 |
| Far East/Pacific | 92.4 | 106.0 |
| Total net sales | 2,986.1 | 3,082.9 |
| | 2020 | 2019 |
| | MCHF | MCHF |
| Share of net sales by customers | | |
| Customers with more than 10% of net sales: customer A | 519.3 | 486.7 |
| Total > 10% | 519.3 | 486.7 |
| Remaining customers with less than 10% of net sales | 2,466.8 | 2,596.2 |
| Total net sales | 2,986.1 | 3,082.9 |
| | 2020 | 2019 |
| | MCHF | MCHF |
| Property, plant and equipment¹ by markets | | |
| Germany | 350.4 | 336.4 |
| Nordic Countries | 44.9 | 44.5 |
| Switzerland | 197.7 | 183.7 |
| Eastern Europe | 135.0 | 147.8 |
| Benelux | 14.1 | 14.5 |
| Italy | 62.7 | 62.4 |
| France | 15.0 | 15.5 |
| Austria | 42.9 | 42.4 |
| United Kingdom/Ireland | 13.1 | 7.9 |
| Iberian Peninsula | 11.8 | 13.0 |
| Europe | 887.6 | 868.1 |
| Middle East/Africa | 1.7 | 3.0 |
| America | 12.6 | 15.0 |
| Far East/Pacific | 31.9 | 33.9 |
| Total property, plant and equipment | 933.8 | 920.0 |

¹ Includes the Group's own as well as leased property, plant and equipment

29. RELATED PARTY TRANSACTIONS

In 2020 and 2019, total booked compensation for the Group Executive Board and the Board of Directors was as follows:

| | 2020 | 2019 |
|----------------------------------|-------------|-------------|
| | MCHF | MCHF |
| Remuneration and salary fixed | 5.5 | 5.5 |
| Remuneration and salary variable | 2.9 | 3.0 |
| Options | 2.5 | 2.6 |
| Expenditure on pensions | 1.1 | 1.3 |
| Other | 0.1 | 0.1 |
| Total | 12.1 | 12.5 |

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

In 2020 and 2019, there were no further material related party transactions.

30. FOREIGN EXCHANGE RATES

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

| | Currency | | 2020 | | 2019 | |
|-------------------------|----------|-----|---------------|------------------|---------------|------------------|
| | | | Balance sheet | Income statement | Balance sheet | Income statement |
| European Currency Union | EUR | 1 | 1.0839 | 1.0704 | 1.0847 | 1.1142 |
| United Kingdom | GBP | 1 | 1.2018 | 1.2046 | 1.2690 | 1.2686 |
| USA | USD | 1 | 0.8810 | 0.9373 | 0.9677 | 0.9938 |
| Poland | PLN | 100 | 23.4500 | 24.1000 | 25.5000 | 25.9050 |
| China | CNY | 100 | 13.4820 | 13.5540 | 13.8810 | 14.3830 |
| Denmark | DKK | 100 | 14.5640 | 14.3570 | 14.5150 | 14.9200 |
| Australia | AUD | 1 | 0.6790 | 0.6474 | 0.6783 | 0.6909 |
| Czech Republic | CZK | 100 | 4.1300 | 4.0740 | 4.2600 | 4.3360 |
| Hungary | HUF | 100 | 0.2967 | 0.3050 | 0.3274 | 0.3430 |
| Norway | NOK | 100 | 10.3200 | 10.0100 | 10.9700 | 11.3000 |
| Sweden | SEK | 100 | 10.7400 | 10.1930 | 10.3400 | 10.5130 |
| Singapore | SGD | 1 | 0.6665 | 0.6791 | 0.7185 | 0.7269 |
| South Africa | ZAR | 100 | 6.0400 | 5.7260 | 6.8600 | 6.8640 |
| Turkey | TRY | 100 | 11.9400 | 13.2270 | 16.2600 | 17.3850 |
| Russia | RUB | 100 | 1.1840 | 1.2800 | 1.5620 | 1.5380 |
| Ukraine | UAH | 100 | 3.1235 | 3.4440 | 4.1201 | 3.8720 |
| India | INR | 100 | 1.2060 | 1.2650 | 1.3570 | 1.4110 |
| Nigeria | NGN | 100 | 0.2230 | 0.2460 | 0.2670 | 0.2740 |
| Romania | RON | 100 | 22.2500 | 22.1120 | 22.6400 | 23.4160 |

31. SUBSEQUENT EVENTS

The consolidated financial statements are subject to approval by the General Meeting and were released for publication by the Board of Directors on 9 March 2021.

The Board of Directors will propose to the General Meeting to cancel 1,167,094 shares (see → **Note 21**).

32. GROUP COMPANIES AS OF 31 DECEMBER 2020

| | Currency | Share capital ('000) | Ownership in % |
|---|----------|----------------------|----------------|
| Switzerland | | | |
| Geberit AG, Rapperswil-Jona | CHF | 3,704 | |
| Geberit Holding AG, Rapperswil-Jona | CHF | 39,350 | 100 |
| Geberit International AG, Rapperswil-Jona | CHF | 1,000 | 100 |
| Geberit International Sales AG, Rapperswil-Jona | CHF | 1,000 | 100 |
| Geberit Verwaltungs AG, Rapperswil-Jona | CHF | 1,000 | 100 |
| Geberit Vertriebs AG, Rapperswil-Jona | CHF | 1,000 | 100 |
| Geberit Marketing e Distribuzione SA, Rapperswil-Jona | EUR | 821 | 100 |
| Geberit Produktions AG, Rapperswil-Jona | CHF | 4,000 | 100 |
| Geberit Apparate AG, Rapperswil-Jona | CHF | 1,000 | 100 |
| Geberit Fabrication SA, Givisiez | CHF | 7,000 | 100 |
| Geberit Finanz AG, Rapperswil-Jona | EUR | 832 | 100 |
| Australia | | | |
| Geberit Pty Ltd., Macquarie Park, NSW | AUD | 2,060 | 100 |
| Austria | | | |
| Geberit Vertriebs GmbH & Co KG, Pottenbrunn / St. Pölten | EUR | 728 | 100 |
| Geberit Produktions GmbH & Co KG, Pottenbrunn / St. Pölten | EUR | 7,995 | 100 |
| Geberit Beteiligungsverwaltung GmbH, Pottenbrunn / St. Pölten | EUR | 35 | 100 |
| Geberit Huter GmbH, Matri | EUR | 37 | 100 |
| Belgium | | | |
| Geberit N.V., Meise | EUR | 62 | 100 |
| Channel Islands | | | |
| Geberit Reinsurance Ltd., Guernsey | EUR | 2 | 100 |
| China | | | |
| Geberit Flushing Technology Co. Ltd., Daishan | CNY | 63,376 | 100 |
| Geberit Plumbing Technology Co. Ltd., Shanghai | CNY | 268,386 | 100 |
| Geberit Shanghai Trading Co. Ltd., Shanghai | CNY | 5,000 | 100 |
| Geberit Shanghai Investment Administration Co. Ltd., Shanghai | CNY | 13,638 | 100 |
| Czech Republic | | | |
| Geberit spol. s.r.o., Prague | CZK | 6,000 | 100 |
| Denmark | | | |
| Geberit A/S, Lystrup | DKK | 10,000 | 100 |
| Finland | | | |
| Geberit Oy, Helsinki | EUR | 50 | 100 |
| Geberit Service Oy, Tammisaari | EUR | 3 | 100 |
| Geberit Production Oy, Tammisaari | EUR | 2,813 | 100 |
| France | | | |
| Geberit S.a.r.l., Samoreau | EUR | 1,686 | 100 |
| Geberit Holding France S.A., Samoreau | EUR | 10,388 | 100 |
| Geberit Services S.A.S., Samoreau | EUR | 1,931 | 100 |
| Geberit Production S.A.S., Limoges | EUR | 4,577 | 100 |

| | Currency | Share capital ('000) | Ownership in % |
|--|----------|----------------------|----------------|
| Germany | | | |
| Geberit Verwaltungs GmbH, Pfullendorf | EUR | 50 | 100 |
| Geberit Service GmbH & Co. KG, Pfullendorf | EUR | 50 | 100 |
| Geberit Vertriebs GmbH, Pfullendorf | EUR | 1,000 | 100 |
| Geberit Produktions GmbH, Pfullendorf | EUR | 7,500 | 100 |
| Geberit Logistik GmbH, Pfullendorf | EUR | 500 | 100 |
| Geberit Mapress GmbH, Langenfeld | EUR | 2,701 | 100 |
| Geberit RLS Beteiligungs GmbH, Langenfeld | EUR | 50 | 100 |
| Geberit Lichtenstein GmbH, Lichtenstein | EUR | 1,025 | 100 |
| Allia Holding GmbH, Pfullendorf | EUR | 65 | 100 |
| Geberit Keramik Service GmbH & Co. KG, Pfullendorf | EUR | 100 | 100 |
| Geberit Keramik GmbH, Wesel | EUR | 12,500 | 100 |
| Ceraavid GmbH, Essen | EUR | 26 | 100 |
| Hungary | | | |
| Geberit Kft, Budapest | HUF | 49,900 | 100 |
| India | | | |
| Geberit Plumbing Technology India Pvt. Ltd., Bengaluru | INR | 12,861 | 100 |
| Geberit India Manufacturing Pvt. Ltd., Pune | INR | 56,875 | 100 |
| Italy | | | |
| Geberit Produzione S.p.a., Villadose | EUR | 4,200 | 100 |
| Geberit Service S.p.a., Milan | EUR | 120 | 100 |
| Geberit Ceramica S.p.a., Milan | EUR | 10,000 | 100 |
| Lithuania | | | |
| Geberit UAB, Vilnius | EUR | 1,250 | 100 |
| Netherlands | | | |
| Geberit B.V., Nieuwegein | EUR | 18 | 100 |
| Geberit International B.V., Nieuwegein | EUR | 51 | 100 |
| Nigeria | | | |
| Geberit Nigeria Ltd., Ikoyi, Lagos | NGN | 10,000 | 100 |
| Norway | | | |
| Geberit AS, Lorenskog | NOK | 4,400 | 100 |
| Geberit Service AS, Porsgrunn | NOK | 282 | 100 |
| Poland | | | |
| Geberit Sp. z o.o., Warsaw | PLN | 10,638 | 100 |
| Geberit Service Sp. z o.o., Lodz | PLN | 1,800 | 100 |
| Geberit Ozorków Sp.z o.o., Ozorkow | PLN | 32,400 | 100 |
| Geberit Produkcja Sp.z o.o., Kolo | PLN | 100,000 | 100 |
| Portugal | | | |
| Geberit Tecnologia Sanitária S.A., Lisbon | EUR | 275 | 100 |
| Geberit Produção S.A., Carregado | EUR | 2,750 | 100 |
| Romania | | | |
| Geberit SRL, Bucharest | RON | 13,500 | 100 |
| Russia | | | |
| Geberit RUS LLC, Moscow | RUB | 150,010 | 100 |

| | Currency | Share capital ('000) | Ownership in % |
|---|----------|----------------------|----------------|
| Singapore | | | |
| Geberit South East Asia Pte. Ltd., Singapore | SGD | 100 | 100 |
| Slovakia | | | |
| Geberit Slovensko s.r.o., Bratislava | EUR | 200 | 100 |
| Slovenia | | | |
| Geberit proizvodnja d.o.o., Ruše | EUR | 104 | 100 |
| Geberit prodaja d.o.o., Ruše | EUR | 42 | 100 |
| South Africa | | | |
| Geberit Southern Africa (Pty) Ltd., Johannesburg | ZAR | 4 | 100 |
| Spain | | | |
| Geberit S.A.U., Barcelona | EUR | 3,823 | 100 |
| Sweden | | | |
| Geberit AB, Bromölla | SEK | 700 | 100 |
| Geberit Service AB, Bromölla | SEK | 50 | 100 |
| Geberit Production AB, Bromölla | SEK | 20,000 | 100 |
| Turkey | | | |
| Geberit Tesisat Sistemleri Ticaret Ltd., Istanbul | TRY | 26,422 | 100 |
| Ukraine | | | |
| Slavuta Holding LLC, Kiev | UAH | 65,655 | 100 |
| Geberit Ceramic Production PrJSC, Slavuta | UAH | 57,400 | 100 |
| Geberit Plastics Production LLC, Kiev | UAH | 16,860 | 100 |
| Geberit Trading LLC, Kiev | UAH | 9,000 | 100 |
| United Kingdom | | | |
| Geberit Sales Ltd., Warwick | GBP | 3,520 | 100 |
| Geberit Service, Alsager | GBP | 0.4 | 100 |
| Twyford Ltd., Alsager | GBP | 1,000 | 100 |
| Twyfords Ltd., Alsager | GBP | 2,528 | 100 |
| USA | | | |
| Duffin Manufacturing Co., Elyria | USD | 69 | 100 |
| The Chicago Faucet Company, Des Plaines | USD | 100 | 100 |

REPORT OF THE STATUTORY AUDITOR



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

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

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

OPINION

We have audited the consolidated financial statements of Geberit AG and its subsidiaries (the Group), which comprise the → **consolidated balance sheets** as at 31 December 2020 and the → **consolidated income statements**, → **consolidated statement of comprehensive income**, → **consolidated statement of changes in equity** and → **consolidated statement of cash flows** for the year then ended, and → **notes to the consolidated financial statements**, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2020 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRS) and comply with Swiss law.

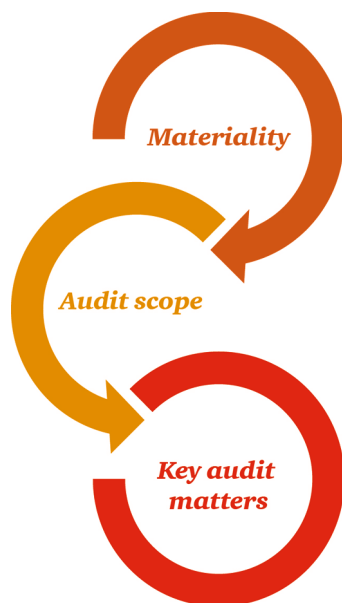
BASIS FOR OPINION

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

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

OUR AUDIT APPROACH

Overview



Overall Group materiality: CHF 37,500,000

We concluded full scope audit work at 21 Group companies in 12 countries. These Group companies contributed 71% to the Group's revenue. The selection of companies is renewed each year.

In addition, specified audit procedures were performed on one Group company in one country. The remaining companies were addressed by analytical reviews.

As key audit matter the following area of focus has been identified:
Impairment testing of goodwill and of trademarks

MATERIALITY

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

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the consolidated financial statements as a whole.

| | |
|---|--|
| Overall Group materiality | CHF 37,500,000 |
| How we determined it | 5% of profit before income tax expenses |
| Rationale for the materiality benchmark applied | We chose profit before income tax expenses as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most commonly measured, and it is a generally accepted benchmark for materiality considerations. |

We agreed with the Audit Committee that we would report to them misstatements above CHF 3,750,000 identified during our audit as well as any misstatements below that amount which, in our view, warranted reporting for qualitative reasons.

AUDIT SCOPE

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

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

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

KEY AUDIT MATTERS

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

IMPAIRMENT TESTING OF GOODWILL AND OF TRADEMARKS

| Key audit matter | How our audit addressed the key audit matter |
|--|---|
| <p>Impairment testing of goodwill and of trademarks was deemed a key audit matter for the following two reasons:</p> <p>Goodwill and trademarks represent a significant amount on the balance sheet (goodwill totalling CHF 1,253.3 million and trademarks totalling CHF 282.9 million). A useful life is defined for trademarks that are integrated progressively into the Geberit trademarks. Goodwill and trademarks with an indefinite useful life are not regularly amortised but tested for impairment at least annually. Further, in calculating the value-in-use for these tests, the Board of Directors and Management have significant scope for judgement in determining revenue and margin growth assumptions and the discount rates to be applied to the expected cash flows and in determining the cash-generating units (CGUs).</p> <p>With regard to the accounting policies and information on goodwill and trademarks, please refer to the notes to the consolidated financial statements: → 1. 'Basic information and principles of the report – Main sources of estimation uncertainty', → 3. 'Summary of significant accounting policies – Intangible assets and goodwill' and → 11. 'Goodwill and intangible assets' (tables).</p> | <p>Impairment testing of goodwill and trademarks with an indefinite useful life is based on a process defined by the Board of Directors. This process uses the business plans approved by the Board of Directors. As part of the process, Management estimates the cash flows for the cash-generating units concerned.</p> <p>We assessed the determination of the CGUs taking into account the IFRS accounting standards and our knowledge of the organisation, structure and governance of the Geberit Group.</p> <p>We compared the business results of the year under review with the forecasts prepared in the prior year in order to identify any assumptions that, with hindsight, appeared too optimistic regarding the cash flows. The business results of the year under review were in line with the budget.</p> <p>We compared Management's assumptions concerning long-term revenue growth and margin growth with industry growth figures and historical margin data, respectively. We compared the discount rate with the cost of capital of the Group and of analogous firms. In addition, we performed a plausibility check on the forecast change in net working capital.</p> <p>The assumptions used were consistent and in line with our expectations.</p> <p>We tested the sensitivity analyses of the key assumptions. These analyses enabled us to assess any potential impairment of goodwill or of trademarks.</p> <p>On the basis of the evidence obtained from our audit, we consider the valuation method and the assumptions used to be an appropriate and adequate basis for the impairment testing of goodwill and of trademarks.</p> |

OTHER INFORMATION IN THE ANNUAL REPORT

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

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

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

RESPONSIBILITIES OF THE BOARD OF DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

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

PricewaterhouseCoopers AG



Beat Inauen
Audit expert
Auditor in charge



Martin Knöpfel
Audit expert

Zurich, 9 March 2021

FINANCIAL REPORT

GEBERIT AG

2020

BALANCE SHEETS

| | 31.12.2020 | 31.12.2019 |
|--|----------------|----------------|
| | MCHF | MCHF |
| Assets | | |
| Current assets | | |
| Cash | 11.5 | 10.0 |
| Other current receivable | | |
| - Third parties | 6.0 | 5.7 |
| - Group companies | 5.5 | 70.4 |
| Prepaid expenses | 1.3 | 0.9 |
| Total current assets | 24.3 | 87.0 |
| Non-current assets | | |
| Loan to group companies | 700.0 | 400.0 |
| Investments | 1,212.3 | 996.9 |
| Total non-current assets | 1,912.3 | 1,396.9 |
| Total assets | 1,936.6 | 1,483.9 |
| Liabilities | | |
| Current liabilities | | |
| - Third parties | 8.7 | 2.4 |
| - Group companies | 124.5 | 3.9 |
| Total current liabilities | 133.2 | 6.3 |
| Long term interest-bearing liabilities | | |
| Bonds | 700.0 | 400.0 |
| Total long term interest-bearing liabilities | 700.0 | 400.0 |
| Shareholders' equity | | |
| Capital stock | 3.7 | 3.7 |
| Legal capital reserves | | |
| - General reserves, share premium | 0.8 | 0.8 |
| - Reserves from capital contributions | 4.2 | 25.7 |
| Legal reserves from retained earnings | | |
| - Reserves for treasury shares held by group companies | 132.8 | 110.1 |
| Free reserves from retained earnings | | |
| - Free reserves | 849.4 | 700.6 |
| - Retained earnings | 603.7 | 560.0 |
| Treasury shares | | |
| - against free reserves | -491.2 | -323.3 |
| Total shareholders' equity | 1,103.4 | 1,077.6 |
| Total liabilities and shareholders' equity | 1,936.6 | 1,483.9 |

INCOME STATEMENTS

| | 2020 | 2019 |
|--------------------------------|--------------|--------------|
| | MCHF | MCHF |
| Income | | |
| Dividends from Group companies | 601.2 | 551.7 |
| Other financial income | 5.1 | 3.2 |
| Other operating income | 0.2 | 0.5 |
| Total income | 606.5 | 555.4 |
| Expenses | | |
| Administrative expenses | 3.3 | 3.9 |
| Financial expenses | 2.6 | 1.7 |
| Total expenses | 5.9 | 5.6 |
| Net income | 600.6 | 549.8 |

NOTES TO THE FINANCIAL STATEMENTS

1. STANDARDS

1.1 GENERAL

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

1.2 TREASURY SHARES

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

1.3 INTEREST-BEARING LIABILITIES

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

1.4 DERIVATIVES

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

1.5 WAIVER OF CASH FLOW STATEMENT AND ADDITIONAL INFORMATION IN THE NOTES

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

2. OTHER STATUTORY DISCLOSURES

2.1 GUARANTEES, ASSETS PLEDGED IN FAVOR OF THIRD PARTIES

| | 31.12.2020 | 31.12.2019 |
|--|------------|------------|
| | MCHF | MCHF |
| Guarantee notes, MEUR 0 (PY: MEUR 325), 0.688%, due 30.03.2021 | 0.0 | 352.5 |
| Guarantee Revolving Facility, due 06.11.2022 | 500.0 | 500.0 |
| Guarantee GRI Pensions | 0.1 | 0.1 |

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

2.2 SIGNIFICANT INVESTMENTS

| | 2020 | 2020 | 2019 | 2019 |
|-------------------------------------|----------------|---------------|----------------|---------------|
| | Ownership in % | Capital stock | Ownership in % | Capital stock |
| Geberit Holding AG, Rapperswil-Jona | 100 | TCHF 39,350 | 100 | TCHF 39,350 |
| Geberit Reinsurance Ltd., Guernsey | 100 | TEUR 2 | 100 | TEUR 2 |

The investments are stated separately at the respective acquisition costs, less any adjustments required. The indirect investments are shown in the Notes to the Consolidated Financial Statements in the → **Note 32**.

2.3 SHARE CAPITAL

The share capital of Geberit AG consists of 37,041,427 ordinary shares with a par value of CHF 0.10 each.

| | 2020 | 2019 |
|-------------------------|------------|------------|
| Number of shares issued | pcs. | pcs. |
| January 1 | 37,041,427 | 37,041,427 |
| December 31 | 37,041,427 | 37,041,427 |

2.4 CAPITAL CONTRIBUTION RESERVES

The capital contribution reserves of MCHF 4.2 as of December 31, 2020 were used for the share buyback program.

2.5 TREASURY SHARES

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

| | Number of registered shares | Prices per share | | |
|--|-----------------------------|------------------|---------|--------|
| | | High | Average | Low |
| | | in CHF | in CHF | in CHF |
| Balance at December 31, 2019 | 1,034,123 | | | |
| Purchases share buyback program 2017 - 2020 | 261,543 | 461.07 | 406.00 | 376.14 |
| purchases share buyback program 2020 - 2022 | 94,700 | 572.66 | 543.05 | 523.50 |
| Other Purchases | 132,169 | 564.11 | 511.41 | 372.03 |
| Sales | -106,701 | 575.00 | 491.73 | 388.20 |
| Balance at December 31, 2020 | 1,415,834 | | | |
| Number of treasury shares held by Geberit AG | 1,120,794 | | | |

The Board of Directors of Geberit AG decided in March 2017 to initiate a share buyback program. Over a maximum period of three years, shares for a total amount of maximum CHF 450 million will be repurchased, less withholding tax. The program was concluded in March 2020. A total of 1,026,094 shares for a total amount of MCHF 439.7 Mio were repurchased under the program.

The share buyback program announced on 10 March 2020 was started in September 2020. Over a maximum period of two years, shares for a total amount of maximum CHF 500 million will be repurchased, less withholding tax. As at December 31, 2020, in total 94,700 shares for a total amount of MCHF 51.4 were repurchased under the program.

The Board of Directors will propose to the General Meeting the cancellation of the shares repurchased under the share buyback program 2017 – 2020 and the shares repurchased by the end of February 2021 under the share buyback program 2020 – 2022. In total 1,167,094 shares (3% of shares outstanding) have been bought back under the programs. The capital reduction will release MCHF 512.8 free reserves and MCHF 4.2 capital contribution reserves.

The legal reserves for treasury shares were recorded at cost.

2.6 BONDS

Geberit has the following bonds outstanding:

- a bond of MCHF 300 with a term of two and a half years and a coupon of 0.35%, due 20.10.2022
- a bond of MCHF 150 with a term of eight years and a coupon of 0.3%, due 17.04.2023
- a bond of MCHF 125 with a term of five and a half years and a coupon of 0.1%, due 17.10.2024
- a bond of MCHF 125 with a term of nine and a half years and a coupon of 0.6%, due 17.10.2028

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

As of the end of 2020 and 2019, 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 |
|---|-----------------------|----------------------------|----------|----------------|---------|-----------|---------|
| 2020 | | | | | | | |
| Shareholdings Board of Directors | | | | | | | |
| 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 Chairman | H. Reuter Vice Chairman | F. Ehrat | E. Zehnder-Lai | B. Koch | | Total |
| 2019 | | | | | | | |
| Shareholdings Board of Directors | | | | | | | |
| 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% |

As of December 31, 2020, there were no outstanding loans or credits between the company and members of the Board of Directors

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 |
|---|-----------|-------------------------------|----------------|---------------|---------------|---------------|---------------|---------------|----------------|
| 2020 | | | | | | | | | |
| Shareholdings Group Executive Board | | | | | | | | | |
| 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% |
| Call options¹ | | | | | | | | | |
| End of vesting period: | | | | | | | | | |
| 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 |
| Total options | | | 177,215 | 73,990 | 56,836 | 42,574 | 47,815 | 28,594 | 427,024 |
| Percentage potential share of voting rights options | | | 0.48% | 0.20% | 0.15% | 0.11% | 0.13% | < 0.1% | 1.15% |

¹ 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 |
|---|-----------|-------------------------------|---------------|---------------|---------------|-------------------|---------------|---------------|---------------|----------------|
| 2019 | | | | | | | | | | |
| Shareholdings Group Executive Board | | | | | | | | | | |
| 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% |
| Call options¹ | | | | | | | | | | |
| 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 |
| Total options | | | 95,629 | 44,956 | 39,330 | 31,373 | 29,245 | 21,494 | 18,858 | 280,885 |
| Percentage potential share of voting rights options | | | 0.26% | 0.12% | 0.11% | < 0.1% | < 0.1% | < 0.1% | < 0.1% | 0.76% |

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

As of December 31, 2020, there were no outstanding loans or credits between the company and members of the Group Executive Board

2.8 SIGNIFICANT SHAREHOLDERS

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

| | 31.12.2020 | 31.12.2019 |
|--|------------|------------|
| Black Rock, New York (notification dated: 09.08.2019) | 5.21% | 5.21% |
| Geberit AG, Jona (notification dated: 18.03.2020) | 3.08% | < 3.00% |
| Fiera Capital, Montreal (notification dated: 08.05.2020) | 3.06% | < 3.00% |

2.9 EMPLOYEES

In Geberit AG no employees are employed.

3. PROFIT DISTRIBUTION

PROPOSAL FOR THE APPROPRIATION OF AVAILABLE EARNINGS

Proposal by the Board of Directors to the General Meeting:

APPROPRIATION OF AVAILABLE EARNINGS

| | 2020 | 2019 |
|--|--------------------|--------------------|
| | CHF | CHF |
| Available earnings | | |
| Net income | 600,617,258 | 549,799,986 |
| Balance brought forward | 3,037,795 | 10,211,072 |
| Total available earnings | 603,655,053 | 560,011,058 |
| Transfer to free reserves | 190,000,000 | 150,000,000 |
| Proposed/paid dividend | 409,495,216 | 406,973,263 |
| Balance to be carried forward | 4,159,837 | 3,037,795 |
| Total appropriation of available earnings | 603,655,053 | 560,011,058 |

DIVIDEND PAYMENTS

The Board of Directors proposes a dividend of CHF 11.40 per share (PY: CHF 11.30). The dividend payment is subject to withholding tax.

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

REPORT OF THE STATUTORY AUDITOR



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

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

We have audited the financial statements of Geberit AG, which comprise the → **balance sheets** as at 31 December 2020, → **income statements** and → **notes to the financial statements** for the year then ended, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements as at 31 December 2020 comply with Swiss law and the company's articles of incorporation.

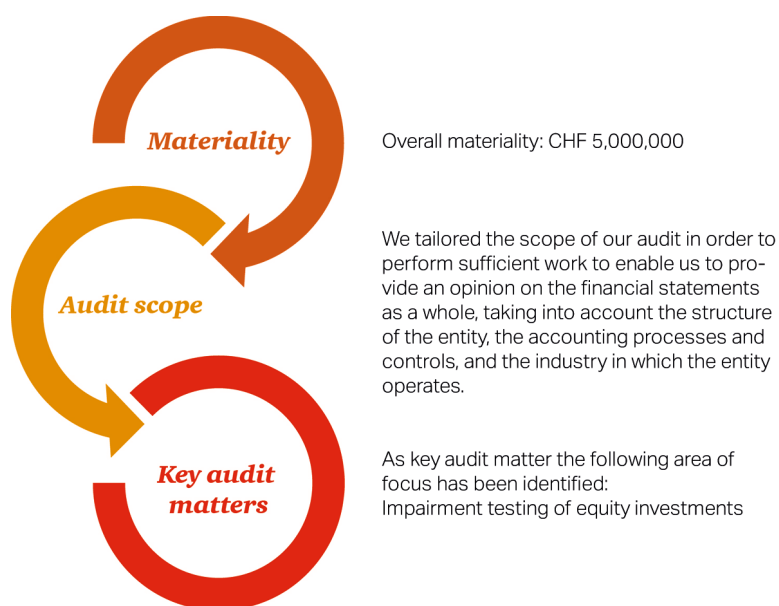
BASIS FOR OPINION

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

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

OUR AUDIT APPROACH

Overview



MATERIALITY

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

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the financial statements as a whole.

| | |
|---|---|
| Overall materiality | CHF 5,000,000 |
| How we determined it | 0.26% of total assets |
| Rationale for the materiality benchmark applied | We chose total assets as the benchmark because, in our view, it represents a relevant and generally accepted benchmark for holding companies. |

We agreed with the Audit Committee that we would report to them misstatements above CHF 500,000 identified during our audit as well as any misstatements below that amount which, in our view, warranted reporting for qualitative reasons.

AUDIT SCOPE

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

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

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

IMPAIRMENT TESTING OF EQUITY INVESTMENTS

| Key audit matter | How our audit addressed the key audit matter |
|---|--|
| <p>Impairment testing of equity investments was deemed a key audit matter for the following two reasons:</p> <p>Equity investments in Geberit Holding AG and Geberit Reinsurance Ltd. in the amount of CHF 1,212.3 million represent the largest asset category on the balance sheet (62.6% of total assets). If this investment had to be written down, it would have a significant impact on the equity of the Company.</p> <p>Testing for impairment depends on the future results of the companies concerned. In addition, there is significant scope for judgement in determining the assumptions underlying forecast results.</p> <p>Please refer to the notes to the financial statements and, specifically, the recognition, valuation and disclosure methods in → note 2.2 'Significant investments'.</p> | <p>We tested the equity investments as at 31 December 2020 for impairment. Management has performed impairment tests on the investments in Geberit Holding AG and Geberit Reinsurance Ltd.</p> <p>We performed the following:</p> <ul style="list-style-type: none"> - compared the actual results of each company with its prior budget in order to identify any assumptions that, with hindsight, appeared too optimistic regarding the cash flows; - checked for plausibility the outlook based on the multiyear plan approved by the Board of Directors and discussed the outlook with Management; <p>We consider the valuation process applied by management to be adequate and a sufficient basis for the impairment testing of investments in subsidiaries.</p> |

RESPONSIBILITIES OF THE BOARD OF DIRECTORS FOR THE FINANCIAL STATEMENTS

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

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

PricewaterhouseCoopers AG



Beat Inauen
Audit expert
Auditor in charge



Martin Knöpfel
Audit expert

Zürich, 9. März 2021

GEBERIT GROUP

SUSTAINABILITY

2020

1. INTRODUCTION

Geberit's sustainability reporting is fully integrated in the online Annual Report, as it has been for some years. The company's systematic and transparent communication on the subject of sustainability is addressed to a range of target groups, including customers and partners, investors, the general public and company employees. Overall, Geberit thus wishes to demonstrate to its stakeholders and shareholders the many and sustainable ways in which it creates added value. To this end, information is made available at different levels:

- → **CEO statement on sustainability**
- → **Highlights sustainability**
- → **Business and financial review**, as part of the Annual Report integrated into the chapters → **Employees**, → **Customers**, → **Innovation**, → **Production**, → **Logistics and procurement**, → **Sustainability**, → **Compliance** and → **Social Responsibility**
- → **Materiality analysis**
- → **Sustainability strategy** with objectives, measures and results
- → **Key figures sustainability**
- → **SDG Reporting**
- → **Communication on Progress UNGC**

Since 2006, a sustainability performance report has been presented annually in accordance with the guidelines of the Global Reporting Initiative (GRI). In this reporting year, Geberit has once again implemented the "Comprehensive" option of the GRI Standards. For the reporting on waste (GRI 306: 2020), the standard updated by GRI in 2020 was used. For the Materiality Disclosures Service, the GRI inspected whether the GRI Content Index is clearly presented and the references for disclosures GRI 102-40 to GRI 102-49 match the corresponding parts of the report. For details on the successful inspection, see GRI label in the → **GRI Content Index**. The Report is available in German and English. The German version is binding. A → **SASB Content Index** was also created for the first time for this reporting year.

As prescribed by the GRI, a → **Materiality analysis** based on the aspects defined by the GRI was the strategic starting point. Geberit consulted an external Stakeholder Panel for the fifth time in 2020. Its mandate consisted of providing feedback on the materiality analysis, sustainability performance, sustainability strategy and sustainability communication as well as on opportunities and risks associated with climate change. The external panel summarised the results in a panel statement. The response from Geberit to the panel statement illustrates how the recommendations are being taken into consideration in the further development of the sustainability strategy and reporting.

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

CEO STATEMENT ON SUSTAINABILITY



“In what has been a year like no other, we found the right balance between short-term crisis management and long-term thought and action in 2020.”
Christian Buhl, CEO

GEBERIT WITH STRONG FOUNDATIONS AND A ROBUST CORPORATE CULTURE

2020 will go down in the history of the company as the year in which we dealt very well with an extraordinary crisis. This crisis has not weakened us up to now. Quite the opposite in fact, it has actually made us stronger in terms of competitiveness. Geberit is built on strong foundations – financially, strategically, culturally and in terms of its personnel. When the COVID-19 crisis hit in spring 2020, we therefore decided very early on not to restructure, to secure jobs and not to introduce short-time work where possible. Instead, we focused on continuing to invest and using the lockdown period consciously for tasks that are often neglected in everyday business. It was important to find the right balance between short-term crisis management and long-term thought and action. As a result, important long-term investments continued to be made in product and production innovations, and also in employee education and further training. We were also able to achieve our social commitments in full in this extraordinary year.

ADDED EFFICIENCY AND RESILIENCE THANKS TO DIGITALISATION

We put the constraints enforced due to the pandemic to good use and made huge steps in the field of digitalisation. A large part of the company was then able to start working from home temporarily within a relatively short time. Moreover, we also used the time for training our employees and strengthening our skills. Digital training tools for our employees were developed and rolled out within a very short space of time. At the same time, we focused even more on communicating with our customers using digital tools. We now have to ensure that we continue to reap the benefits of working digitally in future, as increased efficiency and resilience combined with a simultaneous reduction in resource consumption in mobility are very much in line with the principles of sustainability.

LONG-TERM STRATEGY AND CONSISTENT IMPLEMENTATION IN CLIMATE CHANGE

The fifth stakeholder panel took place as planned and focused on the opportunities and risks associated with climate change. The need for consistent and appropriate action was demonstrated here. Back in 2016, Geberit adopted the guidelines set out by the Science Based Targets Initiative in order to define a long-term CO₂ reduction pathway and to reduce our absolute CO₂ emissions to below 240,000 tonnes by 2021 as an interim goal. Geberit achieved this goal ahead of schedule back in 2018, with emissions of 206,553 tonnes in 2020. This corresponds to a sales-weighted reduction of 32.6% since 2015. Geberit will specify its goals for the next phase of the climate strategy in 2021. In doing so, we can also build on the successes seen in the development of new products. The eco-design approach has been consistently applied for over ten years and results in savings in materials used, the increased use of recycled materials and reduced water and energy consumption when using our products.

A FOCUS ON LONG-TERM CHANGE IN THE SANITARY INDUSTRY

Geberit wants to take on a leading role in the change towards a more sustainable sanitary industry. The eco-design approach – which covers the entire product life cycle – plays a central role here. The goal is for products to be manufactured locally, where possible, using durable, sustainable raw materials from carefully selected, predominantly regional suppliers. As a result, transport routes can also be kept as short as possible. The developed products are optimised both in terms of the quantity of materials used and in resource and energy consumption during the usage phase. Furthermore, the service life of products is lengthened as far as possible and good reparability ensured thanks to a comprehensive range of spare parts with long-term availability. By following this life-cycle approach, we can achieve our overall goal of increased added value with the lowest possible consumption of resources.

CONTRIBUTION TO THE UN SUSTAINABLE DEVELOPMENT GOALS AND SUPPORT FOR THE UN GLOBAL COMPACT

Through our operations, we are making a contribution to the UN 2030 Agenda for Sustainable Development, focussing on four of the 17 goals and on the sixth goal “Clean Water and Sanitation” in particular (see → **SDG Reporting**). Geberit has been a member of the UN Global Compact since 2008 and is engaged in the area of environmental protection, responsible labour practices, human rights and the prevention of corruption (see → **Communication on Progress UNGC**) both within the company itself and in its supply chain. We provide information on our sustainability goals and performances in a transparent manner and in accordance with the GRI Standards’ “Comprehensive” reporting option as defined by the Global Reporting Initiative (GRI). A new element is the content index in line with the guidelines of the Sustainability Accounting Standards Board (see → **SASB Content Index**).








Christian Buhl, CEO

MATERIALITY ANALYSIS

A review of the materiality analysis was carried out as part of the switchover to the GRI Standards. Some topics were aggregated (as required by the GRI Standards) and further relevant topics added. Like in the sustainability strategy, all material topics are assigned to the categories People, Planet and Profit. In the People category, the occupational safety topic was expanded to include the health aspect. In the Planet category, the resources topic was expanded to include the circular economy aspect. In the Profit category, the topics product management and innovation, quality as well as production and digitalisation/BIM were added as material topics. Furthermore, the topic of data protection was identified as relevant in connection with the introduction of the EU's General Data Protection Regulation (GDPR). This enabled a high degree of consensus on the selection of material topics with the key approaches in the corporate and sustainability strategy to be achieved.

The current materiality analysis was reviewed and approved by an external stakeholder panel in September 2020.

Material aspects are deemed material if they are significant from the internal perspective of the company and/or the external perspective of stakeholders.

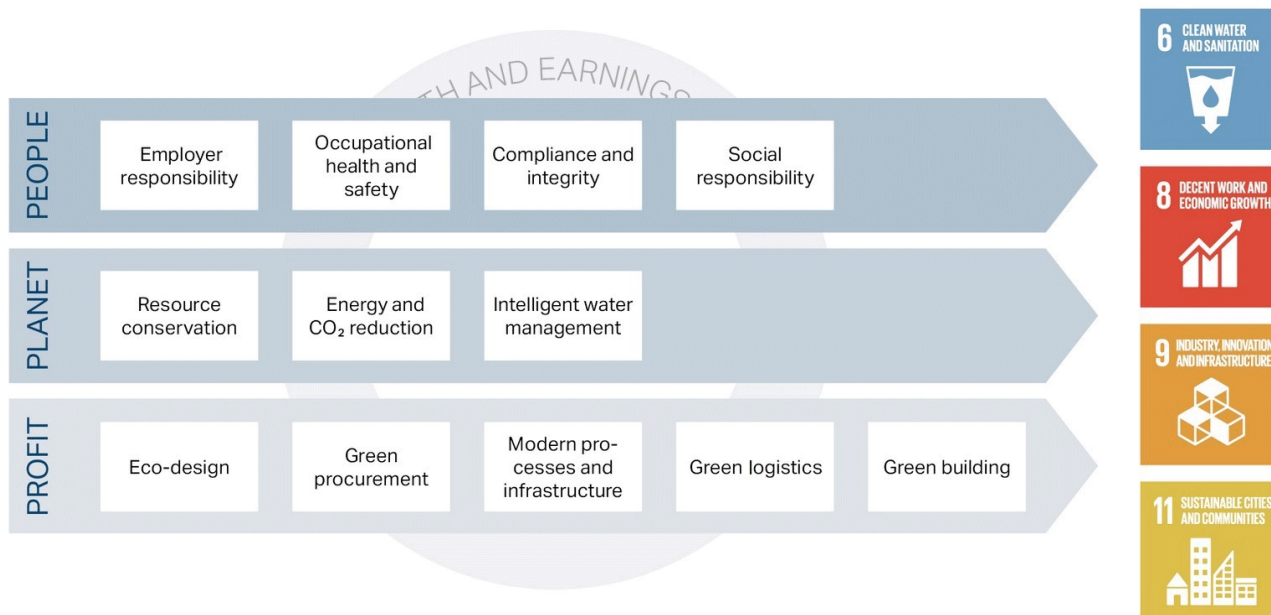
| | | | | | | | |
|---|-----------------------------------|--------------------------------|-------------------------|---|---------------------------------------|--------------------------|---|
| PEOPLE   | Employment | Occupational health and safety | Training and education | Diversity and equal opportunity | Non-discrimination | Freedom of association | |
| | Anti-corruption | Anti-competitive behaviour | Regional employer | Indirect economic impacts | Human rights, child and forced labour | Social responsibility | |
| PLANET  | Resources and circular economy | Energy | Water | CO ₂ and other emissions | Waste water and waste | Environmental compliance | |
| PROFIT   | Product management and innovation | Quality | Product compliance |  | Procurement | Production | Logistics |
| | Customer relations | Customer health and safety | Marketing and labelling | | Digitalisation/ BIM | Data protection |  |

SUSTAINABILITY STRATEGY 2021-2023

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

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

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



The following pages provide an overview of the sustainability modules with important facts and achievements from 2020 as well as the outlook for 2021 to 2023. The current sustainability strategy covers the entire Geberit Group and shows how Geberit intends to be a pioneer and leader in the area of sustainability in the sanitary industry.

PEOPLE

MODULES AND GOALS

IMPORTANT FACTS AND ACHIEVEMENTS 2020

OUTLOOK FOR 2021 TO 2023

EMPLOYER RESPONSIBILITY

Geberit positions itself as an attractive employer, and strives to offer jobs of the highest quality.

Geberit supports disadvantaged employees and apprentices.

- Group-wide roll-out of the revised valYOU performance management process for white collar employees and pilot phase for blue collar employees, combined with a two-day training course for managerial staff.
- Safety and protection of employees ensured in connection with the COVID-19 pandemic. Implementation of far-reaching protective measures and introduction of a Group-wide regulation for working from home.
- Continuation of the Potentials Management Programme for talented prospects within the company. Establishment and development of management, methodological and social skills in preparing for the next career step.
- Development of the Operations Development Programme (ODP) for talented internal and external prospects in Operations (including Logistics and Purchasing).
- Promotion of decentralised collaborations with universities, plus active participation in the international UNITECH network.
- Continuation of the development programme for over 100 regional sales managers from European sales companies based on standardised management principles and instruments.
- Employment of 262 apprentices with a transfer rate to a permanent employment relationship of 86%.

- Roll-out of the valYOU process in all companies for blue collar employees.
- Introduction of a standardised Group-wide management training course, particularly for new managerial staff.
- Group-wide employee survey in 2021.
- Continuation of the Operations Development Programme (ODP) for internal and external managerial staff in Operations (including Logistics and Purchasing).
- Roll-out of leadership programme with the Business School at the University of St. Gallen for around 200 members of senior management.
- Continuation of the development programme for managerial staff at the sales companies.
- Targeted support for transfer of apprentices to a permanent position. Target rate is 75%.

OCCUPATIONAL HEALTH AND SAFETY

Geberit operates safe production plants and logistics sites, and promotes a health and safety culture at a high level.

- Global certification of all production plants and central logistics in accordance with ISO 45001 (occupational health and safety).
- Implementation of audits across plants. Exchange of best practices and accident analyses encouraged.
- Decrease in the accident frequency rate (AFR) by 9.2% to 8.9 (accidents per million working hours) and in the accident severity rate (ASR) by 8.4% to 171.9 (days lost per million working hours). The absenteeism rate due to accidents and illness was 4.68%.
- Increased occupational health and safety and ergonomics as part of the continuous optimisation and modernisation of processes and systems, by replacement of hazardous substances, by reduction of noise emissions and by the use of robots and lifting aids.
- The comprehensive "Vital" healthcare programme is offered at six locations, which represent around 40% of the entire workforce. Creation of a concept for expanding this to the ceramics plants.
- Start of an eLearning programme to raise awareness of behaviour-related accidents.
- Implementation of the action plan for reducing quartz dust, including measurements and monitoring of targets in the ceramics plants.

- Halving of the accident frequency rate and accident severity rate between 2015 and 2025; AFR target: 5.5; ASR target: 90.
- Final roll-out of the software for capturing and monitoring accident data at additional sites.
- Further improvement in ergonomics, particularly in the ceramics plants.
- Expansion of the measures in the "Vital" programme to additional countries and sites.
- Continuation of the eLearning programme on occupational safety in the production plants and logistics.
- Continuation of the action plan for reducing quartz dust.

COMPLIANCE AND INTEGRITY

Geberit complies with all laws, guidelines, norms and standards.

Geberit checks the effectiveness of its internal monitoring systems and guidelines and implements appropriate measures in the event of misconduct.

- The review of adherence to the Geberit Code of Conduct in all organisational units and in interviews conducted by the Internal Audit Department with managing directors on topics from the Code of Conduct resulted in the discovery of one significant breach, which was investigated.
- One incident was reported via the Geberit Integrity Line for employees and was followed up on, and no incidents were reported via the Integrity Line for suppliers.
- Processing of enquires from various countries on the permissibility of marketing and sales campaigns under competition and antitrust legislation.
- Completion of the implementation of the General Data Protection Regulation (GDPR) in European companies, comprehensive training activities and external audit of the data-protection compliance organisation.
- Revision and roll-out of the eLearning programme on antitrust legislation at management level and in all European sales companies. A further audit was carried out on antitrust legislation.
- Start of roll-out of an EHS (Environment, Health and Safety) compliance tool in five production plants in Switzerland, Poland and Ukraine.
- Data protection audits to be carried out and further development of compliance with data protection.
- Revision and roll-out of the eLearning programme on antitrust legislation for markets outside Europe.
- Further antitrust audits to be carried out by Corporate Legal Services in collaboration with the Internal Audit Department.
- Further roll-out of the EHS compliance tool in production plants and logistics in Europe.

SOCIAL RESPONSIBILITY

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

- Geberit employees contributed 450 hours of charitable work as part of social projects.
- Continuation of the partnership with the Swiss development organisation Helvetas on the topic of drinking water and sanitary facilities in developing countries.
- Continuation of the skill-sharing programme with projects taking place with participants in Nepal.
- A social project was carried out in Romania (without Geberit apprentices as a result of COVID-19). Construction of sanitary installations in a paediatric hospital for oncology.
- Different workshops for disabled persons were commissioned with simple assembly and packaging work totalling CHF 8.5 million, thus giving around 500 people meaningful work.
- Performance of an additional volunteering project in Nepal with Polish employees in collaboration with Helvetas.
- Implementation of a social project in Ukraine with apprentices.
- Review of the effectiveness of social projects two to three years after their implementation.

PLANET

MODULES AND GOALS

RESOURCE CONSERVATION

Geberit conserves natural resources and practises the circular economy, both in production as well as with its products.

IMPORTANT FACTS AND ACHIEVEMENTS 2020

- The absolute environmental impact was reduced by 8.9% and the environmental impact per net sales (currency-adjusted) by 10.1%. This figure is clearly above the target of 5% per year.
- Global certification of all production plants and central logistics in accordance with ISO 14001 (environment), with the Group certificate valid until 2021.
- The amount of hazardous substances used in the production plants was reduced by 6%.
- Internal recycling of around 9,200 tonnes of plastic waste from production, with 940 tonnes of high-quality ABS regranulate used. Additional PP (polypropylene) regranulate approved and in use.
- Participation in Operation Clean Sweep to prevent the pollution of the environment with plastic pellets.
- Further optimisations carried out for the ceramic product range, leading to reduced complexity and a cut in resource consumption. Reuse of products that are no longer required as part of social projects.
- Resource efficiency was improved in ceramic production by 6.4% to 0.48 kg waste/kg ceramic.

OUTLOOK FOR 2021 TO 2023

- Improvement of eco-efficiency (environmental impact per net sales, currency-adjusted) by 5% per year.
- Extension of the ISO Group certificate until 2024.
- Reduction of hazardous substances in production plants by 5% per year.
- Search for further high-quality plastic regranulates.
- Identification of ways in which to close internal material cycles and make production waste useful for others as secondary materials.
- Reduction of scrap rate and improvement of resource efficiency in ceramic production (kg waste/kg ceramic) by 10% from 2018 to 2021 to 0.47 kg waste/kg ceramic.

ENERGY AND CO₂ REDUCTION

Geberit actively contributes to climate change mitigation and consequently reduces its energy consumption and CO₂ emissions.

- Absolute CO₂ emissions were reduced by 7.2% to 206,553 tonnes and CO₂ emissions per net sales (currency-adjusted) by 8.4%.
- Relative CO₂ emissions improved by 32.6% since the acquisition of Sanitec, with the target for 2021 achieved ahead of schedule.
- The volume of purchased green electricity increased by 15 GWh to 67.6 GWh. Renewable energy sources accounted for 46.1% of electricity and 4.5% of combustibles.
- 3.8 GWh of green electricity was produced in Givisiez (CH) and Pfullendorf (DE).
- New free-cooling system in Pottenbrunn (AT) for cooling the injection moulding machines with very high levels of energy efficiency.
- Five German production plants received ISO 50001 certification (energy).
- Same improvement in relative CO₂ emissions as for eco-efficiency by 5% per year.
- Reduction of absolute CO₂ emissions (Scopes 1 and 2) by 6% between 2015 and 2021 to under 240,000 tonnes (based on organic growth).
- Update to the CO₂ target.
- Annual purchase of an additional 3 GWh of certified green electricity and an increase in the share of electricity and combustibles accounted for by renewable energy sources to 45% and 10% respectively by 2021.
- Fuel-reduction plan: further reduction of the emissions from new vehicles.

INTELLIGENT WATER MANAGEMENT

Geberit supports the economical and careful use of water along the entire value chain.

- Almost 100% of the water consumed by Geberit can be attributed to the product usage phase.
- Some 34,620 million m³ of water has been saved to date through the use of water-saving flushing systems. In 2020 alone, the water saved amounted to 3,350 million m³.
- Water consumption in ceramic production reduced by 4.1% to 6.5 l/kg ceramic.
- Registration of additional water-saving products in accordance with the European water label.
- Reduction of the amount of water consumed in ceramic production (l water/kg ceramic) by 5% from 2018 to 2021 to 6.3 l/kg ceramic.

PROFIT

MODULES AND GOALS

ECO-DESIGN

During the development process, Geberit products are optimised with regard to their environmental friendliness, resource efficiency, recyclability and durability.

Environmental aspects are already considered during technology development.

- Over 150 eco-design workshops have been held in product development since 2007.
- A wide range of product improvements has been made with regard to environmental friendliness:
 - Expansion of the range of rimless WC pans, thus helping to simplify cleaning and cut down on cleaning agents.
 - New Geberit iCon toilet range with Rimfree Plus technology and new flush valve type 212 enables optimal setting of the flush volume and flush performance.
 - Geberit DuoFresh saves up to 50 litres of heating oil per year compared to opening the window for ventilation.
 - Geberit Inside cistern for the Nordic markets with flush volumes up to 4/2 litres and a high percentage of plastic regranulate used.

OUTLOOK FOR 2021 TO 2023

- Systematic continuation of eco-design workshops for product development.
- Integration of "Design for Recycling" principles in product development.
- Search for alternative materials or a combination of existing materials for optimising resource efficiency in sanitary products.
- Expansion of the product portfolio to support green building.

GREEN PROCUREMENT

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

- The Code of Conduct was signed by 2,098 suppliers. This equates to over 90% of the total procurement value.
- No incidents were reported via the Integrity Line for suppliers.
- The supplier sustainability risk matrix was updated and expanded to include additional countries of origin and material groups.
- Regular training of lead buyers on procurement and sustainability, plus exchanges with other industrial companies and participation in the UN Global Compact working group on sustainable supply chains.
- EHS (Environment, Health and Safety) audits were conducted and tracked, particularly in the highest sustainability risk category. This comprises 179 suppliers (some 7% of the procurement value).
- Five third-party EHS audits were carried out at suppliers in China and Ukraine.
- All new suppliers have to sign the Code of Conduct.
- Further EHS audits of suppliers are to be carried out by Geberit and external partners, with the required corrective measures being checked as part of re-audits.

MODERN PROCESSES AND INFRASTRUCTURE

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

- Demolition and safe disposal of infrastructure that was no longer required in Daishan (CN). Construction of a new waste disposal centre in Villadose (IT).
- The number of injection moulding machines with energy-efficient drive technology (hybrid, fully electrical, standby) increased from 192 to 211. Commissioning of a fourth fully electrical blow-moulding machine.
- Process optimisation for the manufacture of bent Mapress fittings in Langenfeld (DE) with a reduction in electricity and natural gas consumption, reduced use of lubricants and lower quantities of hazardous waste. Additional fully electrically driven production lines were realised.
- Insourcing of the manufacture of WC seats and lids using thermoplastics instead of non-recyclable duroplast plastics.
- Continuous renewal of machine fleet with energy-efficient technology.
- Further increase in the number of injection moulding machines with energy-efficient drive technology from 211 to 219. Commissioning of further fully electrical blow-moulding machines.
- Process optimisation in the production of welded and straight Mapress fittings in order to improve efficiency, quality, waste and ergonomics, while also simultaneously reducing pickling step by step.
- Replacement of conventional plaster casting systems with modern high-pressure casting systems in Kolo (PL) and Slavuta (UA) in order to increase efficiency, improve ergonomics and reduce raw material consumption and plaster waste.

GREEN LOGISTICS

Geberit optimises its logistics with regard to energy consumption, emissions and packaging.

- The transport service providers handled 528.6 million tkm, which was down on the previous year (560.5 million tkm) mainly due to a decline in deliveries to far-away countries. This resulted in CO₂ emissions of 61,653 tonnes (previous year 69,729 tonnes).
- Increased share of state-of-the-art Euro 6 trucks at 73% (previous year 68%).
- Two trucks powered by natural gas in operation on the Jona (CH) to Pfullendorf (DE) route and the use of electric trucks has been analysed.
- The optimised calculation and better utilisation of freight capacity as well as the bundling of long-goods deliveries reduced the number of trips required.
- The eco-efficiency of logistics (environmental impact per tkm) has improved by around 30% since 2015.
- An interdisciplinary project was carried out for analysing the product packaging at Geberit.
- Further optimisation of loading capacity through scheduling and organisational changes as well as the use of larger shipping containers.
- More intensive use of Euro 6 vehicles and identification of suitable alternative drive technologies.
- Optimisation of packaging quantities taking into account the optimal protection and transportability of the products.

GREEN BUILDING

Geberit has in-depth expertise in the fields of water conservation, quality of drinking water, sound insulation, hygiene and cleanliness.

Geberit is the leading partner in the planning and implementation of first-class sanitary solutions for green building.

- A broad range of Geberit products that help with the implementation of green building concepts and standards such as Minergie, DGNB, BREEAM and LEED.
- Member of various green building associations in CH, DE, ES, US and AU.
- Around 40% of bathroom furniture of the Geberit brand is FSC® certified (FSC-C134279).
- Four new Environmental Product Declarations (EPD) created for Geberit FlowFit pipes and fittings in accordance with the EN 15804 standard. In total, products with an EPD account for around 20% of Group sales.
- Attained Platinum status as a supplier on the EcoVadis platform for sustainable supply chains.
- Development of expertise in the field of green building.
- Targeted search for green building reference projects in the European core markets and the Asia-Pacific markets.
- All bathroom furniture of the Geberit brand is FSC® certified (FSC-C134279).
- Creation of further Environmental Product Declarations (EPD).
- More systematic recording of environmentally relevant product data, i.e. for BIM (Building Information Modelling).

COMMUNICATION ON PROGRESS UNGC

Human rights

Principle 1:

Support and respect the protection of internationally proclaimed human rights

- When hiring employees and determining their assignment in the company, Geberit attaches great importance to qualifications appropriate to the task description. In accordance with their qualifications, the majority of Geberit employees at the production sites and sales companies are paid well above the minimum wage range. This considerably reduces the risk of human rights violations. See → **GRI 202-1**
- In its Code of Conduct, Geberit undertakes to be an exemplary, reliable and fair business partner and employer at all times. As a fair partner, Geberit recognises all laws, directives and internationally recognised standards as well as the UN Guiding Principles on Business and Human Rights, and complies with them in full. All new employees at Geberit are trained on the Code of Conduct as part of the Welcome events. See → **Code of Conduct for Employees**, → **GRI 102-16**, → **GRI 412-2**
- Compliance with the Code of Conduct is monitored Group-wide as part of an annual survey and supplemented by internal audits on site. There were no breaches related to human rights in 2020. See → **GRI 412**, → **GRI 419**
- The Geberit Integrity Line gives all employees the opportunity to report irregularities anonymously. One case of workplace bullying was recorded by the Integrity Line for employees in 2020, which was investigated. The accused person has since left the company.

Principle 2:

Make sure the company is not complicit in human rights abuses

- With respect to human rights abuses, the greatest risk for Geberit lies with suppliers, who can be influenced only indirectly. Geberit does all it can to minimise this risk and requires that business partners and suppliers comply with comprehensive standards. See → **Sustainability strategy**, → **Management Approach Procurement**
- The Code of Conduct for Suppliers is intended to ensure that Geberit's suppliers act in accordance with internal and external guidelines, such as the UN Guiding Principles on Business and Human Rights and the ILO core labour standards. As of the end of 2020, a total of 2,098 suppliers had signed the Code of Conduct. This equates to over 90% of the total procurement value. In 2020, 179 existing suppliers were identified in the highest risk category as defined by Geberit, which corresponds to around 7% of the procurement value of Geberit. A systematic planning and performance of audits is conducted for these suppliers. To ensure neutrality and the expertise required for the audits, Geberit also works with an external partner. This is an important contribution to ensuring compliance with the duty of care in the supply chain at Geberit. See → **Code of Conduct for Suppliers**, → **Management Approach Procurement**
- In 2020, five third-party audits were carried out at suppliers in China and Ukraine. The results showed that the majority of obligations set out in the Code of Conduct for Suppliers are complied with. Appropriate corrective measures were agreed in cases of non-compliance. See → **GRI 308-2**, → **GRI 414-2**

Labour practices

Principle 3:

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

- No rights with respect to exercising the freedom of association or collective bargaining as defined in the ILO core labour standards are subject to restriction at the Geberit Group. This is verified annually as part of a Group-wide survey. No restrictions were in effect in 2020. See → **GRI 407**
- There are currently 8,483 employees (corresponding to 71% of the workforce) who are covered by collective agreements (e.g. collective labour agreements, wage agreements). In Germany, Austria, Switzerland, France, Italy, Finland, Sweden, Poland and Ukraine, over 90% of employees are subject to a collective labour or wage agreement. There are no collective agreements with employees in place in the USA and China. See → **GRI 102-41**

Principle 4:

Uphold the elimination of all forms of forced and compulsory labour

- Geberit's exposure with respect to forced and child labour is considered low because of its industry, business model, the countries in which business activities are carried out, as well as its high level of vertical integration and high quality requirements. See → **GRI 408**, → **GRI 409**
- Geberit categorically rejects all forms of forced and child labour. According to the annual Group-wide survey, no cases of forced and compulsory or child labour were discovered in 2020, nor were any cases revealed during the course of the audits performed among the suppliers. The basic principles established in the Code of Conduct for Suppliers expressly include compliance with the ILO core labour standards for the exclusion of forced and child labour. See → **GRI 408** → **GRI 409**

Principle 5:

Uphold the effective abolition of child labour

- The Geberit Code of Conduct clearly specifies how employees are to behave and how Geberit assumes responsibility as an employer in order to counteract discrimination in adherence with the ILO core labour standards. According to the annual Group-wide survey, there were two cases of verbal sexual harassment revealed in 2020, and these were both investigated. In one case, the accused person received an official warning under applicable labour law; in the other, the accused person has since left the company. There was also one case of workplace bullying, which was investigated. The accused person has also since left the company. See → **GRI 406-1**
- Geberit's personnel policy and recruitment practices do not differentiate between members of the local community and other applicants or employees. See → **GRI 202**, → **GRI 406**
- Protection of the principles of equality is anchored in the Geberit Code of Conduct. This includes the prohibition of discrimination against any employee on the basis of gender. Fair and equal pay for men and women is a matter of course at Geberit, as was verified and documented in 2020 as part of the annual Group-wide survey. The proportion of female employees as of the end of 2020 was 24%; in management this figure was 11%. See → **GRI 405**, → **Geberit Code of Conduct**

Principle 6:

Uphold the elimination of discrimination in respect of employment and occupation

Environmental protection

Principle 7:

Support a precautionary approach to environmental challenges

- With the precautionary approach in mind, the Audit Committee of the Board of Directors operates an extensive system for monitoring and controlling the risks (including environmental risks) linked to the business activities. See → **GRI 102-11**
- Since 1990, Geberit has followed a long-term environmental strategy, plus a sustainability strategy that was developed later. It has been committed to environmentally friendly, resource-efficient production as well as to the development of water-saving and sustainable products. This is also defined as a management principle in the Geberit Compass. Environmental criteria are considered in all decision-making processes. A demonstrably high standard is achieved in this regard, one which often exceeds statutory requirements. See → **Geberit Compass**, → **Environmental policy**
- The carbon footprint – from the provision of raw materials, combustibles and fuels, the manufacture of products at Geberit, logistics and use, right through to disposal – reveals that product use (70.1%) and the provision of raw materials (16.0%) are by far the largest sources of CO₂ emissions. See → **Carbon footprint**
- In 2020, CO₂ emissions amounted to 206,553 tonnes, corresponding to a decrease of 7.2%. CO₂ emissions per net sales (currency-adjusted) fell by 8.4%, meaning that Geberit exceeded its target of 5% per year. See → **GRI 305-2**
- A long-term CO₂ target was defined in 2016 that is compatible with the two-degree target set out in the Paris Agreement and the Science Based Targets Initiative. Within this context, Geberit planned to reduce its absolute CO₂ emissions (Scopes 1 and 2) by 6% between 2015 and 2021 to under 240,000 tonnes (based on organic growth). This target was already achieved in 2018. Further goals for reducing CO₂ emissions will be defined and communicated in 2021 for the next period. See → **GRI 305**

Principle 8:

Undertake initiatives to promote greater environmental responsibility

- The Geberit Group has a Group certificate in accordance with ISO 9001 (quality), ISO 14001 (environment) and ISO 45001 (occupational health and safety) that is valid until 2021. The annual preparation of a corporate eco-balance has been an established part of Geberit's environmental management since 1991. The absolute environmental impact was reduced by 8.9% in 2020. The environmental impact per net sales (currency-adjusted) dropped by 10.1%, meaning that Geberit clearly exceeded its target of 5% per year. This progress is founded largely on continuous improvements in efficiency at the energy-intensive ceramics plants and on targeted purchasing of green electricity. Since the acquisition of Sanitec in 2015, the absolute environmental impact has been reduced by 22.5% and eco-efficiency increased by 34.8%. See → **ISO certificate**, → **Chapter 9 Planet**, → **Sustainability strategy**
- Geberit places its faith in energy saving and energy efficiency: in addition to process optimisation – particularly in the newly acquired plants – important measures include the continuous modernisation of the infrastructure and machine fleet, the optimisation of the kilns used for ceramic production, the improved use of waste heat (heat recovery) as well as the careful use of compressed air. See → **GRI 302-4**
- As part of the long-term CO₂ strategy, specific goals for the share of renewable energy sources by 2021 were also established: 45% for electricity and 10% for combustibles. The purchased green electricity increased by 15 GWh to 68 GWh in 2020. In total, renewable energy sources now account for 46.1% of electricity, meaning that the target was met ahead of schedule. Renewable energy sources account for 4.5% of combustibles. See → **GRI 305-5**
- Beginning with the development process, the most environmentally friendly materials and functional principles are used, risks are minimised and high resource efficiency is pursued. Eco-design has been an integral part of the development processes since 2007 and has already been adopted in more than 150 development projects. Eco-design is also implemented in product modifications and technology projects. Every new product is to be better than its predecessor with respect to environmental aspects. See → **Chapter 10.1 Products and innovation**

Principle 9:

Encourage the development and diffusion of environmentally friendly technologies

- The water footprint throughout the Geberit value chain shows that nearly 100% of the water consumption is attributable to the use of Geberit products by customers. Water-saving solutions can therefore exert a major impact: all dual-flush and flush-stop cisterns produced since 1998 saved around 3,350 million m³ of water in 2020 alone. See → **SDG Reporting**, → **Water footprint**
- Geberit supports the economical use of water in the sanitary industry and contributed to the establishment of the European Bathroom Forum (EBF) in 2017. One of the first tasks was the launch of a new European water label as a voluntary and flexible instrument to support customers in the selection of resource-efficient products. See → **Chapter 10.1 Products and innovation**
- Green building is a market of the future experiencing strong growth throughout the world. As a leading system provider of sanitary solutions, Geberit is already offering suitable products for this purpose. See → **Reference magazine**

Anti-corruption

Principle 10:

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

- As a long-term member of Transparency International Switzerland, Geberit is committed to high standards in combating corruption. In addition to the Code of Conduct, there are additional guidelines on prevention and employees receive training in this area. See → **GRI 205**
- In 2020, the Internal Audit Department audited a total of 23 companies and did not discover any cases of corruption.
- Since 2017, an Integrity Line has been available to suppliers for anonymously reporting irregularities in the procurement process. No cases were reported in the reporting year. See → **GRI 102-17**
- As a rule, Geberit does not make donations to parties or politicians. All donations are neutral from a party political point of view. This was verified and documented as part of the annual Group-wide survey.

INTRODUCTION STAKEHOLDER PANEL

As part of the sustainability reporting on the financial year 2020, Geberit consulted a panel of external stakeholders for the fifth time in September 2020. The results of the external stakeholder panel's analysis are documented in the → **Panel Statement**. The external review and the recommendations contained therein are dealt with in detail in the → **Response from Geberit to the Panel Statement**.

PANEL'S OBJECTIVE AND ROLE

The objective of the external stakeholder panel was to receive feedback on the sustainability performance, materiality analysis and sustainability strategy. The panel also aimed to examine whether the most important topics are included in sustainability communication and whether the concerns of the stakeholders are taken into consideration. The opportunities and risks of climate change that are of relevance to Geberit were also assessed.

The panel's review does not include an examination of the accuracy of the data and information presented by Geberit.

PANEL COMPOSITION AND INDEPENDENCE

The stakeholder panel comprises six independent → **members** with different areas of expertise with respect to Geberit's core business. To ensure the panel's independence in this process, the discussions were overseen and moderated by an external party.

The → **Panel Statement** contains the review of all panel members. The panel is a consensus group. In cases where a consensus could not be reached, the diverging opinions were documented in the statement. As a basic principle, the views expressed by the panel members are their own and do not necessarily reflect the views of their respective organisation or employer.

PROCESS AND RESULTS

The process comprised several steps and was conducted and documented in a systematic manner:

- Prior to the stakeholder dialogue, all panel members received access to all documents on sustainability reporting (including the sustainability strategy) for analysis. Additionally, the panel members were asked to assess the opportunities and risks for Geberit in terms of climate change using a questionnaire prior to the dialogue.
- In September 2020, the panel met with CEO Christian Buhl, members from Corporate Communications and the Sustainability team for a half-day externally moderated workshop.
- In February 2021, the panel was consulted once again, the revised sustainability strategy presented and the → **Panel Statement** finalised.
- Following this, the → **Response from Geberit to the Panel Statement** was finalised on the basis of current reporting on the financial year 2020.
- The next stakeholder panel is planned for 2022.

MEMBERS STAKEHOLDER PANEL 2020



Prof. Dr. Claudia R. Binder

Dean of ENAC School and Head Laboratory on Human-Environment Relations in Urban Systems, EPFL, Lausanne (CH)



Dr. Peter Richner

Deputy CEO Empa, Responsible NEST, Dübendorf (CH)



Prof. Dr. Volker Hoffmann

Professor for Sustainability and Technology, ETH Zurich, Zurich (CH)



Roger Baumann

COO GRE & Head Product Development, Zurich Insurance Group Ltd, Zurich (CH)



Dr. Thomas Streiff

Cadmos Engagement Fund, BHP Bruggen + Partner AG, Zurich (CH)



Matthias Pestalozzi

CEO and Member of the Board of Directors Pestalozzi Group, Dietikon (CH)



Moderator: Dr. Barbara Dubach

CEO engageability, Zurich (CH)

PANEL STATEMENT

OVERALL IMPRESSION

The stakeholder panel considers Geberit's sustainability strategy and reporting to be very comprehensive. It is apparent that the sustainability approach is firmly established within the company: economic, environmental and social goals are pursued. The panel is impressed at how Geberit has consistently and continuously improved its sustainability performance over the years, and how it backs up achievements with facts. The successful integration of Sanitec is also seen as having made a significant contribution to sustainable development.

Geberit should continue to work on its goals and address new challenges. The panel sees Geberit as a beacon for sustainable transformation in the sanitary industry. The company should continue to take a visible leading role in the industry in terms of sustainability and climate change mitigation – what is built today still has to meet sustainability demands and be able to be dismantled decades down the line.

Another task is the commitment towards long-term goals. Above all, climate change mitigation incorporating a climate neutrality strategy will pose a challenge here. There is also a need for action in implementing the circular economy in the construction industry.

OPPORTUNITIES AND RISKS ASSOCIATED WITH CLIMATE CHANGE

The panel members assume that the political and regulatory framework conditions in terms of climate change mitigation will change and become stricter. In connection with this, it is expected that the interest in environmental and sustainability data on the part of the various stakeholders will also continue to increase. The panel estimates a "moderate" demand for water-saving products as a result of climate change. The reasoning given for this is that Geberit is mainly active in Europe, while saving water is primarily of importance in non-OECD countries in the medium term. However, it is expected that there will be a general growth in demand for products that improve drinking water quality and hygiene. The market will also increasingly demand products that can be repaired and reused, or which are compatible with a circular economy.

Geberit has performed strongly in continuously reducing CO₂ emissions over the past 15 years. Of particular note is that the reduction of greenhouse gas emissions is upheld by all business areas, and that the CO₂ strategy is focused on important energy savings and energy efficiency potential. The presentation of the calculated CO₂ and water footprint across the entire value chain is considered as being important contextual information.

A long-term goal of climate neutrality can only be achieved if Geberit continues to follow this path consistently and aligns itself to the political framework conditions. In production, for example, renewable hydrogen could be considered as a combustible for the ceramic kilns. The kilns are currently still powered by natural gas. The company must align itself to current efforts from similar branches in the European Union here. In logistics, renewable hydrogen could also play a role in operating trucks with fuel cells. A systematic change in methods is needed to achieve climate neutrality within the company.

Outside the company, solutions should be sought primarily in collaboration with partners from the supply chain, logistics or the construction industry. The panel is sceptical of the value of CO₂ certificates for Geberit as the focus should be on the company's own efforts. Certificates can only be an interim solution. However, the panel believes it is a good idea to monitor this topic further.

SUSTAINABILITY STRATEGY AND PERFORMANCE

In general, the sustainability strategy is assessed as "convincing". According to the panel, challenges exist above all in topics with a more fundamental and longer-term orientation: the need for a decoupling of economic growth and resource consumption was put forward, which may result in new approaches in terms of the business model. The panel also broached the issue of the dominance of ceramic as a product material in the bathroom, which brings challenges from an eco-balance perspective due to its energy-intensive production.

Strategically, Geberit should drive forward the transformation of the sanitary industry in its role as European market leader. Above all, this also applies to the circular economy. According to the panel, technical building systems must also quickly become compatible with the circular economy. This means that all products meet the requirements of the circular economy in full. In order to be able to fulfil these criteria, bonded and welded connections should be dispensed with and the declaration of materials ensured. Geberit should strive towards achieving zero waste and ensure that sold products can be returned to the manufacturer at the end of their service life or otherwise reused. Disruptive business models could also be considered here, such as renting products instead of selling them.

In terms of social aspects, in isolated cases the panel sees the need to address topics in a more strategic way or to take greater account of these in the performance specification. One example here is diversity in the Group Executive Board and in managerial positions. The company's performance could be illustrated more clearly under employer responsibility. Ergonomic aspects for plumbers during product installation should be explored in more detail.

SUSTAINABILITY COMMUNICATION

According to the panel, Geberit's annual sustainability reporting is of a high standard. It includes all important areas, is transparent and documents the commitment of the company in a credible way. The commitment towards the Sustainable Development Goals (SDG) and the targeted reporting here were also met with positive feedback.

In the opinion of the panel, the comparison of sustainability performance across several years (up to ten years) is of particular interest and could be enhanced further. At some points, reporting on social aspects could be more concise. Additional information on how diversity is promoted among the workforce and which goals Geberit wishes to achieve here would also be desirable.

In discussions, it becomes clear that future challenges will be seen more in customer and marketing communications: Geberit is well positioned to convincingly demonstrate the challenges and sustainable solutions for the sanitary industry, investors and end users. A key topic here in communications is the long-term perspective, as what is built today will still be standing in 2050.

FINAL REMARKS

The panel members thank Geberit for its open and respectful dialogue. They would like to see Geberit management implement topics such as climate neutrality within the company or the establishment of climate change mitigation in the remaining value chain, and promote sustainable innovations.

The continuation of a biennial stakeholder panel as proposed by Geberit is welcomed in order to provide input on the sustainable transformation of Geberit and the sanitary industry as part of a think tank.

RESPONSE FROM GEBERIT TO THE PANEL STATEMENT

Geberit thanks the members of the stakeholder panel for the constructive discussions and valuable suggestions. For over 20 years, Geberit has been committed to sustainability and wants to take on a leading role in the change towards a more sustainable sanitary industry. The analyses and suggestions made by the panel offer welcome assistance in this regard.

In terms of the change towards a more sustainable sanitary industry, the acquisition and integration of the Sanitec Group was an important first step. As a result, all fixtures and fittings in the bathroom – from ceramic appliances and bathroom furniture in front of the wall to innovative, functional sanitary technology behind the wall – can be combined appropriately. Geberit supports green building in its broader sense primarily through its products, which are based on eco-design principles and meet many of the criteria for a circular economy. This also includes the support of holistic planning with the help of interdisciplinary Building Information Modelling (BIM).

Geberit invests constantly in new products and infrastructure, sets itself ambitious sustainability goals, monitors adherence to these goals and communicates on the achievement of objectives in a transparent way. The strategy also includes long-term goals, such as the halving of accidents by 2025 and climate change mitigation.

OPPORTUNITIES AND RISKS ASSOCIATED WITH CLIMATE CHANGE

Geberit thanks the panel for their assessment of the challenges associated with climate change. Back in 2016, Geberit adopted the guidelines set out by the Science Based Targets Initiative in order to define a long-term CO₂ reduction pathway and to reduce absolute CO₂ emissions to below 240,000 tonnes by 2021. Geberit already reached this goal ahead of schedule by the end of 2018.

The current CO₂ strategy expires in 2021 and will be revised in the coming year. The suggestion of achieving climate neutrality within the company in the long term will be discussed internally. The topic of renewable hydrogen as a combustible in the high-temperature kilns used for producing ceramics is an interesting suggestion by the panel and will be followed up as part of an initiative in the ceramics industry. The company wants to achieve improvements by saving energy, increasing energy efficiency and gradually increasing the share of renewable energy sources.

SUSTAINABILITY STRATEGY AND PERFORMANCE

The decoupling of economic growth and resource consumption as noted by the panel is already on Geberit's agenda, with a contribution made above all through consistent eco-design. A core aspect in product development is keeping the environmental impact of the materials used as low as possible. This can be achieved by eliminating unnecessary components, choosing alternative materials or redesigning components so that they require less material. High added value with the lowest possible consumption of resources is one of Geberit's overall goals. However, the success of such approaches also depends on the acceptance of internal and external customers. It must be made clear to these customers that less material or the use of recycled materials does not result in restricted functionality or poorer quality.

The panel points out the relatively high ecological footprint of ceramic as a product material. Geberit is unable to offer a viable alternative here for the time being as ceramic remains the preferred material with end users in terms of its durability, hygiene and cleaning properties. However, since the integration of the ceramics business, Geberit is now able to optimally combine systems in front of and behind the wall and use ceramic in combination with other materials in an appropriate and resource-saving way. Furthermore, the investments made in efficient, industrial ceramic production together with the retrofitted kilns also contribute to more environmentally friendly and climate-friendly production methods.

As part of the European vision for a resource-saving circular economy, efforts are being made to close internal and external material cycles. The aim is to further minimise resource and energy usage, lengthen the service life of products as far as possible, and ensure good product reparability thanks to a comprehensive range of spare parts with long-term availability of up to 25 years. It should be noted here that Geberit products already have a very long service life when in use, as many of them will be installed in buildings for decades. This is guaranteed through the use of top-class materials and the application of strict quality requirements. Furthermore, Geberit products are usually backwards-compatible and can be cleaned and repaired easily.

As early as the product development phase, attention is paid towards ensuring simple, tool-free and ergonomic work where possible. Furthermore, numerous tools are available that simplify the installation process. This should be illustrated more clearly in future as part of reporting.

In terms of employer responsibility, Geberit wants to position itself as an attractive employer and strives to offer jobs of the highest quality. The corporate culture at Geberit is characterised by a simple, functional organisation with flat hierarchies and a high degree of personal responsibility and modesty. In this way, Geberit motivates every employee in exploiting their potential to the full and contributing to the success of the company. Geberit supports its employees here with long-term education and further training, for example.

When it comes to diversity, Geberit's attitude is a simple yet fundamental and natural one – the company offers all employees the same opportunities and strives towards finding the best candidate for every position. This is an integral part of the corporate culture. As recommended by the panel, this topic will be illustrated in more detail in future reports. Geberit would welcome more women in managerial positions. However, as is typical for the industry the number of women in management is only increasing slowly at present. Know-how and expertise also play a major role at Geberit. As a result, employees with extensive experience are an important part of the company. Around 20% of the employees have worked at the company for periods in excess of 15 years.

SUSTAINABILITY COMMUNICATION

Geberit is pleased to note that its sustainability reporting is considered as being of a high standard. A ten-year comparison is already available in the annual report, and longer time periods can also be shown when needed. Geberit has also recognised that there is an increasing need for more communication on the topic of sustainability in the markets – both in terms of products and the company itself – and will focus on this area in future.

FINAL REMARKS

Geberit thanks all the panel members for their valuable contribution. The next stakeholder panel is planned for 2022.

2. STRATEGY AND ANALYSIS

GRI 102-14 CEO STATEMENT ON SUSTAINABILITY

For the statement of Christian Buhl (CEO), see → [CEO statement on sustainability](#).

GRI 102-15 KEY IMPACTS, RISKS AND OPPORTUNITIES

For Geberit, sustainability means bringing about a sustained improvement in the quality of people's lives through innovative sanitary products and thereby generating long-term added value for customers, society and investors. This means striking a balance in decision-making processes between economic, environmental and social aspects. One focal point of Geberit involves identifying important technological and social trends in good time in dialogue with stakeholders and developing suitable products and services for customers that also generate added value for other stakeholders. The long-term orientation minimises risks for business development that are not only of a purely financial nature but arise from social developments and environmental challenges, such as climate change and water scarcity.

Geberit has a long commitment to sustainability and has thus followed a long-term environmental and sustainability strategy since 1990 that includes both ongoing and future projects, initiatives and activities. Each module in the strategy contains clear responsibilities with measurable objectives, derived measures and quantifiable key figures for effective monitoring. It thus sets standards for customers, employees, suppliers and other partners. Various awards and rankings serve to confirm Geberit's role as a leader in sustainability in various stakeholder groups' perceptions. For example, as a supplier Geberit attained Platinum status on the EcoVadis platform for sustainable supply chains.

The → **Materiality analysis**, which is used as a basis for the established → **Sustainability strategy** and is based on the GRI Standards, prioritises the key topics for Geberit and simultaneously highlights the areas in which added value for stakeholders is created. These are as follows: resource-efficient and sustainable sanitary systems for water management in buildings, water-saving and sustainable products, environmentally friendly and resource-efficient production, a supply chain and logistics which satisfy high environmental and ethical standards as well as good and safe working conditions for the 11,569 employees worldwide. Social responsibility is realised among other things within the scope of global social projects relating to the core competencies of water and sanitary facilities, and is intensified with partnerships such as with the Swiss development organisation Helvetas.

The UN Sustainable Development Goals (SDGs) define concrete targets for 17 different themes, which the states are required to implement by 2030. Integration of the economy plays a pivotal role in implementing these targets and indicators. As a result, major opportunities with growth potential are also arising for companies geared towards sustainable products and services – such as Geberit. In accordance with the feedback of the → **external Stakeholder Panel**, which was conducted for the fifth time in September 2020, Geberit sees its contribution above all in four UN Sustainable Development Goals. The contributions to goal number 6 "Ensure the availability and sustainable management of water and sanitation for all", number 8 "Promote sustainable economic growth, employment and decent work for all", number 9 "Build resilient infrastructure, promote sustainable industrialisation and foster innovation" and number 11 "Make cities safe, resilient and sustainable" are included in the → **SDG Reporting** from Geberit. The major economic, environmental and social effects of Geberit's operations also lie in these four areas.

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

3. ORGANISATIONAL PROFILE

GRI 102-1 NAME OF THE ORGANISATION

Geberit Group

GRI 102-2 ACTIVITIES, BRANDS, PRODUCTS AND SERVICES

Geberit offers customers high-quality sanitary products for applications in private residential construction and public buildings. The products are used in both renovation projects and new buildings.

The product area Installation and Flushing Systems comprises all sanitary installation technology plus a broad range of flushing systems for toilets including cisterns and fittings. The product area Piping Systems includes building drainage and supply systems and comprises all piping technology found in buildings for drinking water, heating, gas and other media. The Bathroom Systems product area comprises virtually all relevant furnishings in a bathroom such as bathroom ceramics, furniture, showers, bathtubs, taps and controls and shower toilets.

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

For net sales by product areas in 2020, see → [Business Report > Business and financial review > Financial Year 2020 > Net sales](#).

GRI 102-3 LOCATION OF HEADQUARTERS

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

GRI 102-4 LOCATION OF OPERATIONS

Geberit has its own representatives in 50 countries. The products are sold in 119 countries throughout the world. The company has 29 specialised production companies in 14 different countries close to the most important sales markets and a central logistics centre in Pfullendorf (DE), as well as a network of 13 European distribution sites for the ceramics business.

For a list of the countries in which Geberit operates, see → [Financials > Consolidated financial statements Geberit Group > Notes > Note 32](#).

GRI 102-5 OWNERSHIP AND LEGAL FORM

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

GRI 102-6 MARKETS SERVED

In terms of market cultivation, Geberit relies on a three-stage distribution channel. The vast majority of products are distributed via the wholesale trade. Dealerships then sell them to plumbers and present them at exhibitions and other events where end customers can gain information. At the same time, Geberit provides plumbers and sanitary engineers with intensive support through training and advice. This leads to increased demand for Geberit products from wholesalers.

For net sales by markets/regions as well as by product areas, see → [Business Report > Business and financial review > Financial Year 2020 > Net sales](#).

GRI 102-7 SCALE OF THE REPORTING ORGANISATION

The Geberit Group's market capitalisation reached CHF 20.5 billion at the end of 2020 (previous year CHF 20.1 billion). For the consolidated balance sheet with details of current assets, non-current assets, equity and liabilities, see → [Financials > Consolidated financial statements Geberit Group > Balance Sheet](#). In 2020, net sales amounted to CHF 2,986 million (previous year CHF 3,083 million).

At the end of 2020, the Group had 11,569 employees. For the number of business sites, see → [GRI 102-4](#).

GRI 102-8 COMPOSITION OF THE WORKFORCE

At the end of 2020, the Geberit Group employed 11,569 staff worldwide (previous year 11,619 employees), equivalent to a small 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 employees in IT, marketing and development. The additional employees were mainly employed in digitalisation projects.

For key figures on the workforce by employment type, employment contract, region and gender, see → [Key figures sustainability > Employees and society](#).

GRI 102-10 STRUCTURAL CHANGES

There were no major changes in the reporting year to the Group structure, see also → [Financials > Consolidated financial statements Geberit Group > Notes > Note 2](#).

GRI 102-11 CONSIDERATION OF THE PRECAUTIONARY APPROACH

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

The Geberit Group has a → **Group certificate** in accordance with ISO 9001 (quality), ISO 14001 (environment) and ISO 45001 (occupational health and safety) that is valid until 2021. All 29 production plants, central logistics, and the management company incorporating all Group functions at headquarters in Rapperswil-Jona (CH) are certified in accordance with these three standards. In addition, five German plants are certified in accordance with ISO 50001 (energy) and ten sales companies in accordance with ISO 9001 (quality). In 2020, an audit tool was developed (implementation in 2021), which enables the digital management of internal and external audits and provides an overview of the measures and their implementation status as part of the process improvement. The Group-wide availability of the platform makes it easier to share best practices.

In the environmental area, the company remains committed to its ambitious goals of improving the relative environmental impact and relative CO₂ emissions by 5% annually. Furthermore, back in 2016, Geberit adopted the guidelines set out by the Science Based Targets Initiative in order to define a long-term reduction pathway and to reduce absolute CO₂ emissions (Scopes 1 and 2) to below 240,000 tonnes by 2021 as an interim goal. Geberit already reached this goal ahead of schedule by the end of 2018. The current CO₂ strategy expires in 2021 and is currently being revised. In the area of occupational safety, the aim is to halve the frequency and severity of accidents by 2025 based on the reference year 2015.

The Geberit Production System (GPS) is implemented at all plants. Best-practice standards in production are uniformly implemented using methods such as SMED (Single Minute Exchange of Dies), TPM (Total Production Maintenance), 5S (Workplace Organisation Methodology) and CIP (Continuous Improvement Process).

An extensive system for the control and management of all risks involved in business activities is in place throughout the Group. For further information, see → **Business Report > Corporate Governance > Board of Directors > Information and control instruments vis-à-vis the Group Executive Board**.

GRI 102-12 EXTERNAL INITIATIVES

In 2017, Geberit contributed to the establishment of a new platform for the European sanitary industry – the European Bathroom Forum (EBF). One of the first tasks was the launch of a new European water label as a voluntary and flexible instrument to support customers in the selection of resource-efficient products. This aims to help achieve the EU targets for resource efficiency. Furthermore, Geberit joined the Operation Clean Sweep initiative in 2020 with the aim of preventing pollution of the environment with plastic pellets from production.

GRI 102-13 MEMBERSHIP OF ASSOCIATIONS

Geberit is involved in various associations and organisations that make a contribution toward sustainability. In addition, various Geberit companies are members of national associations on topics such as green building, environmentally friendly production, energy, waste management and employee protection.

The company has been a member of the Transparency International organisation since June 2000 and supports its objectives for combating corruption. Since 2000, Geberit has also been an active member of TEPPFA, the European organisation for plastic pipes and fittings, where the topics of sustainability and circular economy are central. Since 2006, Geberit has voluntarily applied the comprehensive guidelines of the Global Reporting Initiative (GRI) for sustainability reporting and has thereby made an active contribution towards ensuring transparency and comparability in this reporting. Geberit has also been a formal member of the UN Global Compact since October 2008 and was a founding member of the local Swiss network in 2011. Geberit has been a member of the non-profit organisation Swiss Water Partnership since 2012. This platform seeks to bring together all those involved in the topic of water supply (from academic, economic as well as public and private spheres) to collectively address future challenges and promote international dialogue on water.

For major commitments, see → **www.geberit.com > Company > Sustainability > UN Global Compact and Memberships**.

4. ETHICS AND INTEGRITY

GRI 102-16 VALUES, DIRECTIVES, STANDARDS AND CODES OF CONDUCT

Geberit aims to act as a role model for ethically unimpeachable, environmentally friendly and socially responsible operations. The → **Geberit Compass** (what we do, what motivates us, how we work together, what is responsible for our success) and the → **Geberit Code of Conduct for Employees** serve as the applicable guidelines. The compliance system also includes the topic of data protection on the basis of the EU's General Data Protection Regulation (GDPR), see → **GRI 418**.

Other specific guidelines that are important to Geberit are:

- → **Geberit policy on occupational health and safety, environment and energy**
- → **Geberit Code of Conduct for Suppliers**
- → **Geberit Code of Conduct for Business Partners**
- Geberit antitrust legislation guidelines
- → **Geberit compliance commitment for contractors**
- UN Guiding Principles on Business and Human Rights

GRI 102-17 ETHICAL ADVICE AND CONCERNS

Geberit has established an effective compliance system to ensure that its conduct is both ethical and legally compliant. Compliance measures focus on the following six key topics: antitrust legislation, corruption, product liability, data protection, employee rights and environmental protection, see → **Business Report > Business and financial review > Financial year 2020 > Compliance**.

It is of utmost importance to Geberit that the Geberit Code of Conduct is adhered to. Non-compliance will be systematically sanctioned. A comprehensive review on compliance with the Code of Conduct takes place as part of the annual reporting. All companies receive over 60 questions on the above-mentioned key topics. In addition, on-site audits are performed by the Internal Audit Department and corrective measures taken in the event of misconduct. The audits also comprise special interviews with the managing directors of the individual companies on the topics mentioned in the Code of Conduct. The respective information is verified. The findings from the survey and audits form the basis for the annual Compliance Report submitted to the Board of Directors and Group Executive Board and are published in accordance with the guidelines of the GRI in this report.

Employees who openly address irregularities which represent breaches of applicable law, ethical standards or the Code of Conduct are acting correctly and in accordance with the Geberit Code of Conduct. As a general rule, employees should seek a personal meeting with their supervisor. The Geberit Integrity Line is available to all employees as a whistleblower hotline in the corresponding language. The service is intended to enable employees to anonymously report misconduct in all compliance-relevant cases. The Integrity Line is operated by an external company with experience in this area, and is available around the clock seven days a week. One case of workplace bullying was recorded by the Integrity Line for employees in the reporting year, which was investigated. The accused person has since left the company. Since 2017, an Integrity Line has also been available to suppliers for anonymously reporting irregularities in the procurement process or non-compliance with the Code of Conduct for Suppliers. There were no reports from suppliers in the reporting year.

5. GOVERNANCE

GRI 102-18 GOVERNANCE STRUCTURE

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

The operating management structure of Geberit is broken down into six Group Executive Areas:

- CEO Division
- Sales Europe
- Sales International
- Marketing & Brands
- Products & Operations
- Finance

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

GRI 102-19 DELEGATION OF AUTHORITY ON ECONOMIC, ENVIRONMENTAL AND SOCIAL MATTERS

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

At every meeting, the members of the Group Executive Board inform the Board of Directors of current business developments and major business transactions of the Group or Group companies. 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.

GRI 102-20 RESPONSIBILITY FOR ECONOMIC, ENVIRONMENTAL AND SOCIAL MATTERS

The Board of Directors determines the strategic objectives and the general resources for achieving these, and decides on major business transactions. Within the operational management structure, responsibility is determined for specific economic, environmental and social issues, see → **GRI 102-18**. The responsible individuals report either directly to the CEO (including Corporate Human Resources, Corporate Communications and Investor Relations, Strategic Planning), or to other members of the Group Executive Board.

The way in which the topic of sustainability is approached has been further developed regularly within the company. For over 25 years, Geberit has had an Environment and Sustainability department, which has been reporting directly to the CEO for more than 15 years. Since 2020, this department has also been responsible for Group-wide process management as well as ISO certification. Among other things, it coordinates the further development of the sustainability strategy and related activities, although the responsibility for planning and implementation lies within the individual areas themselves.

GRI 102-21 CONSULTATION PROCESS BETWEEN STAKEHOLDERS AND THE BOARD OF DIRECTORS

For the participatory rights of the shareholders, see → **Business Report > Corporate Governance > Participatory rights of the shareholders**.

There is no employee representative on the Board of Directors. The employee representatives of the European sites meet regularly with a member of the Group Executive Board and the Head Corporate Human Resources. Selected concerns can be addressed to the Board of Directors through this channel.

GRI 102-22 COMPOSITION OF THE HIGHEST GOVERNANCE BODY AND ITS COMMITTEES

At the end of 2020, the Board of Directors was composed of six non-executive, independent members. In April 2020, Werner Karlen became the latest person to join the Board of Directors. 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. With two women on the Board of Directors, the proportion of females is more than 30%. Albert M. Baehny is Chairman of the Board of Directors. All of the committees formed by the Board of Directors are comprised exclusively of independent members. For further details, see → **Business Report > Corporate Governance > Board of Directors**.

GRI 102-23 SEPARATION OF CHAIR OF BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT

Christian Buhl is Chief Executive Officer (CEO) and Chairman of the Board of Directors is Albert M. Baehny. For further details, see → **Business Report > Corporate Governance > Board of Directors**.

GRI 102-24 NOMINATION AND SELECTION PROCESS OF THE BOARD OF DIRECTORS

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

GRI 102-25 PROCESSES IN PLACE FOR THE BOARD OF DIRECTORS TO AVOID CONFLICTS OF INTEREST

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

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

GRI 102-26 ROLE OF TOP MANAGEMENT AND BOARD OF DIRECTORS IN DEVELOPMENT OF GUIDING PRINCIPLES AND STRATEGIES

Geberit's long-standing success is based on the fact that the Board of Directors and the Group Executive Board pursue a long-term perspective. The Board of Directors and Group Executive Board have defined and adopted key mission statements and principles such as the Geberit Compass and the Geberit Code of Conduct, see → **GRI 102-16**. The Board of Directors determines the corporate strategy. The sustainability strategy is examined and approved by the Board of Directors and the Group Executive Board, see → **GRI 102-29**.

GRI 102-27 ENHANCEMENT OF TOP MANAGEMENT'S AND BOARD OF DIRECTORS' RELATED KNOW-HOW ON ECONOMIC, ENVIRONMENTAL AND SOCIAL ISSUES

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

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

GRI 102-28 PROCESSES FOR EVALUATION OF THE SUSTAINABILITY PERFORMANCE OF THE BOARD OF DIRECTORS

Geberit's long-standing success is based on the fact that the Board of Directors and the Group Executive Board pursue a long-term perspective, thus enabling the company to demonstrate its performance clearly in areas including sustainability. There is no formal procedure for assessing the performance of the Board of Directors from an integrated sustainability perspective. As part of the annual review of the sustainability strategy, findings are discussed and areas where action is needed are determined, see → **GRI 102-29**.

Geberit's remuneration policy states that remuneration programmes must be balanced between the reward of short-term success and long-term value creation. For information about the remuneration of the management bodies, see → **Business Report > Remuneration Report.**

GRI 102-29 BOARD LEVEL PROCEDURES FOR OVERSEEING SUSTAINABILITY PERFORMANCE

The → **Sustainability strategy** is examined and approved by the Board of Directors and the Group Executive Board. Results and the achievement of objectives are submitted to the Board of Directors and to the Group Executive Board for verification at least once annually. This also comprises the → **Communication on Progress UN Global Compact** and the Geberit Compliance Report, including the audit results with respect to the Code of Conduct. Key figures on occupational safety are presented quarterly to the Group Executive Board and on a regular basis to the Board of Directors.

In 2020, Geberit consulted an → **external Stakeholder Panel** for the fifth time. Its mandate consisted of providing feedback on the materiality analysis, sustainability performance, sustainability strategy and sustainability communication as well as on opportunities and risks associated with climate change. This input is used for the strategic review and continued development of the company. The next stakeholder panel is planned for 2022.

GRI 102-30 EFFECTIVENESS OF THE RISK MANAGEMENT PROCESS

Based on the Organisational Regulations of the Board of Directors, the Audit Committee has implemented a comprehensive system for monitoring and controlling the risks linked to the business activities. This process includes risk identification, analysis, control and reporting.

Operationally, the Group Executive Board is responsible for controlling risk management. In addition, responsible persons are designated in the company for significant individual risks. These responsible parties decide on specific actions for risk mitigation and monitor their implementation. Every other year, the Internal Audit Department issues a risk report for the attention of the Board of Directors. Significant risks are also constantly discussed in the meetings of the Board of Directors and Group Executive Board, which take place on a regular basis. In the reporting year, the risk management process was reviewed and approved by an external auditing company.

For an overview of the Geberit compliance topics, see → **Business Report > Business and financial review > Financial Year 2020 > Compliance.**

GRI 102-31 FREQUENCY OF REVIEW OF IMPACTS, RISKS AND OPPORTUNITIES IN THE AREA OF SUSTAINABILITY

The impacts, risks and opportunities are discussed and reviewed by the Board of Directors and the Group Executive Board annually in connection with the sustainability reporting and the sustainability strategy.

GRI 102-32 REVIEW AND APPROVAL OF SUSTAINABILITY REPORTING

Sustainability reporting is examined and approved by the Board of Directors and Group Executive Board as part of the integrated annual report. In doing so, attention is paid that all material aspects are covered.

GRI 102-33 PROCEDURES FOR COMMUNICATING CRITICAL CONCERNS TO THE BOARD

The Board of Directors is available at any time to address the concerns of stakeholders and shareholders.

GRI 102-34 NATURE AND TOTAL NUMBER OF CRITICAL CONCERNS COMMUNICATED TO THE BOARD

Matters brought forward by shareholders within the context of the General Meeting are dealt with in accordance with the Articles of Incorporation. No matters were submitted directly to the Board of Directors outside the General Meeting in 2020.

GRI 102-35 REMUNERATION POLICIES FOR THE GOVERNANCE BODIES

Geberit publishes a detailed annual Remuneration Report, which discloses the precise points of its remuneration policy, see → **Business Report > Remuneration Report**. Geberit has undertaken to integrate targets and measures concerning environmental protection, social responsibility and good corporate governance, also known as "Environmental, Social and Governance" (ESG) criteria, into the remuneration of the Group Executive Board from 2022.

GRI 102-36 PROCESSES FOR DETERMINING REMUNERATION

Geberit publishes a detailed annual Remuneration Report, which discloses the precise points of remuneration paid to the Board of Directors and Group Executive Board, see → **Business Report > Remuneration Report**.

GRI 102-37 STAKEHOLDERS' INVOLVEMENT IN DECISIONS REGARDING REMUNERATION

The remuneration to the Board of Directors and Group Executive Board disclosed in the detailed remuneration report addresses the concerns of stakeholders and shareholders, see → **Business Report > Remuneration Report**.

GRI 102-38 RATIO OF ANNUAL REMUNERATION PAID

The ratio of the annual remuneration paid to the highest-paid employee to the average annual remuneration of all employees (excluding the highest-paid employee) was 26.1 in Switzerland, 5.6 in Germany, 3.5 in Austria and 4.8 in Italy.

GRI 102-39 RATIO OF PERCENTAGE INCREASE IN ANNUAL REMUNERATION PAID

The ratio of the percentage increase in annual remuneration paid to the highest-paid employee to the level of the percentage increase in annual remuneration for all employees (excluding the highest-paid employee) for 2020 cannot be reproduced as a figure. This is because the salaries of the highest-paid employees partly decreased whereas the annual remuneration paid to the rest of the workforce slightly increased.

6. STAKEHOLDER ENGAGEMENT

GRI 102-40 RELEVANT STAKEHOLDER GROUPS

Significant stakeholder groups for Geberit are customers, shareholders and analysts, the media, employees and trade unions, neighbours, municipalities and authorities, research institutes, suppliers, transport companies, associations, non-government organisations and the general public. For details on stakeholder engagement, see → **GRI 102-42**.

GRI 102-41 COLLECTIVE BARGAINING AGREEMENTS

There are currently 8,483 employees (corresponding to 71% of the workforce) who are covered by collective agreements (e.g. collective labour agreements, wage agreements). In Germany, Austria, Switzerland, France, Italy, Finland, Sweden, Poland and Ukraine, over 90% of employees are subject to a collective labour or wage agreement. There are no collective agreements with employees in place in the USA and in China.

GRI 102-42 IDENTIFICATION AND SELECTION OF STAKEHOLDERS

A systematic guided dialogue with stakeholders helps Geberit to identify possible conflict issues and opportunities for further development and to respond to these in good time. On national and international levels, the Geberit Group and its local companies maintain relations with organisations and institutions in the respective countries that direct requests and suggestions to the company. The stakeholders listed under → **GRI 102-40** have been identified as important for systematic stakeholder dialogue as they fulfil at least one of two criteria: either the stakeholder group exerts a strong influence on the economic, environmental or social performance of Geberit and/or the stakeholder group is strongly affected by the economic, environmental or social performance of Geberit. An → **external Stakeholder Panel** helps Geberit to review its assessment of important stakeholder groups and their concerns.

GRI 102-43 APPROACHES TO STAKEHOLDER ENGAGEMENT

Geberit consulted an → **external Stakeholder Panel** for the fifth time in 2020. Its mandate consisted of providing feedback on the materiality analysis, sustainability performance, sustainability strategy and sustainability communication as well as on opportunities and risks associated with climate change. The results are presented in the → **Panel Statement**. The external review and the recommendations contained therein are dealt with in detail in the → **Response from Geberit to the Panel Statement**. The next stakeholder panel is planned for 2022.

Based on the stakeholder analysis, Geberit identifies both potential for conflict and opportunities, and pursues a cooperative approach when it comes to discussing and further developing possible measures with the stakeholders concerned.

Engagement of stakeholders according to stakeholder group:

CUSTOMERS:

- Technical advisors working in the field who are in daily contact with plumbers, sanitary engineers and architects.
- During the reporting year, around 22,000 professionals (previous year 35,000) were provided with training on products, tools, software tools and installation skills at the 29 Geberit Information Centres in Europe and overseas. This decline was compensated for by a wide range of webinars and alternative training formats with 52,000 people (previous year 2,000) taking part.
- Virtual 360° visits to booths at trade fairs that were cancelled because of the COVID-19 pandemic, as well as increased contacts over the phone and digital visit and meeting formats.
- Live transmission of the first virtual showrooms, which provide a good overview of the wide range of products and market-specific innovations in the form of short videos, graphics and links.
- Continuation of the end user campaign in a further twelve European markets under the title "Better bathrooms, better lives", see → **Business Report > Business and financial review > Financial Year 2020 > Customers**.

SHAREHOLDERS AND ANALYSTS:

- For the participatory rights of the shareholders, see → **Business Report > Corporate Governance > Participatory rights of shareholders**.
- Regular telephone conferences, bilateral meetings, conferences and roadshows with the CEO, CFO and Head Corporate Communications and Investor Relations.

MEDIA:

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

EMPLOYEES AND TRADE UNIONS:

- Geberit Europe Forum with employee representatives from most European countries, during which a member of the Group Executive Board and the Head Corporate Human Resources meet with the delegates.
- Training and feedback opportunities on topics regarding the Code of Conduct.
- Group-wide Geberit Integrity Line to enable all employees across the world to report irregularities anonymously in the corresponding language.
- Regular employee survey of all employees of the Geberit Group.

NEIGHBOURS, MUNICIPALITIES AND AUTHORITIES:

- Consultation with and inclusion of the neighbours of production plants in larger construction projects.

RESEARCH INSTITUTES:

- Partner of the → **research platform NEST** (Next Evolution in Sustainable Building Technologies) at EAWAG and Empa in Dübendorf (CH). In the Water Hub, systems are tested that use water and waste water as efficiently and diversely as possible.
- Cooperation on technological trends and developments directly related to sanitary technology with EAWAG and Empa Dübendorf, University of Applied Sciences OST Rapperswil, University of Zurich (CH), Technical University Dresden (DE) and others.
- Exchange with the University of Antwerp (BE) on the subject of eco-design and plastic in the circular economy.

SUPPLIERS:

- Initial contact within the scope of the assessment procedure and implementation of the Code of Conduct for Suppliers, see → **Chapter 10.2 Operations > Procurement**.
- Regular discussions between buyers and suppliers on site.
- On-site audits (quality, environment, occupational health and safety) carried out by Geberit and external partners.
- Since 2017, Integrity Line for suppliers for anonymously reporting irregularities in the procurement process or non-compliance with the Code of Conduct for Suppliers.

TRANSPORT COMPANIES:

- Discussions with transport service providers based on the results of environmental monitoring.

ASSOCIATIONS:

- Participation in the founding of a new platform for the European sanitary industry – the European Bathroom Forum (EBF) – and launch of a new European water label for sanitary products.
- Involvement in various associations and organisations with participation in corresponding management bodies and programmes, see → **GRI 102-13**.

NON-GOVERNMENT ORGANISATIONS AND THE GENERAL PUBLIC:

- Partnership with the Swiss development organisation Helvetas.
- Membership of the charitable organisation Swiss Water Partnership.

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

GRI 102-44 RESPONSE TO AND DEALING WITH KEY TOPICS AND CONCERNS OF STAKEHOLDERS

The topics introduced by the → **external Stakeholder Panel** have been integrated into the updated sustainability strategy and reporting by Geberit, see → **Panel Statement** and the → **Response from Geberit to the Panel Statement**.

Some examples of important current topics that were introduced by stakeholders and have been implemented by Geberit include:

- Education and further training of employees as an important success factor, see → **Business Report > Business and financial review > Financial Year 2020 > Employees**.
- Best-in-class approach to occupational health and safety, see → **GRI 403**.
- Transparency in the remuneration system, see → **Business Report > Remuneration Report**.
- Customer training, see → **Business Report > Business and financial review > Financial Year 2020 > Customers**.
- Holistic solutions for products and systems in front of and behind the wall, see → **Business Report > Business and financial review > Financial Year 2020 > Innovation**.
- Expansion of the portfolio of water-saving products, see → **Water footprint**.
- Eco-design approach for decoupling resource consumption and economic growth, as well as implementing circular economy approaches in production and product development, see → **GRI 301**, → **Chapter 10.1 Products and innovation**.
- Reduction of the amount of packaging while taking the optimum protection of the products into account, see → **GRI 306**.
- CO₂ strategy compatible with the two-degree target set out in the Paris Agreement and the Science Based Targets Initiative, see → **Management approach CO₂ and other emissions**.
- Reporting on the opportunities and risks associated with climate change, see → **GRI 201-2**.
- Implementation of social projects, see → **Business Report > Business and financial review > Financial Year 2020 > Social Responsibility**.

7. REPORTING PRACTICE

GRI 102-45 BASIS OF CONSOLIDATION

In general, the report covers the entire Geberit Group and the 2020 financial year. If only part of the company is meant as an example or due to the availability of data, this is clearly indicated.

For the reporting limits in the consolidated financial statements, see → **Financials > Consolidated financial statements Geberit Group > Notes > Note 32.**

GRI 102-46 REPORT CONTENT AND TOPIC BOUNDARIES

Since 2006, Geberit has been reporting in accordance with the guidelines of the Global Reporting Initiative (GRI). In the present report, Geberit implements the GRI Standards. The starting point is a comprehensive → **Materiality analysis** based on the procedure described in the GRI Standards and the topics dealt with in the GRI Standards.

Material sustainability topics and related measures are presented in compact form within the → **Sustainability strategy**. Also of a material nature are the principles of the UN Global Compact that Geberit has committed itself to uphold and that are presented in the → **Communication on Progress UN Global Compact**.

An initial internal materiality analysis was developed in 2014 as part of workshops with individual members of the Group Executive Board and later approved by the Group Executive Board. The results were then reviewed and amended slightly by an external stakeholder panel. As part of the integration of Sanitec, a further review was carried out in 2015. There were no major changes in the material topics. Another review was carried out as part of the switchover to the GRI Standards. Some topics were aggregated (as required by the GRI Standards) and new relevant topics added. This enabled a high degree of consensus on the selection of material topics with the key approaches in the corporate and sustainability strategy to be achieved. The updated materiality analysis was again examined by an external stakeholder panel in 2020. It became clear that a high degree of consensus existed between the internal standpoint of the company and the assessment of the stakeholder panel, see → **Panel Statement** and → **Response from Geberit to the Panel Statement**.

GRI 102-47 LIST OF MATERIAL TOPICS

Material aspects are deemed material if they are significant for Geberit from the internal perspective of the company and/or the external perspective of stakeholders and/or have significant economic, environmental or social effects. A differentiated assessment according to these different dimensions was not carried out. Instead, it was determined which topics were ultimately judged to be material following consultation with stakeholders, experts and management. The topics that Geberit identified as material in the economic, environmental and social dimensions can be seen in a → **dynamic chart**.

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

GRI aspects that are not material or not requiring any action

Reason

| | |
|--|--|
| Procurement practices (in the narrower sense in connection with local suppliers) | Collaboration with local suppliers has no strategic significance for Geberit. Criteria such as reliability and price, quality and sustainability etc. are material, whereas the supplier's proximity to the production site is not (except in a handful of individual cases). As a result, there is no preferential treatment of local suppliers or special criteria for them. |
| Taxes | As part of its reporting, Geberit provides information on income taxes, see → Financials > Consolidated financial statements Geberit Group > Notes > Note 25 . Further discussion on the topic of taxes is not considered as material. |
| Biodiversity | Geberit production sites do not endanger biodiversity in protected areas. Biodiversity plays a role when procuring mineral raw materials for ceramic production. This subject was addressed and examined as part of supplier audits. During these audits, it was found that the suppliers in this sector actively address the topic of biodiversity and take appropriate measures within the context of their licence to operate. |
| Labour/management relations (in the narrower sense of formal notice periods) | Geberit cultivates transparent internal communication and a close dialogue between management and employees. There are no formally binding agreements on communication in case of severe measures. |
| Security practices | Geberit is not active in any countries where special security precautions have to be taken. |
| Indigenous rights | Geberit is not active in any countries or regions where the rights of indigenous people are endangered. |
| Local communities | The production sites do not entail special risks for local communities or adverse effects on the neighbourhood. Geberit attaches great importance to maintaining good relations with its neighbours in the vicinity of its production sites. Continuous exchanges with authorities and the local community are part of this process. Social commitment which also benefits local communities is described in the relevant chapter. |
| Politics | No support is given to political parties or politicians. Participation in the political process is confined to membership in certain associations and is therefore limited. |

GRI 102-48 RESTATEMENTS OF INFORMATION

If, in individual cases, a new form of presentation, calculation method or optimised data collection has led to other results for the previous years, then this is noted under the respective statements.

GRI 102-49 CHANGES IN REPORTING

Geberit published extensive, magazine-like Sustainability Reports in 2004, 2007 and 2010. The annual sustainability reports were based on the GRI G3 guidelines for the 2006 to 2013 financial years and on the GRI G4 guidelines from 2014 to 2017, and were switched to the GRI Standards as of 2018. In this way, Geberit has developed a consistent reporting system in which individual statements are further developed each year. In the present report, the updated GRI standard for Waste (GRI 306: 2020) was used.

There were no significant changes during the reporting period for topics identified as material. If, in individual cases, a new measuring method is used, this is noted under the respective statement.

GRI 102-50 REPORTING PERIOD

The reporting year is 2020.

GRI 102-51 DATE OF MOST RECENT REPORT

The → **last report** for 2019 has been available online since 10 March 2020. For reports from previous years, see → www.geberit.com > **Media** > **Downloads** > **Publications**.

GRI 102-52 REPORTING CYCLE

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

GRI 102-53 CONTACT POINT FOR QUESTIONS REGARDING THE REPORT

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

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

GRI 102-54 COMPLIANCE WITH GRI STANDARDS

This report has been compiled in compliance with GRI Standards: option "Comprehensive", see → **GRI Content Index**.

GRI 102-56 EXTERNAL ASSURANCE

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

- The stakeholder panel once again examined the selection of material aspects (see → **GRI 102-46** and → **GRI 102-47**) in 2020, see → **Panel Statement** and → **Response from Geberit to the Panel Statement**.
- Financial reporting is audited by an external auditor, see → **Financials** > **Financial statements Geberit AG** > **Report of the statutory auditor**.
- Reporting on the energy and greenhouse gas balance sheet is submitted as part of the Carbon Disclosure Project (CDP) and reviewed and assessed as part of the usual evaluation.
- Since 2016, Geberit has also been publishing its detailed water balance as part of the CDP Water Program.
- The Geberit Group has a → **Group certificate** in accordance with ISO 9001 (quality), ISO 14001 (environment) and ISO 45001 (occupational health and safety) that is valid until 2021. All 29 production plants, central logistics, and the management company incorporating all Group functions at headquarters in Rapperswil-Jona (CH) are certified in accordance with these three standards. In addition, five German plants are certified in accordance with ISO 50001 (energy) and ten sales companies in accordance with ISO 9001 (quality).
- In 2015, all Geberit companies implemented the European Energy Efficiency Directive 2012/27/EU. There were no deviations in the last review in 2019.
- On-site audits (quality, environment, occupational health and safety) of suppliers are carried out by Geberit as well as certified third-party specialists. In 2020, five external audits were carried out, see → **Chapter 10.2 Operations** > **Procurement**.

8. PEOPLE

8.1 EMPLOYEES

Geberit aims to position itself as an attractive employer, and strives to offer jobs of the highest quality. The corporate culture at Geberit is characterised by a simple, functional organisation as well as a high degree of personal responsibility. In this way, Geberit motivates every employee in exploiting their potential to the full and contributing to the success of the company.

Geberit's most important ambassadors are its employees. They represent Geberit in their day-to-day contact with customers and many other stakeholders. To do so, they need to be aware of what their company stands for and what its objectives are. Geberit's central corporate and brand values are defined in the → **Geberit Compass**. Geberit aims to act as a role model for ethically unimpeachable, environmentally friendly and socially responsible operations. The → **Geberit Code of Conduct** fills this objective with tangible content and offers an authoritative source of guidance.

Committed, well-trained employees with comprehensive know-how are decisive to the company's future success. Geberit positions itself on the job market as an employer with an open corporate culture and international development opportunities at the interface between craft, engineering and sales. Potential employees are increasingly being addressed via digital channels. Whilst classic job advertisements are still used, employee portraits and success stories are also utilised. Here, employees detail their everyday tasks and explain why they consider Geberit to be a good employer. This is increasingly taking place via short films. In 2020, the corresponding activities were also expanded to include IT specialists in addition to engineers and sales staff.

Campus recruitment activities were also continued in 2020 with appearances at trade fairs and an increased digital presence. There was a special focus here on universities of applied sciences who offer education and further training in the field of ceramics manufacturing.

Furthermore, a mobile app for the Geberit Intranet (GIN) was launched in the reporting year. This means that information is now available via smartphone or tablet to all employees all over the world at any time – whether those working on PCs, others in production and logistics, or sales representatives.

The responsibility for all material aspects of the GRI Standards with respect to labour practices at the Geberit Group lies with the Head Corporate Human Resources, who reports directly to the CEO.

EMPLOYMENT (GRI 401)

MANAGEMENT APPROACH EMPLOYMENT

Geberit's prime objective is to acquire and retain the right employees for the company. Geberit sees itself as an attractive employer with an open corporate culture that offers international development opportunities at the interface between the craft, engineering and sales sectors, see → www.geberit.com > **Career** > **What we offer**.

Working conditions, such as the maximum number of working hours, are governed in accordance with legal requirements on a country-specific basis and are complied with by Geberit. Employees enjoy attractive employment conditions. In 2020, salaries and social benefits amounted to CHF 750 million (previous year CHF 752 million). The employees can also participate in share participation plans at attractive conditions, see → **Financials** > **Consolidated financial statements Geberit Group** > **Notes** > **Note 17** and → **Remuneration report**.

EMPLOYEE FLUCTUATION (GRI 401-1)

The average fluctuation rate (in terms of employees with permanent contracts, without natural departures and long-term leaves of absence) was 5.2% (previous year 6.5%). Including natural departures, it was 6.8% (previous year 8.4%). For key figures on fluctuation by age group, gender and region, see → **Key figures sustainability** > **Employees and society**.

BENEFITS PROVIDED TO FULL-TIME EMPLOYEES (GRI 401-2)

Geberit essentially grants the same benefits to full-time and part-time employees. However, employees with temporary contracts are not always entitled to the same benefits as permanent employees. For example, employees in Switzerland with temporary employment contracts of less than three months are not insured in the pension fund. Geberit bases its employee benefits on country-specific standards.

PARENTAL LEAVE (GRI 401-3)

Geberit implements the currently applicable legal framework conditions. It also attempts in individual cases to find solutions that are as suitable as possible for the affected person and their team.

100% of all permanently employed women are entitled to paid maternity leave, and 5.8% or 133 permanently employed women made use of this in 2020. Of these, 82 women or around 62% returned to Geberit following their parental leave.

99% of all permanently employed men are entitled to paid paternity leave, and 3.0% or 222 permanently employed men made use of this in 2020. Of these, 217 men or around 98% returned to Geberit following their parental leave.

OCCUPATIONAL HEALTH AND SAFETY (GRI 403)

MANAGEMENT APPROACH OCCUPATIONAL HEALTH AND SAFETY

The occupational health and safety of employees are of major importance. Geberit wants to gradually get nearer to the target of having healthy employees within an accident-free company and has therefore established a high level of health and safety for its employees. There was a focus on the health and safety of employees during the COVID-19 pandemic, with hygiene and social distancing measures introduced at an early stage. Other measures, such as the obligation to wear masks, directives for business trips, rapid tests 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.

Geberit cooperates with authorities, trade unions and employers' liability insurance associations on a country-specific basis. Most companies have written agreements with the trade unions. These normally cover topics such as personal protective equipment, complaints procedures, regular inspections, education and further training and the right to refuse unsafe work.

Using 2015 as the reference year, the aim is to halve the frequency and severity of accidents by 2025. In terms of the AFR (Accident Frequency Rate) the target is 5.5 (number of accidents per million working hours), and in terms of the ASR (Accident Severity Rate) the target is 90 (number of days lost per million working hours). These key figures are reviewed regularly at the plant cockpits and are part of the annual appraisal of plant managers. The Group Executive Board is also provided with a compact report on a quarterly basis and a comprehensive report is created for the management at the end of the year.

For objectives and measures concerning occupational health and safety, see also → **Sustainability strategy**.

OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT SYSTEM (GRI 403-1) AND ITS DEGREE OF COVERAGE (GRI 403-8)

The topic of occupational health and safety falls under the remit of Sustainability and Process Management, which reports directly to the CEO. The responsibility for implementation lies with each company. All production plants and central logistics have a trained safety manager. The sites Rapperswil-Jona (CH) and Pfullendorf (DE) also have an appointed health manager. Since the beginning of 2017, the Geberit Safety Team – a team of experts from all production areas – has also been playing an active role in systematically developing occupational health and safety by defining key topics and highlighting examples of best practices.

The Geberit Safety System – which is valid in all production plants, in central logistics as well as in the management company incorporating all Group functions at headquarters in Rapperswil-Jona (CH) – defines processes that are applicable throughout the Group for promoting the continuous improvement of work processes and workplaces. Special attention is also paid to elements of changes in behaviour, as the majority of occupational accidents and time lost are still attributable to carelessness. Generally valid principles on health, occupational safety and prevention are part of the Geberit Code of Conduct and apply to all employees.

All 29 production plants and thus 100% of the production employees (employees with temporary and permanent contracts), central logistics, and the Geberit management company incorporating all Group functions at headquarters in Rapperswil-Jona (CH) are certified in accordance with the standard for occupational health and safety ISO 45001.

RISK ASSESSMENT AND INVESTIGATION OF ACCIDENTS (GRI 403-2)

The risk assessment of workplaces and the systematic investigation of accidents are a central part of the Geberit Safety System and are standardised across the Group. The execution of the risk assessment takes place systematically for all relevant workplaces and is based on a standard method and evaluation matrix.

Every accident is reported, regardless of the employment relationship and severity. A standardised accident investigation also takes place for all accidents which result in the employee being absent for one working day and more. Based on these reports, effective measures are derived to eliminate deficits permanently and to avoid similar accidents happening again within the company. Where appropriate, the insights gained will be shared with other companies to avoid similar accidents in the Group. Launched in 2017, the software-based solution for capturing and systematically analysing accident data has been rolled out at 16 production plants to date. The aim is to create a sound, comprehensive process that can be integrated in the SAP environment.

OCCUPATIONAL HEALTH SERVICES (GRI 403-3)

Geberit takes various steps in order to avoid health risks at the workplace. At several production sites, legal requirements require a company physician to be on hand. Depending on the risk classification of the particular activity, various measures are implemented for health provision. For example, occupational medical examinations (including auscultation of the lung, lung checks and X-rays) are regularly carried out in the ceramics plants due to the presence of quartz dust. Noise pollution and ergonomics are further focal points of the company physicians and external specialists.

EMPLOYEE PARTICIPATION AND COMMUNICATION ON OCCUPATIONAL HEALTH AND SAFETY (GRI 403-4)

93.7% of all employees worldwide are represented through an occupational health and safety panel or safety committee at their site, in which employer and employee representatives can discuss occupational health and safety issues. The occupational health and safety panels are created on behalf of the management and involve all levels of the organisation as well as various specialist roles and areas (including company physicians, works council, occupational safety specialists, representatives of occupational health and safety unions). In addition, employees are involved in relevant processes of the Geberit Safety System, such as the risk assessment of workplaces, the accident investigation or as part of behavioural inspections. Since the beginning of 2017, the Geberit Safety Team – a team of experts from all production areas – has also been playing an active role in systematically developing occupational health and safety by defining key topics and highlighting examples of best practices, among others.

TRAINING ON OCCUPATIONAL HEALTH AND SAFETY (GRI 403-5)

Training sessions on occupational health and safety take place regularly in most Geberit companies. At Welcome events, new employees are given information about the valid, local health and safety regulations and internal directives. At production and logistics sites, supervisors also hold workplace-specific training sessions on work-related hazards.

Geberit continues to use an eLearning programme aimed at employees in production and logistics which should, among other things, help to correctly identify danger areas in the workplace and rectify them consistently.

PROMOTION OF EMPLOYEE HEALTH (GRI 403-6)

Across the Group, Geberit carries out a wide range of activities and sets up programmes to promote employees' health and well-being, and also offers its employees precautionary healthcare opportunities through various offers and activities. These include, for example, sports facilities, anti-smoking seminars, health check-ups, massage services, dietary and health tips, presentations on health-related issues and workshops on targeted and correct relaxation. 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 "Geberit Vital" can be accessed at six sites by around 40% of the Geberit workforce. The programme was adapted to the demands of the ceramics plants and will now be gradually rolled out.

Among others, there is a focus on the ergonomic organisation of the workplace, particularly in the ceramics plants. The automation of production processes is promoted in keeping with the idea of the "flowing factory". In Bromölla (SE), a conveyor system now ensures that, after firing, the ceramic parts are taken to the quality check and then on to subsequent process steps without any manual lifting and carrying. Using lifting aids further minimises the manual lifting and carrying of heavy ceramic parts. This can be seen in Carregado (PT), for example, where the lifting aids used during casting considerably reduce the physical burden on employees.

Further focal points are training courses for managerial staff in health-conscious management as well as reintegration counselling, with the aim of getting people back to work as soon as possible after a long-term absence due to illness. Examples of individual support include counselling in Rapperswil-Jona (CH) to assist with problems ranging from on-the-job pressure, partnership and family problems to debt issues, and the telephone helpline created in the USA to discuss problems at work in complete confidentiality. Geberit also promotes fitness in the community with its support of the Geberit sports club, for example. This club features eleven different sports sections and has around 620 members in Rapperswil-Jona (CH) who regularly meet up and exercise together.

AVOIDING AND MINIMISING DANGER FOR BUSINESS PARTNERS (GRI 403-7)

Geberit sets great store by the occupational health and safety of business partners. For example, contractors who carry out work on the factory premises receive a safety briefing and are obliged to observe these rules. In the corresponding Code of Conduct, suppliers also undertake to ensure occupational safety and health-promoting working conditions in their company and supply chain. This is systematically examined as part of supplier audits, see also the chapter → **Suppliers**.

In terms of customers, Geberit takes great care – including as part of the eco-design workshops – to ensure that all products are ergonomic and safe during installation and their final use. The assembly of Geberit products is easy and often tool-free. If special tools are needed, these have been optimised in terms of their ergonomics and safety, and their correct handling is trained accordingly. With the new Geberit FlowFit supply system, Geberit has gone one step further. The system was developed together with plumbers to make the installation process simpler, safer and more ergonomic. In the process, Geberit has succeeded in developing a pressing technology that makes it possible to fit the drinking water system of a multifamily house without the need for a single tool changeover.

ACCIDENTS AND DAYS LOST (GRI 403-9)

The manufacture of sanitary products can generally be said to have a low level of risks at the workplace. Nevertheless, there are still some individual activities which entail an increased risk of accidents. Typical workplace risks are the lifting and carrying of heavy loads, working at heights and in noisy environments, as well as handling hot surfaces and hazardous substances. As part of the Geberit Safety System, the workplace risks are assessed systematically and appropriate measures implemented to protect the employees.

Geberit continued to press ahead with the design of safe workplaces in the reporting year. This was carried out by further optimising and modernising the systems and processes (e.g. an appliance for deburring sharp sheet edges when manufacturing installation modules), the replacement of hazardous substances (e.g. substitution of the pickling process in the manufacture of metal fittings) and the reduction of dust and noise emissions (e.g. by using more efficient extraction devices and filters in ceramic production). Workstations are also being further optimised from an ergonomic point of view through the increasing use of robots or lifting aids.

Thanks to standardised reporting on occupational health and safety, it is ensured that the efforts made achieve their desired effect and that corrective measures can be initiated at an early stage. In the reporting year, a total of 170 accidents were recorded (previous year 193 accidents), equivalent to 3,294 lost working days due to occupational accidents (previous year 3,688 lost working days). The statistics show only those occupational accidents that occur during working hours or business travel and lead to lost working time of one working day or more. The most frequent injuries are cuts and stab wounds on hands and bruising to the body. There was one severe accident. There were no fatal accidents. In 2020, the Accident Frequency Rate AFR (number of accidents per million working hours) decreased by 9.2% to 8.9 (previous year 9.8) and the Accident Severity Rate ASR (number of days lost per million working hours) by 8.4% to 171.9 (previous year 187.6). In terms of the Group-wide absenteeism rate, work-related accidents account for just 2.4% of all absenteeism at 0.11% (previous year 0.12%).

In the reporting year, the Group-wide absenteeism rate due to accidents and absences due to illness based on regular working hours was 4.68% (previous year 4.64%). Illness-related absences accounted for 97.6% of this rate.

Further key figures can be found under → **Key figures sustainability > Employees and society**.

WORK-RELATED ILLNESS (GRI 403-10)

There are certain operational activities at Geberit, particularly in ceramic production, involving an increased risk of work-related illness (silicosis / dust disease). The risks lie primarily in slip and glaze preparation, casting and glazing as well as in the processing of unfired and fired ceramic parts. Geberit has specified a standard threshold for dust emissions, which is lower than the legally prescribed levels at various sites. Dust measurements are taken in the plants on a regular basis with a uniform measurement and evaluation procedure. The results of the site-specific measurements are used as the basis for local corrective measures. In the reporting year, a quartz dust working group was formed in collaboration with the Geberit Ceramic Network Center to develop best-practice solutions, identify optimisation potential in production processes and exchange knowledge. The topic is also systematically addressed as part of the Geberit Safety System and certification according to ISO 45001. Furthermore, Geberit participates in the NEPSI programme (The European Network on Silica) as a member of FECS, a sub-organisation of Cerame-Unie (European Ceramic Industry Association). This includes monitoring the exposure of employees to quartz dust and the implementation of best practices.

Around 50% of employees in ceramic production are regularly exposed to increased levels of quartz dust. Technical, organisational and personal protection measures are implemented for the protection of these employees. In the area of personal protective equipment, as well as in hygiene and cleaning, minimum standards were defined and implemented. Geberit makes substantial efforts towards either avoiding the exposure of employees to these risks (e.g. through the installation of glazing robots) or minimising this exposure (e.g. through the use of special extraction devices and filters, dust masks or the provision of training in correct behaviour at the workplace). Furthermore, the employees regularly undergo occupational medical examinations (including auscultation of the lung, lung checks and X-rays).

Further key figures can be found under → **Key figures sustainability > Employees and society**.

TRAINING AND EDUCATION (GRI 404)

MANAGEMENT APPROACH TRAINING AND EDUCATION

Qualified and committed employees are essential for the future success of Geberit. The company therefore sets particular store on the solid education and further training of all employees and on equal opportunities.

New employees are introduced to the company and its products through various job orientation programmes on joining the company. These range from individually designed introduction talks in various departments to the one-week basic course that provides practical knowledge about Geberit in small groups.

A standard Performance assessment, Development and Compensation (PDC) process has been in place since 2012. Except for the employees who work directly in production at the plants, all employees have been incorporated into the PDC process. With valYOU, a new software tool for performance assessment, development and compensation was launched and the process further developed. A new, key element of valYOU is succession planning for each individual position. Furthermore, the further development of individual employees is also actively supported through systematic feedback discussions. At the end of 2019, management personnel from the participating pilot companies visited a two-day workshop and became familiar with the new processes, the associated managerial tasks and the new IT tool. The Group-wide roll-out of the revised performance management process for all white collar employees took place in 2020. 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 companies in the reporting year. From the end of 2021, the valYOU process should be established for all employees across the Group.

Training apprentices is of great significance at Geberit. According to an apprentice ranking carried out in 2019, Geberit is one of the leading companies for apprentices in Switzerland and makes an important contribution to vocational training and to maintaining Switzerland's reputation as a centre for training and education. Since 1963, Geberit has trained more than 500 apprentices in Switzerland. Some 10% of the company's employees currently working in Switzerland completed their apprenticeship at Geberit. Young people can start their careers at Geberit with a commercial, industrial or technical apprenticeship. The aim is to impart all the skills that are required for apprentices to pursue their chosen careers in a professional, independent and responsible manner. For example, in Rapperswil-Jona (CH) there are currently in excess of 70 apprentices (22 new apprentices in 2020) being trained in eleven trades. State-of-the-art and in particular digital learning methods are used here. Since 2018, Geberit's leading position in this area has also been used in corresponding image films for apprentice recruitment.

All apprentices are essentially required to work at several sites during their training. As a global company, Geberit promotes the internationalisation of employees. Experience abroad and the transfer of know-how are an advantage for both employees and the company. Therefore, apprentices have the option of working abroad for a period of six months on completion of their apprenticeship. Geberit continues to offer its support in completing internships, plus Bachelor and Master theses. Furthermore, the collaboration with universities as well as active participation in the international UNITECH engineer network is relevant for Geberit to acquire talented prospects and gain new insights.

For further information, see → **Business Report > Business and financial review > Financial Year 2020 > Employees.**

SCOPE OF TRAINING AND EDUCATION (GRI 404-1)

In the reporting year, employees across the Group attended on average 15.7 hours of internal and external education and further training (previous year 13.8 hours). In connection with COVID-19, the range of in-house digital training courses was expanded and saw widespread use by employees. For key figures by gender and employee category, see → **Key figures sustainability > Employees and society.**

PROGRAMMES FOR SKILLS MANAGEMENT AND LIFELONG LEARNING (GRI 404-2)

A two-stage Potentials Management Programme aims to identify talents throughout the company and support them along their path to middle or senior management. The programme includes topics such as strategy, digitalisation and the management of change processes. Furthermore, the issues investigated as part of project work are geared towards strategic tasks of relevance to Geberit and provide the decision-makers involved with concrete bases for action. Around 70 employees were nominated to take part in the programmes by their supervisors in the reporting year. The Potentials Management Programme is 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%).

The Operations Development Programme was set up at the start of 2020. It is aimed at talented external and internal junior managers in the area of operations (production, logistics and purchasing). The aim is to recruit internationally mobile people with a technical background or who have studied engineering and who, in the medium term, should take up a managerial position at Geberit. The programme is divided into several phases. In the initial onboarding phase, candidates get to know the culture, philosophy and processes at Geberit. This is followed by a second and third phase in which the participants are assigned responsibility for exciting, international projects under close supervision by a member of senior management. Initially, this will take place at established Geberit sites, and later also at other sites that are not as established but have the corresponding need.

In 2020, 262 apprentices (previous year 264) were employed. The transfer rate to a permanent employment relationship was 86% (previous year 85%). Furthermore, 102 internships were made available and 27 Bachelor and Master theses supervised.

For information, see → **Business Report > Business and financial review > Financial Year 2020 > Employees.**

PERFORMANCE EVALUATION AND CAREER PLANNING (GRI 404-3)

In everyday working life, the personal and professional development of each individual employee is encouraged in a variety of ways. This covers all areas of work, functions and age groups. Around 85% of all employees took part in appraisal interviews in 2020 at which development opportunities were also identified and discussed. As part of the standardised global Performance assessment, Development and Compensation process, employees receive a performance assessment and/or agreement of objectives at least once a year.

DIVERSITY AND EQUAL OPPORTUNITY (GRI 405)

MANAGEMENT APPROACH DIVERSITY AND EQUAL OPPORTUNITY

Geberit offers all employees the same opportunities and strives towards finding the best candidate for every position. Geberit supports diversity and promotes equal opportunities irrespective of gender, ethnic origin, skin colour, age, religion and nationality. In its Code of Conduct, Geberit sets store on promoting diversity and creating a culture that enables all employees to develop their full potential in the company.

Geberit pursues a fair and non-discriminatory employment practice in accordance with prevailing national and international law. Recruitment, training courses and promotions depend solely on individual achievements, skills and potential regarding the requirements of the position in question.

Protection of the principles of equality is anchored in the Geberit Code of Conduct. This includes the prohibition of discrimination against any employee on the basis of gender. Fair and equal pay for women and men is guaranteed as follows:

- Job assessment by function in accordance with the proven Hay method on the basis of know-how, thinking ability and accountability. All jobs are pooled in a Group-wide grading system. The resulting grade is the basis for determining an employee's pay. This guarantees gender-neutral, fair salary structures.
- Binding wage agreements with set pay grades at many Geberit sites.

DIVERSITY OF GOVERNANCE BODIES AND EMPLOYEES (GRI 405-1)

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, which represents a share of more than 30%. In the reporting year, a woman took over as Managing Director of Geberit Vertriebs GmbH in Germany, which has the largest share of sales in the Group at 32%.

Geberit would welcome more women in managerial positions. However, as is typical for the industry, the number of women in management is only increasing slowly at present. The proportion of females in Geberit's most important customer target group – plumbers – is extremely low. For example, in Switzerland the proportion of female plumbers is lower than 3%.

Know-how and expertise play a major role at Geberit. As a result, employees with extensive experience are also an important part of the company. Around 20% of employees have worked at the company for periods in excess of 15 years.

For key figures on diversity in terms of gender and age structure, see → **Key figures sustainability > Employees and society.**

RATIO OF REMUNERATION BETWEEN WOMEN AND MEN (GRI 405-2)

According to the annual survey of all Geberit Group companies, no differences between the basic salaries of women and men exist anywhere within the Group.

NON-DISCRIMINATION (GRI 406)

MANAGEMENT APPROACH NON-DISCRIMINATION

The Geberit Code of Conduct forbids discrimination as defined in the ILO (ILO = International Labour Organization) core labour standards. Geberit does not tolerate either discrimination or workplace bullying on the basis of race, gender, religion, creed, nationality, age, sexual orientation, physical or mental handicap, marital status, political views or other characteristics protected by law. Geberit aims to ensure a safe working environment for its employees. All forms of workplace violence, including threats, threatening gestures, intimidation, attacks and similar forms of behaviour are forbidden. Compliance with the Code is verified annually as part of a Group-wide survey.

According to the Geberit Code of Conduct, employees who openly address irregularities which represent breaches of applicable law, ethical standards or the Code of Conduct are acting correctly. The Group Executive Board of Geberit must be informed of problems in the area of integrity in order to be able to manage these swiftly and reliably. By openly addressing such issues, Geberit employees are contributing to their own protection, that of their colleagues and the protection of Geberit's rights and interests.

If issues should occur, employees should seek a personal meeting with their supervisor. The Geberit Integrity Line is available to all employees as a whistleblower hotline in the corresponding language. The service is intended to enable employees to anonymously report cases such as sexual harassment or when a corrupt payment is being covered up. The Integrity Line is operated by an external company with experience in this area, and is available around the clock seven days a week.

CASES OF DISCRIMINATION (GRI 406-1)

According to the annual Group-wide survey, there were two cases of verbal sexual harassment revealed in 2020, and these were both investigated. In one case, the accused person received an official warning under applicable labour law; in the other, the accused person has since left the company. There was also one case of workplace bullying, which was investigated. The accused person has also since left the company.

FREEDOM OF ASSOCIATION (GRI 407)

MANAGEMENT APPROACH FREEDOM OF ASSOCIATION

Employees are completely free to join trade unions, associations and similar organisations. No rights with respect to exercising freedom of association or collective bargaining as defined in the ILO core labour standards and the UN Global Compact are subject to restriction at the Geberit Group.

NON-COMPLIANCE WITH THE RIGHT TO FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING (GRI 407-1)

According to the annual Group-wide survey, no infringements of the guarantee of freedom of association and collective bargaining were identified in 2020.

8.2 SOCIETY

ANTI-CORRUPTION (GRI 205)

MANAGEMENT APPROACH ANTI-CORRUPTION

As a member of Transparency International Switzerland and the UN Global Compact, Geberit is committed to high standards in combating corruption. Corruption is categorically rejected. There are clear guidelines on prevention and employees receive training in this area. Compliance with the guidelines is monitored as part of an annual survey at all Geberit Group companies. The Internal Audit Department conducts additional on-site audits. In the case of misconduct, corrective measures are taken. For further information about the compliance system, see → GRI 419.

OPERATIONS SUBJECTED TO REVIEWS ON THE RISK OF CORRUPTION (GRI 205-1)

An annual survey is carried out at all Geberit Group companies to identify incidents of corruption. The topic of corruption is also a component of the audit programme for the periodic inspections of the production plants, sales, logistics and management companies by the Internal Audit Department. The annual audit planning of the Internal Audit Department is oriented to risks. Each company is audited at least every five years, or considerably more frequently if it has a high risk profile. In 2020, the Internal Audit Department audited a total of 23 companies.

COMMUNICATION AND TRAINING ON ANTI-CORRUPTION (GRI 205-2)

All new employees at Geberit are trained on the Code of Conduct as part of the Welcome events, with specific training films on the topics of corruption, IT misuse, workplace bullying and sexual harassment deployed especially for this.

All employees are also provided with information via the intranet about what is permitted and what is not. Guidance on the correct handling of donations (i.e. anti-corruption guidelines) are being updated and made accessible to the relevant employees in Purchasing and Sales via the various communication channels.

INCIDENTS OF CORRUPTION (GRI 205-3)

According to the annual survey carried out at all Geberit Group companies and the audits conducted by the Internal Audit Department, there were no cases of corruption in 2020.

ANTI-COMPETITIVE BEHAVIOUR (GRI 206)

MANAGEMENT APPROACH ANTI-COMPETITIVE BEHAVIOUR

The prevention of anti-competitive behaviour is a matter of priority for Geberit. Cartels of any kind and other anti-competitive behaviour are categorically rejected. A further internal antitrust audit was carried out in 2020 to ensure compliance in this area and also to improve it.

eLearning programmes represent an efficient way to train staff on and raise their awareness of antitrust legislation, an issue that is particularly sensitive for Geberit. Training campaigns are carried out on a regular basis. In 2020, the eLearning programme on antitrust legislation was revised and rolled out for all European sales companies.

As part of enquiries from various Geberit markets, the Group's legal department dealt with the permissibility of bonus and discount systems, plus marketing and sales campaigns, under competition law. In this advisory role, the legal department is able to quickly eliminate any uncertainties and confusion. On the whole, the enquiries demonstrate a marked sensibility among the employees in the area of antitrust legislation.

LEGAL PROCEEDINGS DUE TO ANTI-COMPETITIVE BEHAVIOUR (GRI 206-1)

After a suspected case of conduct in violation of antitrust law, the company concerned reported the incident to the local antitrust authority on its own initiative. Internal investigation of the case is ongoing and Geberit is cooperating fully with the authorities.

REGIONAL EMPLOYER (GRI 202)

MANAGEMENT APPROACH REGIONAL EMPLOYER

Geberit has grown from a family-run firm into a listed global company that has proven its ability to adapt to a rapidly changing environment. Within its core strategy, Geberit's aim is to ensure that sales companies, production plants, logistics and management companies function well as units which enjoy a high degree of autonomy. The high level of acceptance among the local workforce is a fundamental part of this, thanks in part to an attractive pay structure and the involvement of local know-how at management level.

RATIO OF STANDARD ENTRY LEVEL WAGE COMPARED TO LOCAL MINIMUM WAGE (GRI 202-1)

Geberit pays market-rate wages, taking into account local circumstances and laws. When hiring employees and determining their assignment in the company, Geberit attaches great importance to qualifications appropriate to the task description. In accordance with their qualifications, the majority of Geberit employees at the production sites and sales companies are paid well above the minimum wage range. Furthermore, stability and a high level of motivation among employees are important to Geberit.

PROCEDURES FOR LOCAL HIRING OF MANAGEMENT (GRI 202-2)

Geberit follows a personnel policy that does not provide for the preferential treatment of persons from the region in connection with the hiring of members of management boards for the respective country organisations. However, Geberit would like to establish organisations at its production and sales sites that function on a local basis, which is why it often integrates locally appointed managers.

INDIRECT ECONOMIC IMPACTS (GRI 203)

MANAGEMENT APPROACH INDIRECT ECONOMIC IMPACTS

Indirect economic impacts arise primarily due to positive side effects from direct economic action. With its innovative solutions for sanitary products, Geberit aims to achieve sustained improvement in the quality of people's lives. The economy benefits from Geberit's leading role in the change towards a more sustainable sanitary industry: through the contribution to better sanitary standards, a durable, resource-efficient sanitary infrastructure, through know-how transfer in the sanitary industry, via impetus for the economy in regional economic areas, and through orders with suppliers. There is no management approach to indirect economic impacts in the narrower sense. Instead, the company works with the stakeholders concerned to identify the best solutions in each case.

For further information, see also → **GRI 201**.

SIGNIFICANT INDIRECT ECONOMIC IMPACTS (GRI 203-2)

Geberit forms part of the value chain in the construction industry. It has significant indirect economic impacts downstream on the customer side at sanitary engineers, plumbers and end users, as well as upstream at suppliers and transport companies. Continuous investment in the production plants in Europe, China, India and the USA, as well as the logistics centre in Germany, will strengthen these individual economic areas.

Geberit know-how and products significantly reduce the burden on water and waste water systems. According to one model calculation, all dual-flush and flush-stop cisterns installed since 1998 have so far saved around 34,620 million m³ of water in comparison with traditional flushing systems. In 2020 alone, the water saved amounted to 3,350 million m³. This is more than half of the annual consumption of all German households.

Geberit is committed to sustainable sanitary systems which, as elements in construction, help to shape the infrastructure as a whole. For example, Geberit actively worked on adapting the applicable standard for the dimensioning of waste water piping to smaller diameters. This is important so that the full functionality of the drainage system is ensured even with lower quantities of waste water. Similar to its work in the field of waste water hydraulics, Geberit also played a major part in ensuring that sound insulation and fire protection, as well as hygiene in drinking water and sanitary facilities, have been developed to the benefit of the end user and laid down in standards and recommendations. In 2017, Geberit contributed to in the foundation of a new platform for the European sanitary industry – the European Bathroom Forum (EBF).

Geberit lends impetus to the sanitary industry with innovation and new products that are sold and installed worldwide by wholesalers, plumbers and sanitary engineers. During the reporting year, around 22,000 professionals were provided with training on Geberit products, tools, software tools and installation skills at 29 Geberit Information Centres in Europe and overseas, see → **Business Report > Business and financial review > Financial Year 2020 > Customers**.

At the end of 2020, Geberit employed 262 apprentices, thus supporting training in different countries, see also → **GRI 404**.

The indirect economic impact on suppliers and transport companies is also significant. In 2020, Geberit had business relations with a total of 1,721 direct suppliers, corresponding to a cost of materials of CHF 798 million (previous year CHF 882 million). Geberit does not have its own transport fleet and therefore generates orders for external transport companies.

CHILD LABOUR (GRI 408)

MANAGEMENT APPROACH CHILD LABOUR

Geberit's exposure with respect to child labour is considered low because of its industry, business model and the countries in which business activities are carried out, its high level of vertical integration as well as its high quality requirements in the supply chain. Geberit commits itself to the protection of human rights in its Code of Conduct. Child labour is categorically rejected. The basic principles set out in the Geberit Code of Conduct for Suppliers explicitly include compliance with the ILO core labour standards for the exclusion of child labour.

CASES OF CHILD LABOUR (GRI 408-1)

According to the annual Group-wide survey there were no cases of child labour revealed in 2020. There were likewise no such cases uncovered during the audits carried out at suppliers.

FORCED OR COMPULSORY LABOUR (GRI 409)

MANAGEMENT APPROACH FORCED OR COMPULSORY LABOUR

Geberit's exposure with respect to forced or compulsory labour is considered low because of its industry, business model and the countries in which business activities are carried out, its high level of vertical integration as well as its high quality requirements. Geberit commits itself to the protection of human rights in its Code of Conduct. Forced or compulsory labour is categorically rejected. The basic principles set out in the Geberit Code of Conduct for Suppliers explicitly include compliance with the ILO core labour standards for the exclusion of forced or compulsory labour.

CASES OF FORCED OR COMPULSORY LABOUR (GRI 409-1)

According to the annual Group-wide survey there were no cases of forced or compulsory labour revealed in 2020. There were likewise no such cases uncovered during the audits carried out at suppliers.

HUMAN RIGHTS ASSESSMENT (GRI 412)

MANAGEMENT APPROACH HUMAN RIGHTS ASSESSMENT

The UN Guiding Principles on Business and Human Rights apply to the business activities of Geberit. Geberit is active across the world, including in regions posing a certain degree of risk with regard to the upholding of fundamental employee and human rights. However, all Geberit Group companies throughout the world are integrated in the Geberit Compliance System, which includes the upholding of fundamental em-

employee protection and human rights. In addition, internal audits with compliance reviews take place at all companies of the Geberit Group, with the supply chain also being carefully reviewed, see → **GRI 419** and → **Chapter 10.2 Operations > Procurement**.

ASSESSMENT OF OPERATIONS REGARDING HUMAN RIGHTS RISKS (GRI 412-1)

The upholding of human rights at all Geberit Group companies is subject to a survey each year as part of the verification of the Code of Conduct. Human rights as part of compliance are also a component of the audit programme for the periodic inspections of the production, sales and management companies by the Internal Audit Department. In 2020, the Internal Audit Department audited a total of 23 companies. In the reporting year, no evidence of human rights violations was found during the various inspections.

EMPLOYEE TRAINING ON HUMAN RIGHTS (GRI 412-2)

All new employees at Geberit are trained on the Code of Conduct as part of the Welcome events, with specific training films on the topics of corruption, IT misuse, workplace bullying and sexual harassment deployed especially for this.

The subject of compliance is uniformly positioned throughout the Geberit Group. The joint Geberit Intranet, which since 2020 has also been available to all employees as a mobile app, serves as an important basis for this. The compliance organisation and Code of Conduct are presented and explained here on a dedicated page.

HUMAN RIGHTS CRITERIA IN INVESTMENTS AND CONTRACT AGREEMENTS (GRI 412-3)

In 2020, there was no investment agreement in countries or areas that pose a special risk in terms of human rights violations.

Suppliers are fundamentally required by contractual agreement to comply with the Geberit Code of Conduct for Suppliers, which contains provisions for the protection of human rights.

SOCIAL RESPONSIBILITY

MANAGEMENT APPROACH SOCIAL RESPONSIBILITY

Social responsibility is exercised both within the scope of long-term partnerships and programmes with partners and in the annual social projects that Geberit has been carrying out for over ten years. These projects exhibit a relationship to the topic of water and sanitary facilities, as well as to Geberit's core competencies and corporate culture. Equally important is the aspect of personal and professional education. By getting actively involved in the social projects in developing regions, apprentices become familiar with other cultures and also acquire new social, linguistic and professional competencies. Furthermore, these social projects make a tangible contribution to the Sustainable Development Goals (SDGs) of the United Nations, which include giving all humans access to clean drinking water and basic sanitation by 2030. A review of what has been achieved is carried out on a regular basis.

INFRASTRUCTURE INVESTMENTS AND PROMOTED SERVICES (GRI 203-1)

Donations and financial contributions, including product donations, totalling CHF 4.0 million (previous year CHF 4.1 million) were made during the reporting year. In addition, due to COVID-19 Geberit employees contributed just 450 hours of charitable work (previous year 3,409 hours). Geberit also supports facilities for disabled persons and long-term unemployed, where simple assembly and packaging work in the amount of around CHF 8.5 million was carried out in 2020 (previous year CHF 7.9 million). This gave around 500 people meaningful work.

The focus was on the following projects and partnerships in 2020:

- Implementation of a → **social project** in Romania in 2020, with support given to the construction of a hospital for children with cancer. Due to the COVID-19 pandemic, the team of Geberit apprentices was unable to travel to Romania as originally planned. Geberit delivered all the sanitary products, such as installation elements, drainage pipes and ceramic appliances, and contributed financially to the creation of the sanitary installations.
- The partnership with Helvetas on the subject of clean drinking water and sanitary facilities was continued, with support offered to the Helvetas campaign for clean drinking water and latrines. A major donation was also made to support Helvetas-run water projects around the world.
- The "Change of Perspective" project aimed at the promotion of vocational training and young talent was continued. In 2020, two Geberit employees travelled to Nepal to engage in a professional exchange with teachers at training centres there and to share their basic know-how in sanitary technology. For two weeks, a group of Nepalese vocational school teachers were trained by Geberit employees. Afterwards, the teachers were able to pass on their knowledge to future plumbers.
- Participation in the charitable organisation Swiss Water Partnership to promote international dialogue on the topic of water.
- Various local initiatives and collection campaigns in Germany, Austria, Belgium, UK, Poland and Romania to round off the Geberit Group's social engagement. For example, support for homeless and hospice projects in the UK with construction products, for which the sales company received an award.

9. PLANET

Geberit has long stood for a high level of environmental awareness and been committed to environmentally friendly, resource-saving production as well as the development of water-saving and sustainable products. Systematic, Group-wide environmental management takes centre stage here. This is the remit of Sustainability and Process Management. Guidelines and measures pertaining to all significant environmental issues are coordinated here. A network of environmental managers practises active environmental protection at the production plants, thus ensuring that the targets and measures laid down in the → **Sustainability strategy** are implemented worldwide. The environmental and occupational safety managers from all production plants meet once a year to discuss best practice and further develop Group-wide standards.

Eco-design has been an integral part of the product development process since 2007, with the aim of making each product more environmentally friendly than its predecessor throughout the entire product life cycle, see → **Chapter 10.1 Products and innovation**. The goal here is for products to be manufactured locally, where possible, using durable, sustainable raw materials from carefully selected, predominantly regional suppliers in order to keep transport routes as short as possible. The developed products are optimised both in terms of the amount of materials used and in resource and energy consumption during the usage phase. Returning products to an appropriate material cycle after removal is becoming increasingly important here.

Environmental criteria are considered in all decision-making processes. These processes are continuously being examined so that a proven high standard is achieved which often greatly exceeds legal requirements. Geberit's environmental principles are defined in the → **Code of Conduct**. The Geberit Group has a → **Group certificate** in accordance with ISO 9001 (quality), ISO 14001 (environment) and ISO 45001 (occupational health and safety) that is valid until 2021. All 29 production plants, central logistics, and the management company incorporating all Group functions at headquarters in Rapperswil-Jona (CH) are certified in accordance with these three standards. In addition, five German plants are certified according to ISO 50001 (energy) and ten sales companies according to ISO 9001 (quality).

The annual preparation of a corporate eco-balance has been an established part of Geberit's environmental management since 1991. It covers all production plants worldwide, the logistics centre in Pfullendorf (DE), other smaller logistics units and the larger sales companies. The corporate eco-balance permits an overall assessment of environmental impact in terms of eco-points. For the reporting in 2020, as in the previous year, the basic data from the internationally recognised Ecoinvent database (version 3.1) and the method of ecological scarcity (version 2013) were used. The calculation was based on the national electricity mix.

The environmental impact fell by 8.9% and CO₂ emissions by 7.2% in the reporting year. The environmental impact per net sales (currency-adjusted) dropped by 10.1%, and sales-related CO₂ emissions by 8.4%. These figures are well above the long-term target of 5% per year. This progress is founded largely on continuous improvements in efficiency at the energy-intensive ceramics plants and on the targeted purchasing of green electricity. Since the acquisition of Sanitec in 2015, the absolute environmental impact has been reduced by 22.5% and CO₂ emissions by 19.9%. Eco-efficiency (environmental impact per net sales) improved by 34.8% in the same period, while sales-related CO₂ emissions fell by 32.6%.

Detailed key figures on the environmental impact are provided at → **Key figures sustainability > Environment**.

RESOURCES AND CIRCULAR ECONOMY (GRI 301)

MANAGEMENT APPROACH RESOURCES AND CIRCULAR ECONOMY

The use of raw materials, semi-finished products and finished products with a global procurement value of CHF 798 million is a significant production factor for Geberit. The grey energy associated with purchased materials (including mineral raw materials of the ceramic plants and raw materials of the plant in Ozorków (PL)) results in around 13,100 TJ (previous year 13,800 TJ). This is 5.3 times the entire energy consumption of Geberit's operations. This emphasises the importance of treating raw materials with care. The resource-efficient use of raw materials is determined as early as the product development process as part of eco-design workshops, see → **Chapter 10.1 Products and innovation > Product management and innovation**. In the area of ceramic production, Geberit's goal is to improve resource efficiency (kg ceramic waste/kg ceramic) by 10% from 2018 to 2021.

As part of the European vision for a resource-saving circular economy, efforts are being made to identify and implement options in the area of closed material cycles. The aim is to minimise resource and energy usage, lengthen the service life of products as far as possible, close internal and external material cycles to the greatest extent possible, and constantly increase the use of internal and external recycled materials. Of key importance here is that Geberit products must have a very long industrial service life, as many of them will be installed in buildings for decades. This is guaranteed through the use of top-class materials and the application of strict quality requirements. An important factor here is the availability of spare parts for up to 25 years for a significant proportion of the product range. Furthermore, Geberit products are usually backwards-compatible and can be cleaned and repaired easily. Attention is also paid to using as little packaging material as possible. All these features combine sustainability aspects and support the circular economy, both in production as well as the use of the products in buildings.

Geberit supports the Operation Clean Sweep initiative, which is committed to ensuring that plastic granules do not pollute the environment. To this end, a review was carried out at all plastics-processing plants worldwide, and measures for improvement defined and implemented. These include raising staff awareness and verifying the implementation of measures as part of the internal and external ISO audits.

In addition, an internal workshop on eco-design and plastic in the circular economy was held in collaboration with the University of Antwerp (BE) during the reporting year. The primary aim here was to show where the risks and opportunities lie in the area of plastics recycling, what Geberit is already doing in this regard, and what influence product design has on the use of recycled plastics.

Conserving resources also means making appropriate use of products that, although in mint condition, can no longer be sold. The brand switch from Sphinx to Geberit, coupled with major efforts to reduce the complexity of the ceramic-product portfolio, gave rise to residual items of stock still in mint condition. Rather than scrapping these products, attempts were also made in 2020 to put them to good use, such as in social projects.

MATERIALS USED (GRI 301-1)

The use of materials depends on the various manufacturing processes: ten plants for manufacturing sanitary ceramics, twelve plants for processing plastic and metal, and seven other plants in the area of metal composites and metal. The range of production processes used thus includes the areas of ceramic production, injection moulding, blow moulding, extrusion, metal- and thermoforming, and assembly.

The most important materials for production are plastic and metal raw materials, mineral raw materials and various semi-finished products and finished products. A total of 408,861 tonnes of materials were used in 2020 (previous year 419,713 tonnes). These amounts include the mineral raw materials of the ceramic plants and materials from the plant in Ozorków (PL). Detailed key figures on the use of materials can be found at → **Key figures sustainability > Environment**.

In 2017, the implementation of a software-based solution for managing hazardous substances began, with roll-out due for completion in 2021. The aim here is to implement a standardised process in all production plants, improve efficiency in the management of hazardous operating and auxiliary materials, and scale down the use of hazardous substances by 5% every year. In 2020, a 6% reduction was achieved here. An adjustment to the production process at the plant in Langenfeld (DE) in 2020 meant that the pickling process could be partially omitted, resulting in a substantial reduction in the use of hazardous substances in the form of acids and bases. When fully implemented, omission of the pickling process altogether will allow around 64 tonnes of hazardous substances to be saved each year.

PERCENTAGE OF RECYCLED MATERIAL (GRI 301-2)

When determining the share of recycled material in production, a distinction is made between internal and external sources.

Internal sources:

In terms of the raw material plastic, recycled material is primarily generated internally and is ground on site or via a decentralised mill and fed back into the process. The proportion fluctuates depending on the manufacturing process. For blow moulding it is around 35%, for injection moulding around 15%, depending on product class, and for pipe extrusion around 3%. This corresponds to around 9,200 tonnes in total. In addition, old, non-standard small load carriers were collected, shredded and used to manufacture fastening components for the Duofix installation elements. As a result, it was possible to recycle around 12,500 small load carriers or 30 tonnes of plastic in 2020.

Raw materials are also recycled internally and fed back into the process in ceramic production. The recycling rate for the ceramic slip is 5 to 10% and 20 to 40% for the glaze, corresponding to around 27,900 tonnes in total. Another goal is to improve resource efficiency in ceramic production to 0.47 kg ceramic waste/kg ceramic by 2021. A value of 0.48 kg ceramic waste/kg ceramic was achieved in the reporting year.

External sources:

The share of recycled material in purchased metals is relatively high. This data originates from the Wuppertal Institute for Climate, Environment and Energy. Extrapolated, the raw material metal purchased contains around 37,000 tonnes of recycled material.

With plastics, virgin material is primarily used. The search for suitable, high-quality regranulate from external plastic waste (post-consumer waste) is, however, an integral part of Geberit's procurement strategy. In terms of the material Acrylonitrile Butadiene Styrene (ABS), a suitable alternative made of 100% recycled material was found. This alternative is based on high-quality plastic waste from the electronics industry (e.g. used computer cases). According to the supplier, the manufacture of this regranulate consumes over 80% less energy compared to the manufacture of a tonne of new petrochemical-based plastic, while releasing around three tonnes less CO₂ into the atmosphere. In 2020, 940 tonnes of ABS regranulate were used for various components in exposed and concealed cisterns. Thanks to an intelligent redesign, half of the material used for the flush valve type 240 can be made of high-quality ABS regranulate, for example. The use of plastic regranulate is generally to be increased further and applied to other product areas. Since 2020, a second high-quality recycled plastic (post-consumer waste) in the form of polypropylene (PP) has been available, 1.2 tonnes of which were used in the reporting year.

REUSE OF PRODUCTS AND PACKAGING MATERIALS (GRI 301-3)

Due to their long service life and the way in which they are installed, Geberit products can only be reused to a very limited extent. In the case of packaging materials, Geberit's goal – also as part of eco-design workshops – is to keep amounts as low as possible, to continuously increase the share of recycled material, and to simplify the recycling and return processes. In a preliminary study, potential for optimisation in the amount of packaging was identified from both an ecological perspective and from the customer's point of view. Efforts to reduce packaging amounts are already starting to bear fruit. For example, certain packaging levels are being omitted, bags reduced in size or thinner foils used, while instructions are printed directly on the packaging rather than on paper, or replaced by a QR code. In addition, care is being taken to avoid the use of polystyrene (EPS) wherever possible and, where necessary, to replace it with recyclable cardboard. As part of a project at the production plant in Rapperswil-Jona (CH), some 2.5 tonnes of plastic can be saved each year by switching to thinner foils. Application in other plants is under consideration.

In 2020, around 36,100 tonnes of packaging material were used, of which around 60% was collected and recycled by Geberit or by financed contractual partners. The rest was disposed of and recycled on a country-specific basis.

ENERGY (GRI 302)

MANAGEMENT APPROACH ENERGY

Representing a 96.4% share of the corporate eco-balance, the consumption of energy in the form of electricity, combustibles and fuels represents Geberit's greatest environmental impact. Software introduced in 2012 permits monthly monitoring of water and energy consumption, as well as the Group-wide calculation of environmental impact and CO₂ emissions. In addition, a systematic energy monitoring and an energy master plan are being implemented in the most energy-intensive plants to manage and plan energy consumption. This is based on the three pillars energy saving, increased energy efficiency and the targeted expansion of the share of renewable energy sources. Targets were also defined for the share of renewable energy sources as part of the development of a long-term CO₂ target that is compatible with the two-degree target set out in the Paris Agreement and the Science Based Targets Initiative. By 2021, the share of renewable energy sources should account for 45% for electricity and 10% for combustibles.

At present, the five German plants in Lichtenstein, Pfullendorf, Langenfeld, Wesel and Haldensleben are certified according to the ISO 50001 standard for energy management. Furthermore, all Geberit companies implemented the European Energy Efficiency Directive 2012/27/EU in 2015, which was reviewed again in 2019.

For the development of energy-efficient products, see → **Chapter 10.1 Products and innovation**.

ENERGY CONSUMPTION WITHIN THE ORGANISATION (GRI 302-1)

Geberit generally uses energy purchased externally. The direct energy carriers (Scope 1) include the combustibles natural gas, biogas, liquefied petroleum gas (LPG), diesel for power generation, heating oil extra light, as well as the fuels diesel, gasoline, liquefied petroleum gas (LPG) and natural gas (CNG). The indirect energy carriers (Scope 2) include electricity and district heating.

Energy consumption decreased by 5.1% in the reporting year and is now 723.1 GWh. Since the acquisition of Sanitec in 2015, it has been possible to reduce energy consumption by 20.7%, making a significant contribution to reductions in the environmental impact.

Combustibles (primarily for ceramic production), including district heating, still account for the greatest share of energy consumption at 67.0%, followed by electricity with 29.8% and fuels with 3.2%.

Renewable sources of energy are to be expanded continuously as part of the sustainability strategy. Since 2012, a block heating station has been in use in Pfullendorf (DE). In 2020, this plant was fed by 8.8 GWh of regionally produced biogas. The electricity generated by the plant (3.3 GWh) is fed into the transmission grid and the resulting heat (4.3 GWh) can be used in production, thereby reducing the use of natural gas. In total, renewable energy sources accounted for 4.5% of combustibles.

Since 2013, the roof area at the plant in Givisiez (CH) has been made available to an energy services provider for a 3,050 m² photovoltaic installation. It generated 0.5 GWh of electricity in 2020. However, this contribution is not included in the energy balance as the energy produced is managed by the regional energy supplier. Overall, the volume of purchased green electricity was increased by 15 GWh to 68 GWh in 2020 – meaning that renewable sources of energy accounted for 46.1% of total electricity consumption.

For detailed key figures on the consumption of combustibles and fuels (Scope 1), as well as electricity and district heating (Scope 2) and the electricity mix, see → **Key figures sustainability > Environment**.

ENERGY CONSUMPTION OUTSIDE THE ORGANISATION (GRI 302-2)

Where the energy balance outside the organisation is concerned, Geberit concentrates on purchased materials, intercompany and distribution logistics, and business travel.

In 2020, purchased materials resulted in grey energy consumption of around 13,100 TJ.

Logistics services are provided by external transport service providers. A logistics calculator developed by Geberit is used for monitoring purposes and covers all intercompany and distribution logistics. In the reporting year, the transport service providers handled 528.6 million tonne-kilometres (previous year 560.5 million tonne-kilometres). This gave rise to energy consumption of 1,015 TJ (previous year 1,148 TJ). The decrease in transport services and energy consumption was mainly due to a decline in deliveries to far-away countries.

Business flights have been recorded and included in the assessment since 2012. The flight distances are calculated according to the respective departure and arrival airports. Due to the COVID-19 pandemic, energy consumption arising from business flights fell sharply to 6.2 TJ in the reporting year (previous year 23.2 TJ).

ENERGY INTENSITY (GRI 302-3)

Energy intensity is an important performance indicator at the production plants, and is monitored monthly in the management cockpit. Those plants which are certified to ISO 50001 (energy) have also introduced a more refined system of monitoring. At Group level, net sales constitute a key indicator alongside environmental impact and CO₂ emissions. In 2020, energy consumption per net sales improved by 6.4% compared to the previous year.

ENERGY SAVED (GRI 302-4)

Important energy-saving measures in production include:

- The optimisation of production processes in terms of efficiency, scrap, stability, energy and resource consumption
- The continuous modernisation of the machine fleet and the purchase of energy-efficient equipment, and the systematic switchover of lighting to LED technology
- Increasing the capacity utilisation and efficiency of production equipment
- The optimisation of cooling systems through the use of natural ambient cold (free cooling, ground water)
- The improved use of waste heat available internally (heat recovery, e.g. for the pre-heating of plastic granules)
- The careful use of compressed air
- Improved insulation of buildings

Concrete examples which show the reduction in energy consumption in production:

- Demolition and safe disposal of infrastructure that was no longer required in Daishan (CN) and construction of a new waste disposal centre in Villadose (IT).
- Increase in the number of injection moulding machines with energy-efficient drive technology (hybrid, fully electrical, standby) from 192 to 211 machines, and commissioning of a fourth fully electrical blow-moulding machine.
- Process optimisation for the manufacture of bent Mapress fittings in Langenfeld (DE) through flow production and full automation leading to a reduction in electricity and natural gas consumption, reduced use of lubricants and lower quantities of hazardous waste.
- Reduction of waste quantities and energy consumption in the production of plastic-aluminium multilayer pipes thanks to the new laser-welding process in Givisiez (CH).

Measures to reduce energy consumption in (outsourced) logistics operations:

- Great importance is attached to central transport management as the interface between plants, markets and transport service providers in order to enable cost- and resource-optimised transport solutions. The efficient utilisation of freight capacity is of key importance here. In the case of product deliveries from the logistics centre in Pfullendorf, the capacity of the loading vessels can now be utilised more efficiently thanks to the optimised calculation of loading space and implementation of organisational measures. This leads to a reduction in the number of transport runs and in CO₂ emissions. The share of transport services handled by Euro 5 trucks was 26% and the share handled by state-of-the-art Euro 6 vehicles 73%. In addition, two trucks powered by natural gas are in operation on the Jona (CH) to Pfullendorf (DE) route, and the use of electric trucks has been analysed.
- Where possible, Geberit takes the opportunity to shift truck traffic to rail. From Pfullendorf, almost 100% of ocean freight shipments to Hamburg (DE), 80% of shipments to Italy, and 15% of shipments to Switzerland are conducted by rail. The percentage of rail consignments from Italy to Pfullendorf is 59%.

- With regard to transportation by truck, Geberit continues to look for options for making more efficient use of freight compartments and using bigger shipping containers. As such, the percentage of "high cube swap bodies" (offering around 10% more capacity) deployed from the logistics centre in Pfullendorf and the use of double-decker systems is being successively increased. In addition, the use of long trucks (with a length of up to 25 metres and a total weight of up to 60 tonnes) in Scandinavia increases load volumes and the number of transported pallets per truck by around 40%.

REDUCTIONS IN ENERGY REQUIREMENTS OF PRODUCTS AND SERVICES (GRI 302-5)

The biggest environmental contribution by Geberit products lies in the conservation of water, which indirectly also saves on energy. According to the Ecoinvent database (version 3.1), some 10.3 MJ of energy are required and 0.64 kg of CO₂ emissions released per cubic metre for the conveyance, processing and distribution of water and the subsequent processing of the unpolluted waste water in a treatment plant. The water footprint calculated for Geberit shows that nearly 100% of water consumption is attributable to the usage phase. The water volume saved owing to Geberit products is enormous: according to one model calculation, all dual-flush and flush-stop cisterns installed since 1998 have so far saved around 34,620 million m³ of water in comparison with traditional flushing systems. These water savings go hand-in-hand with substantial energy savings.

Direct energy savings when using the products are made possible thanks to systematically improved energy efficiency. Specific examples include:

- The → **Geberit DuoFresh module** removes unpleasant odours by extracting the air directly from the WC ceramic appliance and purifying it using a ceramic honeycomb filter. This can save up to 50 litres of heating oil per year compared to opening the window for ventilation.
- The → **Geberit energy retaining valve ERV** uses a magnetic diaphragm system to cap the ventilation pipe for waste water above the roof. This opens only when required and ensures pressure compensation only when this is necessary. This helps avoid unnecessary heat loss and can save up to 50 litres of heating oil a year.
- The → **Geberit AquaClean Sela Comfort** shower toilet uses innovative WhirlSpray and heating-on-demand technology to considerably reduce energy consumption compared to its predecessor.
- The → **Geberit urinal system** comprises urinals with electronic flush controls but also with completely waterless operation. The central elements are the two rimless urinal ceramics Preda and Selva, which were developed by Geberit. Thanks to the low consumption of resources and the option of a control system supplied with electricity by an autonomous energy source, the urinals satisfy the most stringent requirements for green building and economic operation. For this purpose, a proprietary environmental and cost calculator was developed for various sales companies, see → www.international.geberit.com > **Products > Geberit urinal system > Urinal system sustainability calculator**.
- The modular → **Geberit tap system** is the ultimate in sophisticated installation technology, different energy concepts and elegant tap housings for wall-mounted and deck-mounted taps. The product boasts both optimal user-friendliness and ease of installation as well as minimal water and energy consumption.
- The Geberit Control App enables product configuration via smartphone, meaning appliances can be operated simply and also continuously optimised in terms of energy management and water consumption, among other aspects.

WATER AND WASTE WATER (GRI 303)

MANAGEMENT APPROACH WATER AND WASTE WATER

The biggest environmental contribution made by Geberit products lies in the conservation of water at customers, which is one of the pivotal aspects in the company's contribution towards sustainable development. Innovative Geberit sanitary products reduce the amount of water consumed and help to systematically optimise the way in which water is used in buildings while maintaining the highest hygiene standards – including in terms of drinking water. According to one model calculation, all dual-flush and flush-stop cisterns installed since 1998 have so far saved around 34,620 million m³ of water in comparison with traditional flushing systems. In 2020 alone, the water saved amounted to 3,350 million m³. This is more than half of the annual consumption of all German households. Since 2016, Geberit has been publishing its detailed water balance as part of the CDP Water Program.

For the development of water-saving products and Geberit's commitment beyond product development, see → **Chapter 10.1 Products and innovation**.

HANDLING AND USE OF WATER (GRI 303-3, GRI 303-5)

The → **Water footprint**, which covers Geberit's entire value chain, shows that nearly 100% of water consumption is attributable to the use of the products, while the manufacture of the products by Geberit accounts for less than 0.1% of water consumption.

The corporate eco-balance shows a similar picture. Here, the environmental impact caused by water consumption and subsequent waste water treatment also accounts for only a minor share of the company's overall impact (1.2%). Despite this, Geberit also aims to serve as a role model with respect to its own water consumption and to further optimise this every year. This includes measures such as reusing water in laboratories and production processes. Ceramic production accounts for the biggest share of water consumption. Geberit's goal in this area is to reduce water consumption (l water/kg ceramic) by 5% by 2021 compared with 2018.

In the reporting year, water consumption in production amounted to 953,284 m³ (previous year 1,036,947 m³) and is categorised into drinking water (38%), well water (41%), lake and river water (20%) and rain water (1%). According to the Water Risk Atlas from the World Resources Institute (WRI), the production sites in Lichtenstein (DE), Gaeta (IT), Kolo (PL), Wloclawek (PL), Shanghai (CN) and Pune (IN) are located in areas with high or very high water stress, and account for 28% of total water consumption. Key figures concerning water consumption by source can be found at → **Key figures sustainability > Environment**.

WATER WITHDRAWAL AND WATER CONSUMPTION (GRI 303-1)

Waste water of varying quality accounts for around 75% of the water withdrawn, see → **GRI 303-4**. The remaining 25% evaporates into the atmosphere either during cooling processes or when the ceramic parts and plaster moulds dry.

The manufacture of ceramic sanitary appliances accounts for around 80% of water consumption, i.e. during preparation of the ceramic slip and glaze, and cleaning the moulds and systems. On average, 6.5 litres of water are needed for every kilo of ceramic produced. Around 5 to 10% of the water used in ceramic production is recycled internally, corresponding to around 73,700 m³ in 2020.

Another major consumer is the Geberit sanitary laboratory in Rapperswil-Jona (CH), where newly developed products are tested. The tests required 146,097 m³ of water, of which only around 1% (1,683 m³) was fresh water. The remaining 99% was reused in a closed-circuit system.

Other processes that consume water are steam foaming of expandable polystyrene (EPS), cleaning work, powder coating, and water used in staff sanitary facilities.

HANDLING OF WASTE WATER (GRI 303-2)

All resulting process waste water and domestic waste water is treated. Process waste water can contain inorganic substances (e.g. mineral raw materials). This water is cleaned in a two-stage process involving sedimentation and filtration before being fed into the public sewage system or returned to surface waters. Only few Geberit processes (e.g. powder coating, electroplating, cleaning of metal fittings) produce waste water that is more heavily contaminated. This waste water is treated in a separate stage before being fed into the public sewage system.

WASTE WATER (GRI 303-4)

The 2020 figure for waste water was 709,743 m³ (previous year 799,639 m³). At 69%, process waste water from the production of sanitary ceramics accounted for the largest share of the total. Other important categories are domestic waste water (29%), which passes into the communal waste water treatment plant or is pretreated and fed into receiving waters, and other waste water (2%), which is pretreated and fed to a communal waste water treatment plant. Waste water was not reused by external companies. Detailed key figures on waste water can be found at → **Key figures sustainability > Environment**.

CO₂ AND OTHER EMISSIONS (GRI 305)

MANAGEMENT APPROACH CO₂ AND OTHER EMISSIONS

Production emissions are recorded, calculated and analysed in detail as part of the corporate eco-balance. CO₂ emissions are particularly important to Geberit. → **Other air emissions** (NO_x, SO₂, hydrocarbons, etc.) are also recorded and calculated, but have a comparatively minor impact on the environment. The reduction of these emissions is directly related to the reduction targets of the CO₂ strategy. Under the current → **CO₂ strategy**, the aim is to reduce CO₂ emissions per net sales (currency-adjusted) by 5% per year on average. Geberit remains on track here, see → **GRI 305-2**. In 2016, a long-term CO₂ target was established that is compatible with the two-degree target set out in the Paris Agreement and the Science Based Targets Initiative. Within this context, Geberit planned to reduce its absolute CO₂ emissions (Scopes 1 and 2) by 6% between 2015 and 2021 to under 240,000 tonnes (based on organic growth). This target had already been achieved by the end of 2018. Specific goals for the share of renewable energy sources by 2021 were also established: 45% for electricity and 10% for combustibles. Further goals for reducing CO₂ emissions will be defined and communicated in 2021 for the next period.

A CO₂ footprint across the entire value chain (Scopes 1 to 3) has been calculated since 2012. This carbon footprint covers the provision of raw materials, combustibles and fuels, the manufacturing of products at Geberit, logistics, use and disposal. With regard to the former Sanitec, only mineral raw materials and raw materials from the plant in Ozorków (PL) are taken into account. An analysis revealed that product use (70.1%) and the provision of raw materials (16.0%) are by far the largest sources of CO₂ emissions. During product use, the provision of water, processing of unpolluted waste water and generation of hot water play a central role. All in all, manufacturing of the products at Geberit accounts for only 5.3% of total CO₂ emissions. Similarly, transport (1.7%), the provision of combustibles and fuels (0.8%) and the disposal (6.1%) of the products also cause only few emissions.

The measures for implementing the CO₂ strategy are based on the three pillars energy saving, increased energy efficiency and targeted expansion of the share of renewable energy sources, see also → **GRI 302**.

The calculation of greenhouse gas emissions is based on the internationally recognised Ecoinvent database (version 3.1), with the IPCC (Intergovernmental Panel on Climate Change) factors from 2013 used, production-related process emissions included, and the national electricity mix taken into account. The seven leading substances (CO₂ fossil, CH₄, N₂O, HFC, PFC, SF₆ and NF₃) are used for the calculation of the greenhouse gas emissions and shown as a sum parameter according to IPCC (CO₂ equivalents or simply CO₂).

DIRECT GREENHOUSE GAS EMISSIONS (SCOPE 1) (GRI 305-1) AND INDIRECT, ENERGY-RELATED GREENHOUSE GAS EMISSIONS (SCOPE 2) (GRI 305-2)

In 2020, CO₂ emissions (Scopes 1 and 2) amounted to 206,553 tonnes (previous year 222,639 tonnes), corresponding to a decrease of 7.2%. At 48.9%, combustibles are the largest source of CO₂, followed by electricity at 47.9 % and fuels at 2.9%, as well as process emissions and district heating at 0.3% in total. The purchase of 68 GWh of green electricity in Jona (CH), Pfullendorf (DE), Bromölla and Mörrum (SE), Kolo (PL) and Daishan (CN) meant that it was possible to reduce CO₂ emissions by around 32,500 tonnes.

Key figures concerning greenhouse gas emissions can be found at → **Key figures sustainability > Environment**.

OTHER INDIRECT GREENHOUSE GAS EMISSIONS (SCOPE 3) (GRI 305-3)

Where other indirect greenhouse gas emissions (Scope 3) are concerned, Geberit concentrates on the following categories:

- Raw materials used and the resulting CO₂ emissions at 670,192 tonnes (previous year 717,221 tonnes).
- The provision of combustibles and fuels, which accounted for 30,487 tonnes from combustibles and 4,342 tonnes from fuels in 2020.
- CO₂ emissions of power generation from the upstream chain are included in → **GRI 305-1**.
- Logistics (see → **GRI 302-2**) gave rise to total CO₂ emissions of 61,653 tonnes in 2020 (previous year 69,729 tonnes). The decrease in CO₂ emissions was mainly due to a decline in deliveries to far-away countries. Since 2015, Geberit has managed to improve the eco-efficiency of its logistics operations (environmental impact per tkm) by around 30%.
- Business travel by air, at 445 tonnes of CO₂ emissions (previous year 1,663 tonnes). These CO₂ emissions comprise direct and indirect emissions and are based on the Ecoinvent database (version 3.1) and the IPCC conversion factors from 2013.

INTENSITY OF GREENHOUSE GAS EMISSIONS (GRI 305-4)

CO₂ emissions (Scopes 1 and 2) in relation to net sales (currency-adjusted) decreased by 8.4%. This figure is above the target of 5% per year. Since the acquisition of Sanitec in 2015, CO₂ emissions per net sales have fallen by 32.6%.

REDUCTION OF GREENHOUSE GAS EMISSIONS (GRI 305-5)

In 2020, Geberit purchased another 15 GWh of green electricity, bringing the total to 68 GWh. Overall, renewable energy sources thus accounted for 46.1% of electricity (previous year 42.1%).

For combustibles, the share of renewable energy sources should be increased to 10% by 2021. The block heating station in Pfullendorf (DE), which was commissioned in 2012 and which was fed by 8.8 GWh of regionally generated biogas in 2020, makes a key contribution. An additional 12.7 GWh of district heating was sourced from a paper factory and a block heating station powered by wood. This brought the share of renewable energies for district heating and combustibles to 4.5% in total in 2020 (previous year 4.3%).

Fuel consumption is determined primarily by the company's own and leased fleet of cars and delivery vans. Since early 2008, binding guidelines have also applied for the purchase of new vehicles. As of 2019, these guidelines were adjusted to take into account the new Worldwide Harmonised Light Vehicles Test Procedure (WLTP).

Substantial volumes of CO₂ emissions can also be saved by consistently applying eco-design principles in new product development. One concrete example is the flush valve type 240 for cisterns, where half of the material used is made of high-quality ABS regranulate. Indirectly, this means that almost 500 tonnes of CO₂ can be saved each year, corresponding to a saving of 1 GWh of average European electricity.

Geberit also encourages awareness among all employees for the promotion of environmentally friendly behaviour. New employees receive training on the subject of sustainability at Geberit as part of their job orientation programme. In the largest plants, this is also tailored to the target group of production employees.

All targets and measures for improving the carbon footprint are disclosed in detail as part of the company's participation in the CDP.

EMISSIONS OF OZONE-DEPLETING SUBSTANCES (GRI 305-6)

Emissions of ozone-depleting substances, measured in CFC-11 equivalents, can be calculated based on the eco-balance using the base data from the Ecoinvent database (version 3.1). The calculation includes both direct emissions (Scope 1) from the burning of combustibles and fuels and process emissions (solvents), as well as indirect emissions (Scope 2) resulting from electricity consumption and the provision of district heating. Key figures concerning ozone-depleting substances can be found at → **Key figures sustainability > Environment**.

NITROGEN OXIDES (NO_x), SULPHUR OXIDES (SO_x) AND OTHER AIR EMISSIONS (GRI 305-7)

Emissions of NO_x, SO₂, NMVOC (non-methane VOC) and dust (PM10) can be calculated on the basis of the eco-balance using the base data from the Ecoinvent database (version 3.1). The calculation includes both direct emissions (Scope 1) from the burning of combustibles and fuels and process emissions (solvents), as well as indirect emissions (Scope 2) resulting from electricity consumption and the provision of district heating. Key figures concerning emissions can be found at → **Key figures sustainability > Environment**.

WASTE (GRI 306)

MANAGEMENT APPROACH WASTE

According to the corporate eco-balance, waste disposal accounted for just 1.8% of the overall environmental impact. The avoidance, reduction and safe handling of waste is promoted at the plants within the scope of environmental management according to ISO 14001. Waste is sorted so that as much as possible is recycled, and as little as possible has to be incinerated or sent to landfill sites. As part of a resource-saving circular economy, efforts are being made to generate secondary material for other processes from waste.

WASTE GENERATION AND MANAGEMENT OF WASTE-RELATED IMPACTS (GRI 306-1 AND GRI 306-2)

Waste occurs along Geberit's entire value chain: during the manufacture of purchased raw materials and of semi-finished and finished products, during transportation and production, as well as during the installation and utilisation of products right through to their ultimate disposal when a building is renovated or dismantled.

Production waste at suppliers can only be influenced by Geberit to a limited extent. By complying with the binding Code of Conduct, suppliers undertake – among other things – to reduce the quantity of waste they produce. The matter is also addressed during visits to suppliers and audits. Packaging waste that occurs when raw materials and semi-finished products are delivered to production and logistics can be influenced to a greater extent. For example, agreements with suppliers can stipulate that reusable containers are used instead of disposable ones, or that silo deliveries are made rather than supplying goods in sacks.

Consistent efforts are made to minimise waste in Geberit's production plants, with actions prioritised as follows: avoid and reduce waste, sort the waste and, if possible, recycle it internally or externally; if this is not possible, use the waste for energy recovery by burning it as fuel at an incineration plant or dispose of it in an inert waste landfill. Wherever possible, hazardous waste requiring special disposal and treatment is avoided. The same applies to waste that has to be sent to a mixed waste landfill. As part of a resource-saving circular economy, efforts are being made to generate secondary material for other processes from waste. The type and quantity of waste generated depends to a large degree on the relevant production processes. The most important production processes at Geberit are:

- Plastics processing (injection moulding, blow moulding, extrusion): these processes primarily generate plastic waste, most of which can be processed and recycled internally (either directly at the machine or via a decentralised mill). The proportion that can be recycled internally fluctuates according to the manufacturing process, see → **GRI 301-2**.
- Metalworking (bending, stamping, drilling, welding, forming): these processes primarily generate metal waste that can be recycled and reused externally. In addition, typical waste from metal processing – such as lubricating oils, machine oils and emulsions – are produced.
- Ceramic production: this process generates the largest volume of waste in terms of weight. The waste mainly comprises fired ceramic scrap, mineral sludge (from waste water treatment), and plaster (from used ceramic moulds). As well as minimising the volume of waste through efficient, stable process management, ways of recycling waste internally or externally are also being explored. Trials are underway to examine the possibility of grinding fired ceramic scrap externally and then feeding them back into the production process. In addition, it is possible to dispense with plaster moulds altogether as part of the high-pressure casting process, thus

avoiding this waste fraction, see → **GRI 301-2**. As far as external recycling is concerned, fired ceramic scrap can be recycled for use in tile production or road building. In 2020, more than 17,000 tonnes of plaster were delivered to the cement industry as a by-product for further use, which reduced the amount of waste sent to landfill accordingly.

Geberit also aims to minimise the volume of packaging waste for customers, see → **GRI 301-3**.

Construction site waste is waste that is generated during the installation and processing of products. Apart from product packaging, this typically includes pipe sections that remain after drinking water and waste water pipes have been assembled, protective caps on fittings and pipes that have to be removed prior to assembly, pressing indicators that fall off when the fittings are pressed, various protective components that are removed after tiling is completed, and sections of GIS profiles or plaster panels left over after a prewall has been installed. This waste is disposed of either by the plumber or by local waste management at the construction site. From 2021, as part of the roll-out of the new Geberit FlowFit supply system, Geberit will also offer the possibility of returning protective caps from drinking water fittings and pipes to a Geberit recycling partner. New protective caps or other products can then be made from this waste depending on how clean it is.

Only small quantities of waste are produced during the use phase of Geberit products. This is because Geberit products have a very long service life, the majority of them require little maintenance, and they can be repaired easily in the event of a problem. They are also easy to clean, which means less cleaning work for end users and reduces the amount of cleaning agents used. Waste includes used active carbon filters, batteries, seals and defective components. Geberit has a very large selection of spare parts offering a high degree of backwards compatibility, with availability of up to 25 years for a significant proportion of the product range. This ensures the durability and functionality of the products while simultaneously saving resources.

Waste is also produced when a sanitary installation or bathroom is renovated or dismantled. Since Geberit products can have a service life of up to 50 years, they will often be dirty or blocked with limescale upon removal (e.g. WC ceramic appliances, waste water and drinking water pipes) or may be connected to other parts of a building (e.g. a tiled prewall or waste water systems embedded in concrete). This makes the products more difficult to recycle. The obligation to take back used electrical equipment such as tools, electronic washbasin taps and control systems, shower toilets and other electronic components is regulated by the WEEE Directive (Waste Electrical and Electronic Equipment). As part of the eco-design initiative, Geberit ensures that its products are easy to sort and recycle, and that product materials are clearly labelled.

VOLUME OF WASTE (GRI 306-3, GRI 306-4, GRI 306-5)

The total volume of waste (including recycling) amounted to 73,969 tonnes in 2020 (previous year 80,049 tonnes). 18.3% of the waste was disposed of, while 81.7% (previous year 78.3%) was recycled externally. The total amount includes 1,263 tonnes (previous year 1,473 tonnes) of hazardous waste, of which 59% was disposed of by incineration and 41% was able to be recycled.

The reduction and safe handling of waste is promoted at the plants within the scope of environmental management according to ISO 14001. At Geberit, all waste is disposed of and recycled by licensed disposal companies and inspected as part of external audits.

Key figures concerning waste by category are provided at → **Key figures sustainability > Environment**.

ENVIRONMENTAL COMPLIANCE (GRI 307)

MANAGEMENT APPROACH ENVIRONMENTAL COMPLIANCE

In its Code of Conduct, Geberit states that it will limit the environmental impact of its business activities to a minimum. This calls for consistent compliance with all applicable laws, internationally recognised guidelines and industry standards. With many of the initiatives that it implements, Geberit goes above and beyond legal and official requirements. Reviewing and ensuring compliance with the law is a mandatory element of ISO 14001 certification (environment); as of 2020, this process was simplified with the roll-out of a new EHS (environment, occupational health and safety) compliance tool in logistics and the production plants in Switzerland, Poland and Ukraine. Monitoring is also part of the annual Group-wide survey on compliance with the Code of Conduct at all companies, see → **GRI 419**.

SANCTIONS DUE TO NON-COMPLIANCE WITH ENVIRONMENTAL LAWS AND REGULATIONS (GRI 307-1)

There were no sanctions due to non-compliance with environmental laws and regulations in the reporting year.

10. PROFIT

10.1 PRODUCTS AND INNOVATION

PRODUCT MANAGEMENT AND INNOVATION

MANAGEMENT APPROACH PRODUCT MANAGEMENT AND INNOVATION

Sustainable products play a pivotal role for Geberit in generating added value for customers and society and for contributing to sustainable development as set out by the UN Sustainable Development Goals. With its wide range of products in front of and behind the wall, Geberit spans the entire flow of water within a building and helps to optimise significant aspects of the system as a whole, such as water and energy consumption or sound insulation. In addition to its quality, durability and high degree of water and resource efficiency, the Geberit product range also impresses with its good environmental compatibility and recyclability. The basis for sustainable products is a systematic innovation process in which the most environmentally friendly materials and functional principles possible are chosen, risks are minimised and a high level of resource efficiency is targeted for the production process as well as the product itself.

For an overview of product development topics, see → **Business Report > Business and financial review > Financial Year 2020 > Innovation**. For an overview of new products, see → **New products**.

Geberit regards eco-design as the key to environmentally friendly products, which is why eco-design has been an integral part of the development process since 2007. Employees from different disciplines take part in eco-design workshops so that each new product outperforms its predecessor in environmental aspects. More than 150 eco-design workshops have already been held as part of the development process for new products. The workshops involve systematic product analysis that covers the entire life cycle, a review of legal requirements and an analysis of competing products. In addition, they ensure that environmentally relevant data is collected and made available for later use, something which is of particular benefit to digital planning using BIM (Building Information Modelling). Based on the findings of these eco-design workshops, new solutions are developed and, where fit for purpose, adopted into the specifications for that product.

Specially created product life cycle assessments are important decision-making tools for the development process and provide arguments for the use of resource-efficient products. Detailed life cycle assessments have already been prepared for the following products: waste water and drinking water pipes, AquaClean Mera and Sela, electronic washbasin taps, concealed cisterns, urinal control systems, urinal systems and sanitary ceramics. The environmental product declarations (EPDs) in accordance with the European standard EN 15804 are also important and can also be used directly for green building standards such as LEED. These show relevant, comparable and verified environmental data on products in a transparent manner. Since the last report, another four EPDs have been created for Geberit FlowFit pipes and fittings in accordance with EN 15804. There was also an EPD update for the AquaClean Mera shower toilet. This means that products with an EPD now account for around 20% of Group sales.

The biggest environmental contribution by Geberit products lies in the conservation of water. An analysis of the entire value chain in the form of a → **Water footprint** shows that nearly 100% of water consumption is attributable to the product use phase.

Geberit also advocates the economical use of water beyond processes and products. In 2017, Geberit contributed to the foundation of in establishing the European Bathroom Forum (EBF). One of the first tasks was the launch of a new European water label as a voluntary and flexible instrument to support customers in the selection of resource-efficient products. This aims to help achieve the EU targets for resource efficiency.

The environmental impacts of Geberit's products are improved continually through the consistent application of eco-design principles in product development. Current examples that make a particular contribution to reducing environmental impact are as follows:

- Geberit ONE. This comprehensive solution combines Geberit's know-how in sanitary technology and design expertise, offering optimal flush performance and flush volumes of 4/2 litres.
- Expansion of the range of rimless WC pans helps to simplify cleaning and cut down on cleaning agents.
- Ongoing optimisation of the ceramic product range helps reduce the number of different products, thus cutting down on resource usage in manufacture, storage and distribution.
- New Geberit Inside cistern for the Nordic markets, with flush volumes of 4/2 litres and over 50% of the plastic in the fill and flush valve made up of regrulate.
- Thanks to an intelligent redesign, the fill valve type 333 for cisterns is both flow-optimised and very quiet. It uses 11% less materials in the manufacturing process, with around 20% of the plastic in the valve made up of regrulate.
- The new Geberit FlowFit flow-optimised piping system for drinking water and heating applications made of halogen-free materials. Geberit also offers a system for returning used protective caps and pressing indicators.

QUALITY

MANAGEMENT APPROACH QUALITY

See → **GRI 416**.

PRODUCT COMPLIANCE

MANAGEMENT APPROACH PRODUCT COMPLIANCE

See → **GRI 416** and → **GRI 417**.

10.2 OPERATIONS

PROCUREMENT

SUPPLY CHAIN (GRI 102-9)

Corporate Purchasing is responsible for procurement in all production plants worldwide (except the USA) and manages the procurement organisation through a team of lead buyers who are strategically responsible for various material groups.

Geberit's production processes entail a high in-house production depth, i.e. it largely purchases raw materials and semi-finished products with a high share of raw materials. As such, material costs constitute a relatively low share of Geberit's net sales. As Geberit neither directly imports nor processes conflict minerals (tin, tantalum, tungsten, gold), it is not deemed to be an "importer" within the meaning of EU Regulation 2017/821. If products containing such metals are shipped to the USA, the provisions of the Dodd-Frank Act (Sec. 1502) apply.

The raw materials and semi-finished products primarily come from suppliers in Western Europe (81.2% of procurement value). The share of the procurement volume from Eastern Europe amounts to 7.8%, that from Asia 9.1%, from America 1.7% and from Africa 0.2%. Owing to the high level of vertical integration as well as the very high share of Western European suppliers, the general risk profile of the supply chain is relatively low. The active implementation of a dual-source strategy – i.e. the procurement of a resource from two providers – serves additionally to reduce dependencies.

In 2020, Geberit procured raw materials (26.6%), semi-finished products (45.6%), and finished products (27.9%) with a procurement value of CHF 798 million (previous year CHF 882 million) from 1,721 direct suppliers around the globe.

MANAGEMENT APPROACH PROCUREMENT

Geberit's suppliers are obligated to maintain comprehensive standards. The basis for cooperation is the → **Code of Conduct for Suppliers**, which is available in 15 languages, to which an Integrity Line for suppliers was added in 2017. The Code is guided by the principles of the UN Global Compact, which itself is based on the Universal Declaration of Human Rights and the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work. The Code of Conduct is binding for every supplier. These include direct suppliers of raw materials and semi-finished products for use in production, as well as indirect suppliers such as those providing services or office materials. The Code comprises specific guidelines on quality and meeting environmental, labour law and social requirements and sets out compliance with human rights. The supplier must prepare appropriate documentation in order to demonstrate – upon request by Geberit – compliance with the provisions of the Code and ensure that these papers are available for inspection at all times. Should the supplier fail to comply with the obligations set out in this Code, then measures for improvement are implemented. Failure to comply on the part of the supplier is regarded as a serious obstacle to the continuation of the business relationship. If the supplier does not correct this non-compliance, Geberit can terminate the cooperation. When evaluating suppliers, Geberit strives to achieve the greatest possible degree of transparency. All new and existing partners are thus assessed by means of standardised processes and according to the same criteria: company as a whole, quality, sustainability, price, procurement chain, delivery reliability, production and technology. As a rule, the selection of suppliers is required to include a quality audit covering clarification on environmental and occupational safety issues. Where an audit reveals inconsistencies in these criteria, an additional, in-depth audit is conducted.

Supplier management incorporates a risk management approach on environmental, occupational safety and human rights matters that is based on the assignment of suppliers to a particular risk class within a risk matrix depending on production location (country) and material group (type of production process). As such, suppliers in the highest risk category pose an increased risk both in terms of production location and type of production process. In 2017, suppliers and material groups that had been added due to the acquisition of Sanitec were systematically assessed and included in risk management. In addition, the classification of existing material groups into certain risk categories was reviewed. Since then, the risk matrix has been updated on an annual basis. In the reporting year, 179 existing suppliers were identified in the highest risk category, which corresponds to around 7% of the procurement value of Geberit. A systematic planning and performance of audits is conducted for these suppliers. To ensure neutrality and the expertise required for the audits, Geberit also works with an external partner. This tried-and-tested procedure has been carried out for years and makes an important contribution to ensuring compliance with the duty of care in the supply chain at Geberit. New employees in procurement also receive training in the process of sustainable procurement. Regular training of lead buyers on procurement and sustainability takes place, plus proactive exchanges with other industrial companies and participation in a working group of the UN Global Compact on sustainable supply chains.

For further information, see → **Business Report > Business and financial review > Financial Year 2020 > Logistics and procurement**.

ASSESSMENT OF NEW SUPPLIERS BASED ON SUSTAINABILITY CRITERIA (GRI 308-1 / GRI 414-1)

All new suppliers undertake to comply with the Code of Conduct for Suppliers and hence also to international standards governing environmental protection, labour practices and human rights. Since 2017, an Integrity Line has also been available to suppliers for anonymously reporting irregularities in the procurement process or non-compliance with the Code of Conduct for Suppliers. No cases were reported in the reporting year. As of the end of 2020, a total of 2,098 direct and indirect suppliers had signed the Code of Conduct. This equates to over 90% of the total procurement value. In the Code of Conduct for Suppliers, suppliers undertake – wherever possible and appropriate – to ensure that their own suppliers and second tier suppliers also adhere to the terms of the Code. Geberit may explicitly demand of a supplier that this Code also be extended to selected second tier suppliers. When auditing suppliers, an analysis of the most important second tier suppliers is included in the risk analysis and the audit investigations on site. Geberit's goal is long-term, collaborative supplier management, where the relationship with the supplier is actively managed and sustainability risks in the supply chain are jointly analysed and minimised.

SUSTAINABILITY-RELATED IMPACTS IN THE SUPPLY CHAIN (GRI 308-2 / GRI 414-2)

In 2020, five third-party audits were carried out at suppliers in China and Ukraine. The results showed that the majority of obligations set out in the Code of Conduct for Suppliers were complied with. Appropriate corrective measures were agreed in cases of non-compliance.

PRODUCTION

MANAGEMENT APPROACH PRODUCTION

See → **Business Report > Business and financial review > Financial Year 2020 > Production**.

LOGISTICS

MANAGEMENT APPROACH LOGISTICS

Group logistics is being further standardised and harmonised. Man and technology work hand in hand at the logistics centre in Pfullendorf (DE), which is the hub for almost all Geberit sanitary technology products. Touchscreens, glove scanners, integrated voice control systems and built-in lift tables as well as lifting devices make the work efficient, safe and ergonomic. Logistics processes are improved continually, quality and productivity are further optimised, and the environmental impact is reduced, see → **Sustainability strategy**.

The logistics infrastructure of the ceramic business comprises 13 distribution sites of varying sizes across Europe. The integration of the ceramics business into Group logistics continued in 2020. The Geberit Logistics Operation System (GLOS) is the standard system for logistics and is used to continuously improve business processes.

Geberit does not have its own transport fleet, having outsourced this to external transport service providers. Intercompany and distribution logistics play a major part in Geberit's environmental impact, amounting to a significant proportion of the total figure. Cooperation with the transport service providers is therefore of key importance. Partners agree to actively support Geberit in its efforts to use energy and packaging material efficiently and to reduce emissions. Furthermore, the partners support Geberit by providing the data needed for the environmental reporting. Developed in 2010 and continuously expanded since then, the logistics calculator facilitates the annual capture of data on the vehicle fleet composition, transportation performance and fuel consumption of all transport service providers, as well as the preparation of the eco-balance.

For further information, see → **Business Report > Business and financial review > Financial Year 2020 > Logistics and procurement**.

For information on the eco-balance of logistics, see → **GRI 302-2**.

10.3 ECONOMIC PERFORMANCE

ECONOMIC PERFORMANCE (GRI 201)

MANAGEMENT APPROACH ECONOMIC PERFORMANCE

As a key objective of the company, the economic performance of the Geberit Group is under the strategic control of the Board of Directors and the operational management of the Group Executive Board.

How Geberit implements integrated sustainability and thus creates value is shown in a → **separate graphic**. The vision of achieving sustained improvement in the quality of people's lives with innovative sanitary products represents the starting point. To bring this vision to fruition, Geberit continuously refines its products, systems and services and sets new standards as a market leader in the area of sanitary products. Values such as integrity, team spirit, enthusiasm, modesty and an ability to embrace change are core factors. The long-term core strategy is based on four pillars: Focus on sanitary products, Commitment to design and innovation, Selective geographic expansion and Continuous optimisation of business processes. This strategy is implemented on the basis of six growth and earnings drivers. The sustainability strategy supplements the core strategy and the growth and earnings drivers with twelve concrete modules. These modules strengthen the business model and the added value for various stakeholders in the areas People, Planet and Profit in a targeted manner. The results of Geberit's activities show the diverse added value in the three dimensions of sustainability. At the same time, the results contribute to the UN Sustainable Development Goals (SDGs) set out in the 2030 Agenda for Sustainable Development (see → **SDG Reporting**). Goal number 6 – "Clean Water and Sanitation" – and goal number 11 – "Sustainable Cities and Communities" – are a key focus for Geberit. However, significant contributions are also made when it comes to "Decent Work and Economic Growth" (goal number 8) and "Industry, Innovation and Infrastructure" (goal number 9).

For detailed explanations of the four strategic pillars and the medium-term goals, see → **Business Report > Business and financial review > Strategy and goals**.

For a description of the economic position of the Geberit Group, see → **Business Report > Business and financial review > Financial Year 2020**.

VALUE ADDED AND ITS DISTRIBUTION (GRI 201-1)

Significant indicators for the creation and distribution of value in accordance with the GRI requirements can be found in the financial report.

Direct Economic Value Added:

- Net sales and operating profit, see → **Financials > Consolidated financial statements Geberit Group > Statements of cashflows**.

Economic Values Passed On:

- Operating expenses excluding personnel expenses, see → **Financials > Consolidated financial statements Geberit Group > Income statements**.
- Personnel expenses, see → **Key figures sustainability > Employees and society**.
- Payments to providers of capital, see → **Financials > Consolidated financial statements Geberit Group > Statements of cashflows**.
- Social engagement, see → **Chapter 8.2 Society > Social responsibility**.

Retained Economic Values:

- Investments in and divestments of property, see → **Financials > Consolidated financial statements Geberit Group > Statements of cashflows**.
- Share buyback, see → **Financials > Consolidated financial statements Geberit Group > Notes > Note 21**.

OPPORTUNITIES AND RISKS DUE TO CLIMATE CHANGE (GRI 201-2)

One of the visible effects of climate change is the limited local availability of water resources in many places. In the risk analyses conducted periodically by the World Economic Forum (WEF) and published in its Global Risk Report 2021, water scarcity (a central topic in the context of scarcity of natural resources) was classified as one of the five highest risks in terms of impact. This trend has an influence on the development of sanitary technology. Water-saving, resource-efficient products will become increasingly important. Geberit is taking advantage of the opportunity to meet the growing worldwide demand for water-saving products and to contribute towards the diligent handling of water, thus making a name for itself as a leader in sustainability. Products classified as special water-saving products already make a substantial contribution to Group sales.

Compared to these relatively big opportunities, Geberit is exposed to an average risk of natural disasters potentially triggered by climate change, which can fundamentally affect production areas or transport areas. None of the production sites are particularly at risk in this respect, however.

The manufacture of ceramic sanitary appliances is a resource- and energy-intensive process that has become a part of Geberit production. This has increased the company's exposure to CO₂ regulations, meaning that their future development must be carefully monitored. However, these risks are currently low – only one ceramic plant in Sweden pays CO₂ taxes. In 2016, a long-term CO₂ target was formulated that is compatible with the two-degree target set out in the Paris Agreement and the Science Based Targets Initiative. Within this context, Geberit planned to reduce its absolute CO₂ emissions (Scopes 1 and 2) by 6% between 2015 and 2021 to under 240,000 tonnes (based on organic growth). This target had already been achieved by the end of 2018 and further long-term targets are being planned. Since the acquisition of Sanitec in 2015, CO₂ emissions per net sales have fallen by 32.6%.

In addition, Geberit is indirectly affected by higher energy or raw material prices and by generally increasing requirements in terms of energy management. With its internal energy master plan, the targeted introduction of the ISO 50001 energy management system and the measures related to its CO₂ strategy (see → **GRI 305**), Geberit is reacting proactively and working continuously on saving energy, improving its energy efficiency and reducing its CO₂ emissions. For example, Geberit is continuously investing in the infrastructure of ceramic production. In total, ten tunnel kilns for ceramic production have been equipped with state-of-the-art burner technology, with each kiln achieving energy savings of over 20% as a result.

As far as corporate risks are concerned, the Audit Committee of the Board of Directors introduced a comprehensive system for the monitoring and management of the risks associated with the company's business activities, including environmental and climate risks, see → **Financials > Consolidated financial statements Geberit Group > Notes > Note 4**.

BENEFIT PLAN OBLIGATIONS (GRI 201-3)

The Geberit Group sponsors defined benefit plans for its employees in Switzerland and the USA, amongst others. For further details on pension and benefit plans, see → **Financials > Consolidated financial statements Geberit Group > Notes > Note 3** and → **Financials > Consolidated financial statements Geberit Group > Notes > Note 17**.

FINANCIAL ASSISTANCE RECEIVED FROM GOVERNMENT (GRI 201-4)

Assistance received from the public sector includes:

- Income taxes, see → **Financials > Consolidated financial statements Geberit Group > Notes > Note 25**.
- Investment subsidies to promote the respective business location and secure jobs: CHF 0.3 million.
- Contributions received to support training and part-time employment prior to retirement: CHF 0.5 million.
- Various other subsidies: CHF 0.1 million.

The public sector is not represented on the Board of Directors of the Geberit Group.

SOCIOECONOMIC COMPLIANCE (GRI 419)

MANAGEMENT APPROACH SOCIOECONOMIC COMPLIANCE

The → **Geberit Code of Conduct** describes the basic principles that have to be met in order for Geberit to be an exemplary, reliable and fair business partner and employer. The → **Geberit Compass**, a key compliance element, describes the cornerstones of the corporate culture, namely the joint mission, the shared values, the operational principles and the success factors to be considered by all employees. The Geberit Compass was presented and explained in the Group-wide employee magazine, which is published in six languages.

In order to guarantee compliance with the requirements of the Code of Conduct, Geberit has established an effective compliance system that focuses on the following six key topics: antitrust legislation, corruption, product liability, data privacy, employee rights and environmental protection. In practice, the system comprises various elements such as guidelines, continuous training, job orientation for new employees, eLearning campaigns, info circulars, compliance-related audits, annual reporting on the Code of Conduct and the Geberit Integrity Line – a whistleblower hotline for employees. A separate Integrity Line has been available for suppliers since 2017. In addition, training concepts and tools were developed further and professionalised in the reporting year, a focal point being antitrust legislation and data privacy.

As only very few companies work with agents, there is no significant risk exposure in this area. Nevertheless, a → **Code of Conduct for business partners** was drawn up in 2016 based on the Geberit Code of Conduct and communicated to the agents by the managing directors of the local sales companies.

Corporate Legal Services is responsible for implementing the compliance topics of antitrust legislation, corruption, product liability and data protection, while Corporate Human Resources is responsible for employee rights, and environmental protection falls under the remit of Sustainability and Process Management.

As part of the annual reporting on the Code of Conduct for Employees, compliance with the requirements set out there is subject to controls. All companies receive over 60 questions on the above-mentioned key topics. In addition, on-site audits are performed by the Internal Audit Department and corrective measures taken in the event of misconduct. The audits also comprise special interviews with the managing directors of the individual companies on the topics mentioned in the Code of Conduct. The respective information is verified. The findings from the survey and audits form the basis for the annual Compliance Report submitted to the Board of Directors and the Group Executive Board, and are published in the annual report.

With respect to measures and objectives in the Code of Conduct, see also → **Sustainability strategy**.

SANCTIONS DUE TO NON-COMPLIANCE (GRI 419-1)

There were no sanctions due to non-compliance in the reporting year.

10.4 CUSTOMERS

CUSTOMER RELATIONS

MANAGEMENT APPROACH CUSTOMER RELATIONS

Geberit provides its customers – notably plumbers and sanitary engineers – with a wide, proven range of training courses. In the reporting year, some 22,000 professionals were provided with education and further training on Geberit products, tools, software tools and installation skills at 29 Geberit Information Centres in Europe and overseas. Furthermore, Geberit gave support to plumbers, architects and sanitary engineers via webinars on fire protection and sound insulation, drinking water hygiene and other issues. Notably due to the COVID-19 pandemic, the reporting year saw much greater use made of webinars and alternative training formats than in previous years, with more than 52,000 participants in attendance.

Geberit's product portfolio comprises around 60,000 articles, a range that calls for extensive know-how on the procurement, assembly and functionality of each product. This knowledge is essential in order to hone the specialist skills of the employees and prepare them for the challenges posed by the market, as well as to stand out as a company with qualified specialist personnel. In order to ensure that this know-how is kept up-to-date, Geberit has developed the Geberit Campus – an international learning platform for employees that can be used in every market. The Campus enables Geberit to centrally collect and provide know-how. Furthermore, interactive eLearning courses are offered, as well as seminars at the Geberit Information Centres. Geberit products and areas of expertise such as fire protection and sound insulation are focal points of knowledge transfer. For further information, see → **Business Report > Business and financial review > Financial Year 2020 > Customers**.

CUSTOMER HEALTH AND SAFETY (GRI 416)

MANAGEMENT APPROACH CUSTOMER HEALTH AND SAFETY

For Geberit, high quality standards mean fulfilling customers' requirements in terms of functionality, reliability and application safety to the greatest possible extent. Corporate Product Quality is responsible for ensuring that suitable framework conditions promote a quality culture throughout the company, and that all employees act in a quality-conscious and independent manner.

Products undergo a defined quality assurance process from the first draft. Product Development is responsible for ensuring that the products developed are safe and user-friendly, and that they comply with all standards and statutory requirements. As an independent department, Product Quality is responsible for defining, arranging and monitoring all necessary inspections to ensure that these requirements are met. A clear organisational distinction is drawn between Product Development and Product Quality. In addition, many products are also examined by external authorisation bodies.

Following market launch, an efficient handling of complaints with integrated error analysis, the initiation of sustained corrective measures and the continuous development of concepts for customer support takes place in cooperation with Sales, Production and Development. Geberit has achieved a high standard in the processing of complaints, and reacts directly and in a solution-oriented manner in each individual case.

Product Development and Product Quality are equally responsible for customer health and safety.

CONDUCTED HEALTH AND SAFETY ASSESSMENTS (GRI 416-1)

Generally speaking, Geberit products and services involve low risks for customers in terms of health and safety. Geberit nevertheless adopts a preventive approach within the scope of its comprehensive quality planning in order to test and ensure the health and safety requirements of all products from development to certification, through manufacture and storage, to installation, use and disposal. Eco-design workshops are held in the course of product development in order to optimise the use of suitable and ecological materials. If products or their use result in an increased risk to health or safety, Geberit's technical editorial staff ensures that this is communicated appropriately to customers, see → **GRI 417**.

NON-COMPLIANCE WITH HEALTH AND SAFETY REQUIREMENTS (GRI 416-2)

Throughout the Group, there were no court judgements or warnings against Geberit in the reporting period involving contraventions of regulations on the health and safety of products and services or product and service information. Furthermore, no sanctions were imposed in connection with Geberit products and services due to non-compliance with product liability regulations.

MARKETING AND PRODUCT LABELLING (GRI 417)

MANAGEMENT APPROACH MARKETING AND PRODUCT LABELLING

Most of Geberit's marketing activities continued to target plumbers and planning offices. Besides new or revamped digital tools, proven measures were continued – such as customer visits, training, and the publication of regularly updated technical documents, catalogues, brochures and magazines. Geberit is constantly increasing its activities in the area of Building Information Modelling (BIM), an interdisciplinary planning method that helps to optimise the entire planning and building process while enabling architects, sanitary engineers, building owners and building material manufacturers to share information efficiently, see Digitalisation/BIM.

Corporate Marketing is responsible for the labelling of products and services. Conveying product and application information in accordance with laws, standards and target groups is one of the main tasks of the Technical Documentation department that forms part of Corporate Marketing. A comprehensive portfolio of various document types and publication channels is available for this purpose. In the area of assembly and installation, Geberit focuses on multicultural and generally understandable images comprising detailed illustrations and guiding symbols. On top of this, more far-reaching information is provided for the plumber, architect and engineer target groups via various handbooks and skills brochures. In addition, product and safety data sheets are available for all products and target groups.

The end user target group is becoming increasingly important in the conveying of product information, as Geberit is addressing end users directly with more and more products. Geberit ensures safe handling and correct labelling by means of detailed operating documentation based on the prevailing standards and laws.

REQUIREMENTS FOR PRODUCT INFORMATION AND LABELLING (GRI 417-1)

Products involving the use of electricity, gas or dangerous substances – or those containing such substances – need to be appropriately labelled in accordance with the prevailing standards and laws. This includes providing information about the target group and its qualifications as well as the intended use and the existence of substances subject to labelling requirements. The distributor/supplier must publish this information in a national language of the target market in accordance with the prevailing laws and regulations. Whenever possible, plastic components must feature material labelling in order to facilitate recycling. 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.

Geberit has joined forces with the European Bathroom Forum (EBF) founded in 2017 to work on a new European water label that is to be used for a wide range of sanitary products. This is an all-encompassing, voluntary and flexible instrument launched by the sanitary industry to support EU targets on resource efficiency. Moreover, 40% of bathroom furniture of the Geberit brand is FSC® certified (FSC-C134279).

NON-COMPLIANCE WITH PRODUCT INFORMATION AND LABELLING REQUIREMENTS (GRI 417-2)

Two cases of incorrect labelling came to light in the reporting year, and these were both corrected.

NON-COMPLIANCE WITH MARKETING COMMUNICATIONS REQUIREMENTS (GRI 417-3)

In the reporting year, there were no known violations of marketing communications requirements.

DIGITALISATION/BIM

MANAGEMENT APPROACH DIGITALISATION/BIM

A significant share of the company's 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 Geberit sales representatives. Digital tools are playing an increasingly important role here. As part of the digitalisation initiative, a dedicated team at Group level and in selected test markets is involved in developing and launching digital tools that are tailored to the different needs of the respective target groups.

In order to respond to the needs of end users as effectively as possible, various digital tools were launched and further developed. An “inspiration tool” for end users is now in use in 15 markets in Europe. A 3D planning tool was also developed, providing a precise and realistic platform for end users to design their future bathroom. Meanwhile, a new CRM system introduced in all main markets allows Geberit to tailor its offer to the requirements of prospective end users who are interested in sanitary products. Potential customers are made aware of Geberit's websites through a campaign in digital media, where they can then find inspirations, information and digital tools. 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.

Geberit's online catalogue has been set up on an extremely high-performance platform. Information relating to products and spare parts is available from a single source and can be displayed on various devices. Information searches are intuitive, also enabling easy navigation on mobile devices at the construction site.

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. Another tool designed for everyday use is the Geberit Pro app for craftsmen. This offers sanitary professionals support when it comes to the correct installation of Geberit products. Things are rounded off by other digital helpers, such as a calculator for using Mapress pipes in industrial applications or a self-learning programme for detecting actuator plates and concealed cisterns.

Building Information Modelling (BIM) is an interdisciplinary planning method that aims to optimise the entire planning and building process, while enabling architects, sanitary engineers, building material manufacturers and building owners to share information efficiently. This helps them to avoid planning errors and improve productivity. For a number of years now, Geberit has been providing BIM users with support in the form of product data and calculation modules. The team of BIM experts was completed in 2019 and forged ahead with its job of processing BIM data for Geberit's entire product range. The team also developed a plug-in for the Revit planning software, which gives sanitary engineers direct access to compact 3D models that are always kept up to date, plus the corresponding planning parameters. 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.

As a result of the restrictions enforced due to the COVID-19 pandemic, it was only possible to provide around 22,000 (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.

Geberit responded quickly to the spate of trade fair cancellations in 2020 due to COVID-19. For example, the German sales organisation decided to offer trade professionals a virtual 360° tour of the booth that had been planned for the cancelled trade fair in Essen (DE). 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 interested parties.

DATA PROTECTION (GRI 418)

MANAGEMENT APPROACH DATA PROTECTION

With the EU's General Data Protection Regulation (GDPR) coming into force, data protection has become an even more important issue for Geberit. It was incorporated into the Geberit Compliance System in 2019, and the data protection processes and tools were expanded and optimised during implementation of the GDPR, which was concluded in the reporting year. In addition, comprehensive training activities were organised and Geberit's data-protection compliance organisation was reviewed by external auditors.

COMPLAINTS CONCERNING VIOLATIONS OF CUSTOMER DATA PRIVACY (GRI 418-1)

In the reporting year, there were no known complaints concerning violations of customer data privacy.

KEY FIGURES ENVIRONMENT

ENVIRONMENTAL IMPACT

| Environmental impact | 2020 UBP | 2019 UBP | Deviation % |
|-----------------------------------|----------------|----------------|----------------|
| Electricity | 84,586 | 93,736 | -9.8 |
| Combustibles | 88,711 | 93,641 | -5.3 |
| Fuels | 12,601 | 16,280 | -22.6 |
| Disposal | 3,539 | 4,312 | -17.9 |
| Solvents | 1,064 | 1,214 | -12.3 |
| Water and waste water | 2,271 | 2,531 | -10.3 |
| Total environmental impact | 192,772 | 211,714 | -8.9 |

UBP = Ecopoints in million UBP in accordance with the Swiss Ecological Scarcity Method (version 2013)

MATERIAL USAGE

| Material usage | 2020 Tonnes | 2019 Tonnes | Deviation % |
|-----------------------------|----------------|----------------|----------------|
| Raw material plastics | 72,430 | 75,889 | -4.6 |
| Raw material metal | 68,443 | 68,349 | 0.1 |
| Raw material mineral | 159,033 | 170,647 | -6.8 |
| Other raw materials | 2,592 | 2,759 | -6.1 |
| Semi-finished products | 58,957 | 52,431 | 12.4 |
| Finished products | 47,406 | 49,638 | -4.5 |
| Total material usage | 408,861 | 419,713 | -2.6 |

ENERGY CONSUMPTION

| Energy consumption | Unit | 2020 | 2019 | Deviation % |
|-----------------------------------|----------------|------------|------------|----------------|
| Electricity | GWh | 215.7 | 222.3 | -2.9 |
| District heating | GWh | 13.8 | 14.9 | -7.1 |
| Combustibles | | | | |
| Natural gas | m ³ | 38,876,794 | 40,817,278 | -4.8 |
| Biogas | m ³ | 888,535 | 878,974 | 1.1 |
| Liquified petroleum gas (LPG) | Tonnes | 5,310.5 | 5,747.4 | -7.6 |
| Diesel for electricity generation | l | 8,456 | 19,375 | -56.4 |
| Heating oil extra light | Tonnes | 26.4 | 5.1 | 421.7 |
| Fuels | | | | |
| Gasoline | l | 199,205 | 249,292 | -20.1 |
| Diesel | l | 1,956,398 | 2,536,977 | -22.9 |
| Liquified petroleum gas (LPG) | kg | 119,905 | 141,646 | -15.3 |
| Natural gas (CNG) | kg | 0 | 3,281 | -100.0 |

| | 2020 TJ | 2019 TJ | Deviation % |
|---|----------------|----------------|----------------|
| Energy consumption | | | |
| Electricity | 776.6 | 800.2 | -2.9 |
| District heating | 49.8 | 53.5 | -7.1 |
| Combustibles | 1,694.7 | 1,784.8 | -5.0 |
| Natural gas | 1,415.1 | 1,485.8 | -4.8 |
| Biogas | 32.3 | 32.0 | 1.1 |
| Liquified petroleum gas (LPG) | 245.9 | 266.1 | -7.6 |
| Diesel for electricity generation | 0.3 | 0.7 | -56.4 |
| Heating oil extra light | 1.1 | 0.2 | 421.7 |
| Fuels (gasoline, diesel, LPG, CNG) | 82.1 | 105.7 | -22.3 |
| Total energy consumption | 2,603.2 | 2,744.2 | -5.1 |

ELECTRICITY MIX

| Electricity mix 2020 | GWh | Renewable % | Fossil % | Nuclear % | Others % |
|------------------------------|--------------|----------------|-------------|--------------|-------------|
| Europe | 135.5 | 22.2 | 58.3 | 18.2 | 1.3 |
| USA | 6.3 | 9.6 | 70.3 | 19.4 | 0.7 |
| China | 4.8 | 19.1 | 78.8 | 2.1 | 0.0 |
| India | 1.5 | 16.4 | 81.8 | 1.8 | 0.0 |
| Green electricity | 67.6 | 100.0 | 0.0 | 0.0 | 0.0 |
| Total electricity mix | 215.7 | 46.1 | 41.0 | 12.1 | 0.8 |

| Electricity mix 2019 | GWh | Renewable % | Fossil % | Nuclear % | Others % |
|------------------------------|--------------|----------------|-------------|--------------|-------------|
| Europe | 155.3 | 25.0 | 53.8 | 19.8 | 1.4 |
| USA | 6.9 | 9.6 | 70.3 | 19.4 | 0.7 |
| China | 5.6 | 19.1 | 78.8 | 2.1 | 0.0 |
| India | 1.8 | 16.4 | 81.8 | 1.8 | 0.0 |
| Green electricity | 52.7 | 100.0 | 0.0 | 0.0 | 0.0 |
| Total electricity mix | 222.3 | 42.1 | 42.4 | 14.5 | 1.0 |

WATER AND WASTE WATER

| Water | 2020 m ³ | 2019 m ³ | Deviation % |
|----------------------|------------------------|------------------------|----------------|
| Drinking water | 363,599 | 376,430 | -3.4 |
| Well water | 387,188 | 414,902 | -6.7 |
| River and lake water | 195,560 | 238,037 | -17.8 |
| Rain water | 6,937 | 7,578 | -8.5 |
| Total water | 953,284 | 1,036,947 | -8.1 |

| Waste water | 2020 m ³ | 2019 m ³ | Deviation % |
|--------------------------|------------------------|------------------------|----------------|
| Domestic waste water | 207,108 | 223,404 | -8.8 |
| Process water ceramic | 485,460 | 558,128 | -13.0 |
| Other waste water | 17,175 | 18,107 | -5.1 |
| Total waste water | 709,743 | 799,639 | -11.2 |

EMISSIONS

| CO₂ emissions | 2020 Tonnes | 2019 Tonnes | Deviation % |
|---------------------------------------|------------------------|------------------------|------------------------|
| from combustibles (Scope 1) | 101,094 | 106,609 | -5.2 |
| from fuels (Scope 1) | 6,065 | 7,807 | -22.3 |
| from process emissions (Scope 1) | 244 | 608 | -59.9 |
| from electricity (Scope 2) | 98,825 | 107,160 | -7.8 |
| from district heating (Scope 2) | 325 | 455 | -28.6 |
| Total CO₂ emissions | 206,553 | 222,639 | -7.2 |

Calculation of CO₂ emissions according to IPCC 2013

| Air emissions | | 2020 kg | 2019 kg | Deviation % |
|----------------------|--------------------------------|--------------------|--------------------|------------------------|
| NO _x | direct | 47,737 | 51,686 | -7.6 |
| | indirect | 130,304 | 147,915 | -11.9 |
| | Total NO_x | 178,041 | 199,601 | -10.8 |
| SO ₂ | direct | 1,319 | 1,366 | -3.4 |
| | indirect | 250,278 | 286,047 | -12.5 |
| | Total SO₂ | 251,597 | 287,413 | -12.5 |
| NMVOC | direct | 75,138 | 74,797 | 0.5 |
| | indirect | 16,896 | 19,059 | -11.4 |
| | Total NMVOC | 92,034 | 93,856 | -1.9 |
| Dust (PM10) | direct | 371 | 435 | -14.8 |
| | indirect | 27,342 | 30,916 | -11.6 |
| | Total dust | 27,713 | 31,351 | -11.6 |
| CFC11 equivalents | direct | 0.3 | 0.7 | -62.4 |
| | indirect | 7.6 | 8.8 | -12.5 |
| | Total CFC11 equivalents | 7.9 | 9.5 | -16.7 |

Calculation based on Ecoinvent data version 3.1

WASTE

| Waste | 2020 Tonnes | 2019 Tonnes | Deviation % |
|---------------------------------|------------------------|------------------------|------------------------|
| to incineration | 1,122 | 1,308 | -14.2 |
| to inert waste landfill | 10,216 | 13,580 | -24.8 |
| to mixed waste landfill | 917 | 971 | -5.6 |
| to external recycling | 60,451 | 62,717 | -3.6 |
| to hazardous waste incineration | 742 | 957 | -22.5 |
| to hazardous waste recycling | 521 | 516 | 0.9 |
| Total waste | 73,969 | 80,049 | -7.6 |

KEY FIGURES EMPLOYEES AND SOCIETY

WORKFORCE

| Workforce as of December 31 | 2020 | Share % | 2019 | Share % |
|-----------------------------|---------------|--------------|---------------|--------------|
| Germany | 3,297 | 28.5 | 3,267 | 28.1 |
| Poland | 1,647 | 14.2 | 1,658 | 14.3 |
| Switzerland | 1,454 | 12.6 | 1,435 | 12.4 |
| Ukraine | 602 | 5.2 | 639 | 5.5 |
| Austria | 565 | 4.9 | 555 | 4.8 |
| Italy | 538 | 4.6 | 533 | 4.6 |
| China | 495 | 4.3 | 531 | 4.6 |
| Others | 2,971 | 25.7 | 3,001 | 25.7 |
| Total | 11,569 | 100.0 | 11,619 | 100.0 |
| Production | 6,901 | 59.7 | 6,960 | 59.8 |
| Marketing and sales | 3,067 | 26.5 | 3,041 | 26.2 |
| Administration | 958 | 8.2 | 958 | 8.3 |
| Research and development | 381 | 3.3 | 396 | 3.4 |
| Apprentices | 262 | 2.3 | 264 | 2.3 |
| Total | 11,569 | 100.0 | 11,619 | 100.0 |
| Permanent | 9,797 | 84.7 | 9,696 | 83.4 |
| Temporary | 1,772 | 15.3 | 1,923 | 16.6 |
| Total | 11,569 | 100.0 | 11,619 | 100.0 |
| Full-time | 11,012 | 95.2 | 11,066 | 95.2 |
| Part-time | 557 | 4.8 | 553 | 4.8 |
| Total | 11,569 | 100.0 | 11,619 | 100.0 |
| Management | 213 | 1.8 | 216 | 1.9 |
| Employees | 11,356 | 98.2 | 11,403 | 98.1 |
| Total | 11,569 | 100.0 | 11,619 | 100.0 |

Information in full-time equivalents

DIVERSITY

| Diversity as of December 31, 2020 | | Management % | Employees % | Total % |
|-----------------------------------|---------------|--------------|-------------|---------|
| Proportion of female employees | | 11 | 25 | 24 |
| Age structure | > 45 years | 75 | 42 | 42 |
| | 30 - 45 years | 24 | 42 | 42 |
| | < 30 years | 1 | 16 | 16 |
| Diversity as of December 31, 2019 | | Management % | Employees % | Total % |
| Proportion of female employees | | 11 | 24 | 24 |
| Age structure | > 45 years | 76 | 41 | 42 |
| | 30 - 45 years | 24 | 42 | 42 |
| | < 30 years | 0 | 17 | 16 |

FLUCTUATION

| Fluctuation excl. natural departures | | 2020 | Rate % | 2019 | Rate % |
|---|---------------|------------|------------|------------|------------|
| Age group | > 45 years | 146 | 3.2 | 206 | 4.6 |
| | 30 - 45 years | 256 | 6.2 | 292 | 7.1 |
| | < 30 years | 102 | 10.0 | 133 | 13.0 |
| Gender | Male | 381 | 5.1 | 474 | 6.4 |
| | Female | 123 | 5.4 | 157 | 7.1 |
| Region | Germany | 80 | 2.9 | 74 | 3.3 |
| | Poland | 59 | 4.7 | 62 | 5.1 |
| | Switzerland | 81 | 6.2 | 91 | 7.1 |
| | Ukraine | 86 | 14.2 | 88 | 14.0 |
| | Austria | 41 | 7.8 | 42 | 7.9 |
| | Italy | 12 | 2.5 | 6 | 1.3 |
| | China | 13 | 5.9 | 17 | 7.4 |
| | Others | 132 | 5.9 | 251 | 11.5 |
| Total fluctuation excl. natural departures | | 504 | 5.2 | 631 | 6.5 |

| Fluctuation incl. natural departures | | 2020 | Rate % | 2019 | Rate % |
|---|---------------|------------|------------|------------|------------|
| Age group | > 45 years | 304 | 6.6 | 380 | 8.4 |
| | 30 - 45 years | 258 | 6.2 | 297 | 7.2 |
| | < 30 years | 102 | 10.0 | 133 | 13.0 |
| Gender | Male | 505 | 6.8 | 590 | 8.0 |
| | Female | 159 | 7.0 | 220 | 9.9 |
| Region | Germany | 145 | 5.3 | 154 | 6.9 |
| | Poland | 69 | 5.5 | 66 | 5.5 |
| | Switzerland | 104 | 7.9 | 115 | 8.9 |
| | Ukraine | 91 | 15.0 | 90 | 14.3 |
| | Austria | 51 | 9.7 | 54 | 10.2 |
| | Italy | 15 | 3.1 | 10 | 2.2 |
| | China | 19 | 8.6 | 26 | 11.3 |
| | Others | 170 | 7.6 | 295 | 13.5 |
| Total fluctuation incl. natural departures | | 664 | 6.8 | 810 | 8.4 |

Information in headcounts
Natural departures includes retirements

TRAINING AND EDUCATION

| Training and education | Hours per employee | 2020 | 2019 | Deviation % |
|-------------------------------------|--------------------|-------------|-------------|-------------|
| Women | | 16.9 | 12.7 | 33.1 |
| Men | | 15.3 | 14.2 | 7.7 |
| Management | | 11.1 | 14.0 | -20.7 |
| Other employees | | 15.8 | 13.8 | 14.5 |
| Training and education group | | 15.7 | 13.8 | 13.8 |

PERSONNEL EXPENSES

| Personnel expenses | 2020 MCHF | 2019 MCHF | Deviation % |
|---------------------------------|--------------|--------------|----------------|
| Wages and salaries | 570.9 | 578.9 | -1.4 |
| Pension contributions | 42.0 | 31.5 | 33.3 |
| Other social benefits | 105.8 | 108.5 | -2.5 |
| Other personnel expenses | 31.7 | 33.2 | -4.5 |
| Total personnel expenses | 750.4 | 752.1 | -0.2 |

SOCIAL ENGAGEMENT

| Social engagement | Unit | 2020 | 2019 | Deviation % |
|-------------------------------|-------|------|-------|----------------|
| Donations and contributions | MCHF | 4.0 | 4.1 | -2.4 |
| Orders to social institutions | MCHF | 8.5 | 7.9 | 7.6 |
| Charitable work | Hours | 450 | 3,409 | -86.6 |

HEALTH AND SAFETY

| Health and safety | 2020 | 2019 | Deviation % |
|---|-------|-------|----------------|
| Number of occupational accidents | 170 | 193 | -11.9 |
| Accident frequency rate (AFR) | 8.9 | 9.8 | -9.2 |
| Lost days due to occupational accidents | 3,294 | 3,688 | -10.7 |
| Accident severity rate (ASR) | 171.9 | 187.6 | -8.4 |

Accident frequency rate (AFR) = Number of occupational accidents per million working hours performed

Accident severity rate (ASR) = Number of lost working days due to accidents per million working hours performed

| Absenteeism rate per region 2020 | Illness % | Accident % | Total % |
|----------------------------------|--------------|---------------|-------------|
| Europe | 4.82 | 0.12 | 4.94 |
| Asia | 2.19 | 0.01 | 2.19 |
| USA | 2.14 | 0.03 | 2.17 |
| Others | 0.55 | 0.00 | 0.55 |
| Absenteeism rate group | 4.57 | 0.11 | 4.68 |

| Absenteeism rate per region 2019 | Illness % | Accident % | Total % |
|----------------------------------|--------------|---------------|-------------|
| Europe | 4.79 | 0.13 | 4.92 |
| Asia | 2.02 | 0.03 | 2.05 |
| USA | 1.43 | 0.02 | 1.45 |
| Others | 1.49 | 0.00 | 1.49 |
| Absenteeism rate group | 4.52 | 0.12 | 4.64 |

Absenteeism rate based on regular working hours

IMPRINT

OVERALL RESPONSIBILITY/EDITORIAL

Geberit International AG
Corporate Communications
Schachenstrasse 77
CH-8645 Jona
→ corporate.communications@geberit.com

TEXT

Geberit AG, Rapperswil-Jona;
sustainserv, Zurich and Boston

CONCEPT, DESIGN AND TECHNICAL REALISATION

EQS Group AG, Munich

CONCEPT AND DESIGN HOMEPAGE

Westhive AG, Zurich

CONCEPT GRAPHICS (SELECTED)

MADE Identity AG, Zurich

PHOTOS

Ben Huggler and Geberit International AG (Insight „Intelligent data for digital planning“); **Adam Letch** (Insight „Wild at heart“); **Ben Huggler** (Insight „A perfect flow“); **Geberit International AG** (Insight „No data, no sale“); **Geberit International AG** (Insight „Try out the AquaClean feeling back home“); **Geberit International AG** (Insight „Face shields in the fight against the coronavirus“); **Ben Huggler** (Insight „Non-stop“); **Geberit International AG** (Insight „Robust pipes“); **Geberit International AG** (Insight „A sought-after expert“); **Martin Michel** (Insight „Taking care of the tunnel kiln“); **Ben Huggler** (Insight „Comfort moves in“); **Ben Huggler** (Insight „No stress...“); **Soren Gammelmark** (Insight „Eat, drink and be amazed“); **Ben Huggler** (Insight „Stylish toilet facilities“); **Laurian Ghinitoiu** (Insight „A MÉCA for art“); **Gabriel Anta y Ana Santos and Stefan Hohloch** (Insight „A successful transformation“); **Geberit International AG** (Insight „Knowledge transfer“); **Geberit International AG** (Insight „Style and storage space“); **Geberit International AG** (Insight „Virtual pressing“); **Ben Huggler** (Insight „A clever channel“); **Ben Huggler** (Insight „Green Logistics“); **Ben Huggler** (Insight „Every nuance counts“); **Geberit International AG** (Insight „Help for children in Moldova“); **Helge Kirchberger** (Insight „Eye-catcher“); **Gonzalo Botet** (Insight „Award-winner“); **Ben Huggler** (Insight „From the microscale to the nanoscale“); **Geberit International AG** (Insight „Staying on the ball“); **Ben Huggler** (Insight „Each plate is one of a kind“); **Geberit International AG** (Insight „A major effort of Geberit“); **SEED Audiovisual Communication AG and Geberit International AG** (Insight „On your marks...“); **Geberit International AG** (Insight „Virtual product presentation“)

VIDEOS

Ben Huggler (Insight „Non-stop“); **Geberit International AG** (Insight „Robust pipes“); **Geberit International AG** (Insight „Virtual pressing“); **Ben Huggler** (Insight „A clever channel“); **SEED Audiovisual Communication AG and Geberit International AG** (Insight „On your marks...“); **SEED Audiovisual Communication AG and Geberit International AG** (Editorial video Chairman of the Board of Directors)

The statements in this review relating to matters that are not historical facts are forward-looking statements that are not guarantees of future performance and involve risks and uncertainties, including but not limited to: future global economic conditions, foreign exchange rates, statutory rulings, market conditions, the actions of competitors and other factors beyond the control of the Company.

This annual report is published in German and English as an online version.
The online German version is binding.