



GEBERIT GROUP

INTEGRATED ANNUAL REPORT 2018

HIGHLIGHTS OF THE BUSINESS YEAR 2018



CLEVER INVESTMENTS

In 2018, investments in property, plant and equipment and intangible assets amounted to CHF 162 million. The majority of this sum was used for expanding the production capacities and optimising processes. Using four different projects, Geberit gives an insight into its current investment activities. → [Learn more](#)



WASHBASIN VARIETY

The VariForm washbasin range adds a more systematic approach and variety to the range for public and private washbasin areas. The washbasins are available in the four basic shapes round, oval, elliptic and rectangular, with a lay-on, countertop and under-countertop model available for each shape. → [Learn more](#)



DIGITALISATION IN FOCUS

The topic of digitalisation was promoted in various areas and the skills required for this were developed further. During the course of the year, many existing applications were enhanced, while others were launched and geared towards new customer needs. → **Learn more**



PROVEN A BILLION TIMES OVER

In April 2018, the billionth pressfitting for metal pipes was manufactured in the production plant in Langenfeld (DE). This milestone is clear proof of the success of a connection technology that has been the standard for decades when it comes to supply systems in technical building systems and industry. → **Learn more**



STRENGTHENING THE GEBERIT BRAND

An important step in the new brand strategy will be implemented in 2019. In key markets such as Germany, Switzerland and Austria, ceramic products and bathroom series will only be offered under the Geberit brand in future, while established brands such as Keramag will be discontinued. In 2018, Geberit prepared in detail for the streamlining of the brand portfolio. After all, this is a step that affects almost all areas of the company – including production, logistics, product data, marketing, and the sales organisations. → **Learn more**



VALUES IN FOCUS

Well over 6,000 employees are affected by the streamlining of the brand portfolio. In order to give them a better understanding of the values of the brand and the company Geberit, a series of cultural workshops were held at various sales and production sites. → [Learn more](#)



GOOD PLANNING IS HALF THE BATTLE

When a cruise ship docks at the Helix terminal in the Port of Barcelona (ES), up to 5,000 people flock ashore and the modernly equipped sanitary facilities are suddenly a beehive of activity. The staff therefore greatly appreciate the easy-to-clean urinals, wall-hung WCs and electronic washbasin taps from Geberit. → [Learn more](#)

HIGHLIGHTS OF THE FINANCIAL YEAR 2018

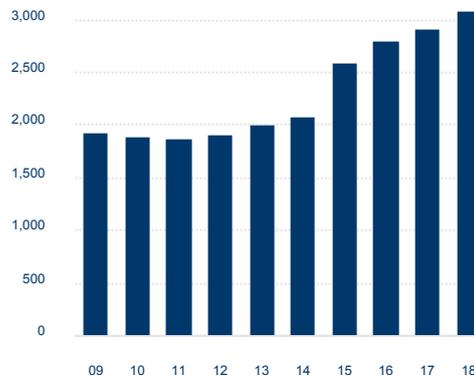
Sales

+3.1%

Currency-adjusted sales growth in 2018

Sales development 2009 – 2018

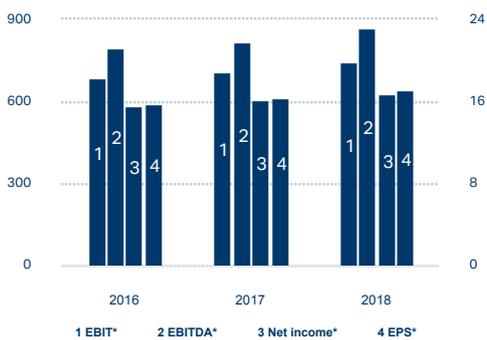
(in CHF million)



EBIT, EBITDA, Net income, Earnings per share (EPS) 2016 – 2018

(in CHF million)

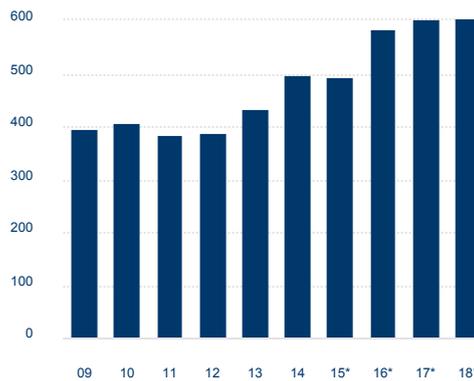
(EPS: in CHF)



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

Net income development 2009 – 2018

(in CHF million)



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

Operating cashflow margin (EBITDA margin)

28.2%

Around previous year's performance

Free cashflow (in CHF)

582 million

+22.2% versus prior year

Adjusted earnings per share
(in CHF)

17.21

+4.7% versus prior year

Payout ratio

62.7%

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)

162 million

+1.9% versus prior year

R&D expenditures
(in CHF)

78 million

Around previous year's
performance

Currency effects in sales
(in CHF)

+83 million

Currency effects in EBIT
(in CHF)

+16 million

GEBERIT KEY FIGURES

2014 – 2018

		2018	2017	2016	2015	2014
Sales	MCHF	3,081	2,908	2,809	2,594	2,089
Change on previous year	%	+5.9	+3.5	+8.3	+24.2	+4.5
Change sales on previous year c.a./org.	%	+3.1	+3.5	+6.4	+2.7	+5.9
Operating profit (EBIT)²	MCHF	744	706	687	591	577
Margin in % of sales ²	%	24.2	24.3	24.4	22.8	27.6
Net income²	MCHF	626	604	584	493	499
Margin in % of sales ²	%	20.3	20.8	20.8	19.0	23.9
Operating cashflow (EBITDA)²	MCHF	868	821	795	694	657
Margin in % of sales ²	%	28.2	28.2	28.3	26.7	31.5
Free cashflow³	MCHF	582	476	557	484	460
Margin in % of sales ³	%	18.9	16.4	19.8	18.7	22.0
Financial results, net²	MCHF	-20	-9	-9	-17	-2
Capital expenditures	MCHF	162	159	139	147	105
Research and development expenses	MCHF	78	78	72	63	56
In % of sales	%	2.5	2.7	2.6	2.4	2.7
Earnings per share²	CHF	17.21	16.43	15.85	13.23	13.28
Distribution per share	CHF	10.80	10.40	10.00	8.40	8.30
Employees						
Number of employees (31.12.)		11,630	11,709	11,592	12,126	6,247
Annual average		11,803	11,726	11,972	12,477	6,303
Sales per employee	TCHF	261	248	235	208	331
Balance sheet						
		31.12.2018	31.12.2017	31.12.2016	31.12.2015	31.12.2014
Total assets	MCHF	3,502	3,743	3,601	3,554	2,432
Liquid funds and marketable securities	MCHF	282	413	510	460	750
Net working capital	MCHF	206	173	147	147	169
Property, plant and equipment	MCHF	829	813	727	715	551
Goodwill and intangible assets	MCHF	1,652	1,749	1,681	1,757	645
Total debt	MCHF	837	895	971	1,139	11
Equity	MCHF	1,745	1,837	1,635	1,482	1,717
Equity ratio	%	49.8	49.1	45.4	41.7	70.6
Gearing	%	31.8	26.3	28.2	45.9	-43.0
ROIC ²	%	22.6	22.4	21.5	20.1	35.5

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

2009 – 2013

		2013	2012 ¹	2011	2010	2009
Sales	MCHF	2,000	1,920	1,868	1,900	1,931
Change on previous year	%	+4.2	+2.8	-1.7	-1.6	-11.4
Change sales on previous year c.a./org.	%	+3.1	+4.2	+8.9	+4.9	-6.8
Operating profit (EBIT)²	MCHF	511	457	449	486	527
Margin in % of sales ²	%	25.5	23.8	24.1	25.6	27.3
Net income²	MCHF	436	388	384	407	398
Margin in % of sales ²	%	21.8	20.2	20.6	21.4	20.6
Operating cashflow (EBITDA)²	MCHF	593	537	532	574	611
Margin in % of sales ²	%	29.6	28.0	28.5	30.2	31.6
Free cashflow³	MCHF	444	391	386	494	350
Margin in % of sales ³	%	22.2	20.4	20.7	26.0	18.1
Financial results, net²	MCHF	-6	-7	-7	-14	-14
Capital expenditures	MCHF	98	86	93	81	106
Research and development expenses	MCHF	51	50	48	44	46
In % of sales	%	2.5	2.6	2.6	2.3	2.4
Earnings per share²	CHF	11.59	10.16	9.82	10.32	10.18
Distribution per share	CHF	7.50	6.60	6.30	6.00	6.40
Employees						
Number of employees (31.12)		6,226	6,134	6,004	5,820	5,608
Annual average		6,219	6,150	5,992	5,793	5,634
Sales per employee	TCHF	322	312	312	328	343
Balance sheet						
		31.12.2013	31.12.2012	31.12.2011	31.12.2010	31.12.2009
Total assets	MCHF	2,226	2,007	2,123	2,171	2,212
Liquid funds and marketable securities	MCHF	613	423	542	587	407
Net working capital	MCHF	128	134	114	109	181
Property, plant and equipment	MCHF	536	521	516	514	576
Goodwill and intangible assets	MCHF	646	638	645	659	753
Total debt	MCHF	12	15	76	73	111
Equity	MCHF	1,664	1,431	1,420	1,521	1,509
Equity ratio	%	74.8	71.3	66.9	70.0	68.2
Gearing	%	-36.1	-28.5	-32.9	-33.7	-19.6
ROIC ²	%	32.1	28.9	28.8	28.7	28.5

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

2018

EDITORIAL

Dear shareholders,

As in previous years, the construction industry in 2018 was shaped by developments that varied by region. In the year-on-year comparison, the market environment was characterised by increased volatility and a declining growth momentum in certain markets. With our solid sales growth and high profitability we can look back on a good financial year where we have further consolidated our position as the leading supplier of sanitary products in Europe.

Consolidated sales in 2018 increased by 5.9% to CHF 3,081 million. Total growth comprised growth in local currencies of 3.1% and a foreign currency effect of +2.8%. We were again able to gain market shares, particularly in those European countries in which our technology is still under-represented. As in previous years, one-off costs related to the Sanitec acquisition and integration had an impact on our results, although to a significantly lower extent and for the last time in this reporting year. Operating profit (EBIT) adjusted for these effects increased by 5.4% to CHF 744 million and the adjusted EBIT margin came to 24.2%. The increased year-on-year operating results were above all attributable to higher sales volumes, price increases, positive effects of the closure of two plants in France in the previous year, the introduction of new products as well as to continuous efficiency improvements, while higher raw material prices as well as tariff-related increases in personnel expenses had a negative impact. Adjusted net income rose by 3.7% to CHF 626 million, with an adjusted return on net sales of 20.3%. Adjusted earnings per share improved by 4.7% to CHF 17.21. The non-adjusted figures were CHF 708 million for the EBIT, CHF 597 million for net income and CHF 16.40 for earnings per share. Free cashflow increased by 22.2% to CHF 582 million, above all due to the gratifying rise in operating cashflow.

In 2018, we once again expanded our proven product range, with the following key new products launched on the market:

- The compact shower toilet Geberit AquaClean Tuma Classic complements the shower toilet range as a perfect entry-level model. This basic model offers the basic functions of a shower toilet, including WhirlSpray shower technology and a fully automatic descaling programme. It is offered as a complete solution with a rimless WC ceramic appliance or as a WC enhancement solution.
- The energy retaining valve is mounted on ventilation pipes which protrude from the roofs of many buildings and ensures pressure compensation in the discharge pipes. It opens only when pressure compensation is required. The rest of the time, it keeps the heat within the building and thereby saves a significant amount of energy.
- The manually adjustable sanitary flush unit Rapid flushes unused water pipes automatically and regularly. This prevents water from stagnating in a pipe over a longer period, which can lead to health risks.
- The VariForm washbasin range adds a more systematic approach and diversity to the range for public and private washbasin areas. The washbasins stand out due to their generous basin depth and high-quality ceramics. They are available in the four basic shapes round, oval, elliptic and rectangular, with a lay-on, countertop and under-countertop model available for each shape.

Based on the principles of flow production set out in the Geberit Production System (GPS) applicable throughout the Group, we once again initiated, promoted or brought to a conclusion numerous larger and smaller process optimisations within the plant network. This enabled substantial efficiency gains to be achieved, particularly in the area of ceramics production. Prime examples of this are the ceramics plants in Gaeta (IT) and Limoges (FR), where productivity was increased significantly. The GPS principles also formed the basis of all investments that we made in the area of plants and logistics. In the reporting year, the completion of factory buildings in Pfullendorf (DE), Langenfeld (DE) and Ozorków (PL), as well as new buildings for logistics and technical product development in Slavuta (UA) are particularly worthy of mention.

The environmental impact in relation to currency-adjusted sales (eco-efficiency) decreased by 7.3%. As regards the long-term target, which is based on an average annual decrease of 5% per year, we therefore remain on course. Since the start of the integration of the ceramics business in 2015, we have also succeeded in improving eco-efficiency and CO₂ emissions by a total of more than 20% each.

We further promoted the topic of digitalisation in various areas in 2018. Personnel and skills within the Digital team were significantly expanded at Group level, with the aim of developing and launching digital tools more quickly and efficiently. We launched and further developed various digital tools designed to respond to the needs of end users as effectively as possible. An "inspiration app" for end users is in use in Switzerland and France. A 3D planning tool was also developed, providing a creative platform for end users to design their future bathroom. A new CRM system piloted in the United Kingdom allows us to tailor our offer to the digital requirements of potential end users who are interested in sanitary products. Our online catalogue for craftsmen was set up on a new high-performance platform. Information relating to products and spare parts will now be available from a single source and can be displayed on various devices. This will also enable easy navigation by craftsmen on mobile devices at the building site. Furthermore, Geberit has been providing users of the interdisciplinary planning method BIM (Building Information Modelling) with product data and calculation modules for a number of years now. With this in mind, we have established and further expanded a specialised in-house team of BIM experts. BIM facilitates an efficient exchange of information between architects, sanitary engineers and building owners and aims to optimise the entire planning and building process. We have further advanced the integration and standardisation of the IT systems and processes at the former Sanitec plants. As planned, a corresponding project was prepared in the reporting year and implemented successfully on 1 January 2019 at the Scandinavian production sites in Ekenäs (FI), Bromölla and Mörrum (both SE).

We take our social responsibilities seriously, including the undertaking of social projects involving our own apprentices since 2008. The projects exhibit a strong relationship to the topic of water and to our core competencies. In 2018, the apprentices travelled to Morocco, where they renovated sanitary facilities in desolate conditions at several schools. We also continued our partnership with the Swiss development organisation Helvetas with a series of initiatives. Firstly, sanitary expertise adapted to the local conditions was passed on in a knowledge transfer project that took two Geberit employees to Mozambique and another two to Nepal in autumn 2018. Secondly, the "Change of Perspective" project was also implemented again, as two Swiss plumbers travelled to Nepal in November 2018, working there for a week with two Nepalese colleagues. Our activities in the area of social responsibility are rounded off by a multitude of other initiatives and fundraising campaigns at a local level.

In 2018, the Geberit share price fell by 10.9% to CHF 382.30. In the same period, the Swiss Market Index (SMI) posted losses of 10.2%. As in the past, we wish to let the shareholders benefit from the good development of the business and will maintain the attractive distribution policy of previous years. Therefore, we will propose to the General Meeting a dividend of CHF 10.80, which is 3.8% higher than in the previous year. The payout ratio of 62.7% of adjusted net income is in the upper range of the 50% to 70% corridor defined by the Board of Directors. The share buyback programme, launched on 6 June 2017, was also continued. By 31 December 2018, around 651,000 shares, or 1.8% of the share capital currently entered in the Commercial Register, had been acquired at a sum of CHF 276 million as planned. 97.3% of the free cashflow was therefore distributed to our shareholders during the reporting year as part of the dividend payment and the share buyback programme.

An important step in the new brand strategy will be implemented in 2019: in key markets such as Germany, Switzerland and Austria, we will only offer ceramic products and bathroom series under the Geberit brand in future, while established brands such as Keramag will be discontinued. A number of other markets or brands respectively, will implement these changes in 2020. During the reporting year, this streamlining of the brand portfolio was prepared in detail. After all, this is a step that affects almost all areas of the company – including production, logistics, product data, marketing, and the sales organisations. Our customers – particularly wholesalers and numerous showroom operators – were also informed of these measures in advance.

We owe the good results in the reporting year to the great commitment, high degree of motivation and expertise of our employees. We wish to express our thanks and appreciation for their exemplary performance. Our customers in the commercial and

trade sectors again deserve special thanks for their trust and constructive collaboration. Last but not least, we also wish to express our gratitude to you, esteemed shareholders, for your continued great trust in our company.

The objective in 2019 is to perform strongly across the entire product range and in all markets and, as in previous years, to gain market shares. There will be focused marketing of the new products that have been introduced in recent years. Markets in which Geberit products or technologies are still under-represented will be intensely cultivated, and the shower toilet business will be expanded further. In line with the Geberit strategy, these measures shall be accompanied by efforts to continuously optimise business processes and high margins shall be continued to be achieved in 2019. A focus will be placed on implementing the digitalisation strategy. The opportunities offered as a result of combining technical know-how in sanitary technology "behind the wall" and design expertise "in front of the wall" will continue to be firmly seized. We are convinced that the company is very well equipped for the upcoming opportunities and challenges.

Yours sincerely,



Albert M. Baehny
Chairman of the Board of Directors



Christian Buhl
CEO

GEBERIT SHARE INFORMATION

SHARE PRICE PERFORMANCE IN THE REPORTING YEAR

The Geberit share price started the new trading year at CHF 429.10 and reached its year high of CHF 466 at the end of January. After hitting a low of CHF 370 in December, the share price closed the 2018 trading year at CHF 382.30. Overall, this corresponds to a decrease of 10.9%. In the same period, the Swiss Market Index (SMI) posted losses of 10.2%. Viewed over the past five years, the Geberit share posted an annual average increase of 7.2% (SMI +0.5%). The Geberit Group's market capitalisation reached CHF 14.2 billion at the end of 2018.

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

At the end of 2018, 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 2018, CHF 381 million was distributed to shareholders as part of the dividend payment. The share buyback programme, launched on 6 June 2017, was also continued. By 31 December 2018, around 651,000 shares, or 1.8% of the share capital currently entered in the Commercial Register, had been acquired at a sum of CHF 276 million, CHF 185 million thereof in 2018. CHF 566 million, or 97.3% of the free cashflow, was therefore distributed to shareholders during the reporting year as part of the dividend payment and the share buyback programme.

Over the last five years, around CHF 2.2 billion has been paid out to shareholders in the form of distributions or share buybacks.

The Board of Directors will propose to the ordinary General Meeting of Geberit AG on 3 April 2019 an increase in the dividend of 3.8% to CHF 10.80 in line with the increase seen in the previous year. The payout ratio of 62.7% of adjusted net income is in the upper range of the 50% to 70% corridor defined by the Board of Directors.

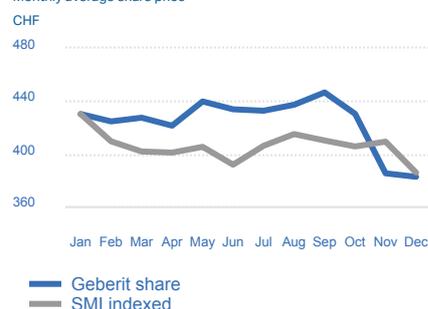
COMMUNICATION

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. – 31.12.2018

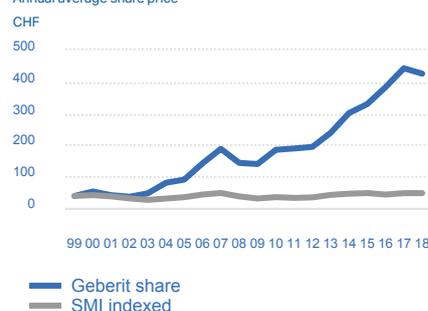
Monthly average share price



Source: Thomson Reuters

Share price development 22.6.1999 (IPO) – 31.12.2018

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)

	2014	2015	2016	2017	2018	Total
Distribution	282	311	309	368	381	1,651
Share buyback	37	160	51	92	185	525
Total	319	471	360	460	566	2,176

Distribution paid

(in CHF per share)

	2014	2015	2016	2017	2018
Dividend	7.50	8.30	8.40	10.00	10.40
Capital redemption	-	-	-	-	-
Total	7.50	8.30	8.40	10.00	10.40

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

31.12.2018

Registered shareholders	37,427
Capital stock (CHF)	3,704,142.70
Number of registered shares of CHF 0.10 each	37,041,427
Registered shares	21,226,515
Treasury shares	999,182
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)

	2017	2018
Net income ¹	16.43	17.21
Net cashflow	17.41	20.53
Equity	49.95	47.94
Distribution ²	10.40	10.80

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

² Subject to approval of the General Meeting 2019

Time schedule

2019

General Meeting	3 Apr
Dividend payment	9 Apr
Interim report first quarter	2 May
Half-year report	15 Aug
Interim report third quarter	31 Oct

2020

First information 2019	16 Jan
Results full year 2019	10 Mar
General Meeting	1 Apr
Dividend payment	7 Apr
Interim report first quarter	30 Apr
Half-year report	18 Aug
Interim report third quarter	29 Oct

(Subject to minor changes)

MANAGEMENT STRUCTURE

1 January 2019

Board of Directors

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

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

BUSINESS REPORT

**BUSINESS AND
FINANCIAL REVIEW**
2018

STRATEGY

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



- 1. Focus on sanitary products:** Geberit concentrates on sanitary and piping systems for transporting water in buildings, as well as bathroom ceramics and furniture. 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, statics, fire protection, hygiene and acoustics, as well as process and materials technology. The insights gained are systematically applied in the development of products and systems for the benefit of customers. Here, the aspects of design are constantly growing in importance.
- 3. Selective geographic expansion:** an important factor in long-term success is stronger growth in the markets in which Geberit products or technology are still under-represented. Outside Europe, Geberit concentrates on the most promising markets. These include North America, China, Southeast Asia, Australia, the Gulf Region, South Africa and India. With the exception of North America and Australia, the company mainly engages in project business in these markets. The company always adheres strictly to the existing high standards in terms of quality and profitability.
- 4. Continuous optimisation of business processes:** 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.

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 sales growth that outstrips the industry average. Basically, Geberit is aiming to achieve its sales targets while at the same time maintaining its industry leadership in terms of profitability and the ability to generate high cashflows.

The growth in 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 CHF 180 million in 2019; in the medium term it will be around 5% of sales.

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

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

1. **"Push-Pull" sales model**, which concentrates on the key decision-makers in the sanitary industry (wholesalers, plumbers and sanitary engineers, architects, general contractors, investors, showroom operators)
2. **Technology penetration**, which involves replacing outdated technologies with new, more innovative sanitary products and systems
3. **Value strategy**, to increase the proportion of higher-added-value products – particularly in markets in which Geberit products already have a high degree of market penetration
4. **Geberit AquaClean initiative**, to further expand the shower toilet category in Europe as well as Geberit's market position in this category
5. **Innovation leadership** in the sanitary industry in order to set new standards
6. **Continuous process and cost optimisation**

VALUE-ORIENTED MANAGEMENT

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

The remuneration model for Group management as a whole (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 plus 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 and systematic dual sourcing 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.

In the reporting year, the company's IT systems underwent a comprehensive and detailed security check involving the input of an external specialist. This check confirmed that the company's IT systems have an adequate level of security.

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:

- 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

STABLE BUSINESS CLIMATE

As in previous years, the construction industry in 2018 was shaped by developments that varied by region. In the year-on-year comparison, the market environment was characterised by slightly lower growth.

In November 2018, Euroconstruct forecasted an increase in building construction for **Europe** in 2018 of +2.3% – identical to the estimate from mid-2018. A comparison with older forecasts confirms the stable outlook: at the end of 2017, Euroconstruct also expected building construction to increase by +2.3% in 2018. At +3.8%, new construction reported much stronger growth in 2018 than renovations (+1.0%). However, the volume for new buildings still lagged a long way behind the record highs of 2007/2008 in 2018. In contrast, renovation volumes were almost on a par again with the level seen at that time – or even slightly above in the case of residential construction. At +2.8%, residential construction was the growth driver for building construction in 2018. According to Euroconstruct, the following countries that are important to Geberit in terms of sales did well in 2018: the Netherlands (+6.1%), France (+2.6%), Austria (+2.4%), Italy (+1.6%), Germany (+1.4%) and Switzerland (+1.0%). However, growth weakened overall compared to 2017.

Of the total European construction volume of EUR 1,563 billion in 2018, 80% was generated by building construction. The ratio of residential to non-residential building construction remained the same at around 60 to 40 percent. In spite of stronger growth, new construction as a share of total building construction continued to lag behind the renovation business in 2018.

In the **US**, gross domestic product (GDP) rose by +2.9%, and the economy grew faster than in 2017 (+2.3%). Investments in building construction increased by +3.9% according to figures as of end of November, 2018 for the U.S construction industry as published by the U.S. Department of Commerce, United States Census Bureau. Within building construction, investments in non-residential construction increased by +3.8%, which was more than in the previous year (+1.2%). This development was supported by the hotel and office buildings sectors. The healthcare/hospitals and schools/universities segments, which are important for Geberit, developed with +2.6% slightly stronger compared to the previous year (+2.0%). Residential construction in the reporting year performed better than in the previous year; however, the number of building permits for new private residential units only increased by +2.8% after the previous year's performance of +6.2%.

In the **Far East/Pacific** region, economic growth amounted to +4.6% – slightly down on the previous year (+4.8%) but significantly higher than global economic growth (+3.0%). At 53%, more than half of the global growth once again originated from the Far East/Pacific region, where all relevant economies enjoyed positive growth. As in previous years, China contributed around 60% to the growth of this region. The Chinese residential construction sector continued to grow moderately in both tier one and tier two cities (aforementioned figures covering the world economy and the performance of the Far East/Pacific were published in the October 2018 edition of the IMF World Economic Outlook).

Construction output and Geberit sales in Europe 2014–2018

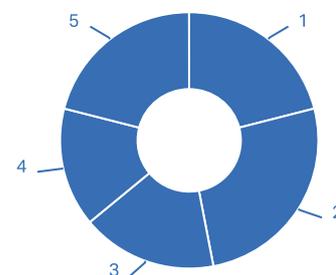
(Index: 2013 = 100)



Source: 86th Euroconstruct conference in Paris (FR), November 2018, and 85th Euroconstruct conference in Helsinki (FI), June 2018

Total construction output Europe 2018

(EUR 1,563 billion)



- 1 Residential – new (21%)
- 2 Residential – renovation (26%)
- 3 Non-residential – new (17%)
- 4 Non-residential – renovation (15%)
- 5 Civil engineering (21%)

Source: 86th Euroconstruct conference in Paris (FR), November 2018

SALES

SOLID SALES DEVELOPMENT

Consolidated sales in 2018 increased by 5.9% to CHF 3,081 million. Total growth comprised growth in local currencies of +3.1% and a foreign currency effect of +2.8%. Geberit was able to gain further market shares, particularly in those European countries in which Geberit technology is still under-represented.

The currency gains contained in sales amounted to CHF 83 million. In 2018, 63% of sales were generated in euros, 9% in Swiss francs, 5% in US dollars, 4% in British pounds and 19% in other currencies.

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

DIFFERENT PERFORMANCES IN THE MARKETS

In 2018 as a whole, sales in **Europe** rose by 2.8%. The Iberian Peninsula (+9.5%) and Central/Eastern Europe (+9.0%) made strong gains, with the Benelux Countries (+4.6%), Germany (+3.1%), Italy (+2.7%), Austria (+1.8%), France (+1.6%) and Switzerland (+1.5%) also recording increases. However, sales were down in the United Kingdom/Ireland (-1.7%) and in the Nordic Countries (-1.9%). Double-digit sales growth was posted in the **Far East/Pacific** region (+13.9%). **America** (+3.5%) and **Middle East/Africa** (+1.4%) also recorded sales growth.

STRONGEST GROWTH IN INSTALLATION AND FLUSHING SYSTEMS

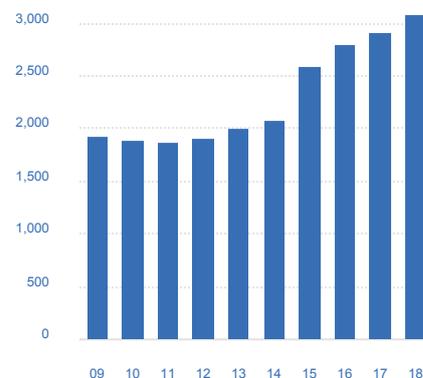
Sales for the **Installation and Flushing Systems** product area amounted to CHF 1,133 million, corresponding to growth of 4.9%. Two factors drove this above-average increase. Firstly, Installation and Flushing Systems saw accelerated growth in the European expansion markets as a result of synergies 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.

Sales for the **Piping Systems** product area increased by 4.3% to CHF 928 million. The launch of various innovative products within the Building Drainage Systems product line in recent years made a major contribution to this growth, as did the solid performance of the Supply Systems product line.

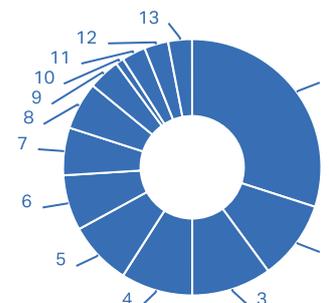
The **Bathroom Systems** product area posted sales of CHF 1,020 million, remaining around the previous year's performance (+0.1%). The shower toilet business continued to perform strongly. A poor market environment in the Nordic Countries – a very important market for this area – and the closure of two ceramics plants in France had a negative impact in this product area.

Sales development 2009–2018

(in CHF million)

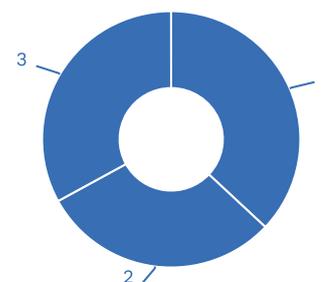


Sales by markets/regions 2018



- 1 Germany (30%)
- 2 Nordic Countries (10%)
- 3 Central/Eastern Europe (10%)
- 4 Switzerland (9%)
- 5 Benelux (8%)
- 6 Italy (7%)
- 7 France (6%)
- 8 Austria (6%)
- 9 United Kingdom/Ireland (4%)
- 10 Iberian Peninsula (1%)
- 11 America (3%)
- 12 Far East/Pacific (3%)
- 13 Middle East/Africa (3%)

Sales by product areas 2018



- 1 Installation and Flushing Systems (37%)
- 2 Piping Systems (30%)
- 3 Bathroom Systems (33%)

RESULTS

PROFITABILITY STILL AT A HIGH LEVEL

In comparison with previous years, the operating cashflow (EBITDA) was no longer impacted in 2018 by one-off costs related to the Sanitec acquisition. Adjusted figures are only shown for operating profit and net income, as well as for earnings per share. These adjusted figures are shown for the last time in the reporting year.

The operating cashflow (EBITDA) rose by 5.7% to CHF 868 million, its highest ever level in Geberit's history. As in the previous year, the EBITDA margin came to 28.2%. The increased year-on-year operating results were above all attributable to higher sales volumes, price increases, positive effects of the closure of two plants in France in the previous year as well as to continuous efficiency improvements, while higher raw material prices as well as tariff-related increases in personnel expenses had a negative impact. In terms of the operating margins, currency fluctuations only had a marginally negative impact due to the natural hedging.

The adjusted operating profit (adj. EBIT) rose by 5.4% to CHF 744 million, and the adjusted EBIT margin reached 24.2% (previous year 24.3%). Adjusted net income rose by 3.7% to CHF 626 million, which led to an adjusted return on sales of 20.3% (previous year 20.8%). The below-average growth when compared with the operating results was due to a negative development of the financial result as a consequence of negative foreign currency effects, which could only be compensated in part through a lower tax rate. The adjusted earnings per share were up by 4.7% to CHF 17.21 (previous year CHF 16.43).

OPERATING EXPENSES UNDER CONTROL

The cost of materials increased by 7.6% to CHF 893 million, representing a higher share of sales at 29.0%, compared to 28.5% in the previous year. The higher cost of materials was driven by rises in the first three quarters in the price of industrial metals on the one hand and plastics on the other. Personnel expenses fell by 0.4% to CHF 744 million, which equates to 24.2% of sales (previous year 25.7%). This slight decrease in absolute terms was due to positive effects from the costs incurred in the previous year connected to the closure of two ceramics plants in France, and also to synergies and efficiency-improving measures. These factors were partly offset by tariff-related salary increases as well as the higher personnel expenses needed for handling greater volumes, see also → **Business and financial review, employees**. Depreciation came to CHF 105 million, which was around the previous year's figure. The adjusted amortisation of intangible assets rose to CHF 19 million (previous year CHF 10 million) due to amortisation related to the ceramics brands that are being discontinued in 2019 and 2020. Other operating expenses increased by 2.8% to CHF 576 million.

The net financial result came to CHF -20 million, which was below the previous year's performance (CHF -9 million). Tax expenses grew from CHF 85 million to CHF 90 million. This resulted in a tax rate of 13.1% (previous year 13.9%).

ACQUISITION AND INTEGRATION COSTS NOW ONLY HAVING A MARGINALLY NEGATIVE IMPACT ON THE INCOME STATEMENT

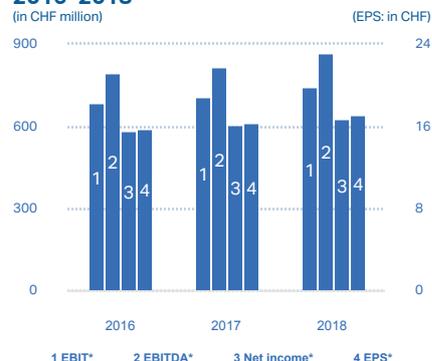
One-off costs arising from the Sanitec acquisition/integration amounted to CHF 36 million as regards EBIT and CHF 29 million as regards net income. These costs are reported here for the last time and are well below the level of previous years. The non-adjusted figures were CHF 708 million for EBIT, CHF 597 million for net income, and CHF 16.40 for earnings per share.

SIGNIFICANT INCREASE IN FREE CASHFLOW

The higher operating cashflow, lower investments in net working capital compared to the previous year, and lower cash tax payments had a positive impact on cashflow. However, the payments during the reporting year in relation to the closure of two ceramics plants in France in the previous year had a negative effect. With investments in property, plant and equipment remaining at the previous year's level, free cashflow increased by 22.2% to CHF 582 million (see also → **Financial Statements of the Geberit Group**,

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

2016–2018



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

EUR/CHF exchange rates

2017/2018

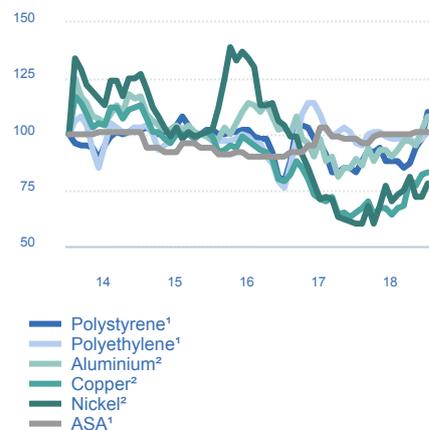
(Period-end exchange rates)



Raw material price development

2014–2018

(Market price; index: December 2013 = 100)



¹ Source: Kunststoff Information Verlagsgesellschaft mbH

² Source: London Metal Exchange

Notes to the Consolidated Financial Statements, 28. Cashflow figures).

CHF 566 million, or 97.3% of the free cashflow, was distributed to shareholders during the reporting year as part of the dividend payment and the share buyback programme.

Acquisition and integration related costs

(in CHF million)

	2017	2018
Integration costs	49	0
Total cost on EBITDA level	49	0
Depreciation and amortisation	35	36
Total cost on EBIT level	84	36
Tax effect	-7	-7
Total cost on net income level	77	29

FINANCIAL STRUCTURE

SOUND FINANCIAL FOUNDATION

Once again, the strong free cashflow allowed the attractive dividend policy and the share buyback programme to be continued while also maintaining the very healthy financial foundation of the Group.

Total assets fell from CHF 3,743 million to CHF 3,502 million. Liquid funds decreased from CHF 413 million to CHF 282 million. In addition, the Group had access to undrawn operating credit lines for the operating business of CHF 384 million. Debts were reduced to CHF 837 million (previous year CHF 895 million). Overall, this resulted in an increase in net debt of CHF 73 million to CHF 555 million at the end of 2018.

Net working capital increased by CHF 33 million year-on-year to CHF 206 million. Property, plant and equipment increased from CHF 813 million to CHF 829 million, while goodwill and intangible assets fell from CHF 1,749 million to CHF 1,652 million as a result of amortisation as well as currency effects.

The ratio of net debt to equity (gearing) increased from 26.3% in the previous year to 31.8%. The equity ratio reached a very solid 49.8% (previous year 49.1%). Based on average equity, the adjusted return on equity (ROE) was 34.5% (previous year 35.2%); the non-adjusted value of this ratio was 32.9% (previous year 30.7%). Average invested operating capital, comprising net working capital, property, plant and equipment, and goodwill and intangible assets amounted to CHF 2,823 million at the end of 2018 (previous year CHF 2,696 million). The adjusted return on invested capital (ROIC) rose to 22.6% (previous year 22.4%); the non-adjusted value of this ratio was 21.6% (previous year 19.5%). For details on the non-adjusted gearing, ROE and ROIC calculations, please refer to the → **Financial Statements of the Geberit Group, Notes to the Consolidated Financial Statements, 5. Management of Capital.**

The Geberit Group held 999,182 treasury shares on 31 December 2018, which equals 2.7% of the shares entered in the Commercial Register. Of these, 650,801 (1.8% of the shares entered in the Commercial Register) originate from the ongoing share buyback programme, while the remaining 348,381 are mostly earmarked for participation plans. The total number of shares entered in the Commercial Register stands at 37,041,427 shares.

The aforementioned share buyback programme began on 6 June 2017. As part of this programme, shares to the value of up to CHF 450 million are to be repurchased, less withholding tax, over a maximum period of three years. The shares will be repurchased via a separate trading line on the SIX Swiss Exchange for the purpose of a capital reduction. By 31 December 2018, 650,801 shares had been acquired at a sum of CHF 276 million. The average purchase price per share was CHF 424.80. During the reporting year, 445,551 shares were acquired as part of the programme at a sum of CHF 185 million.

Debt

(in CHF million; as of 31 December)

	2016	2017	2018
Long-term debt	967	891	683
Total debt	971	895	837
Liquid funds	510	413	282
Net debt	461	482	555

INVESTMENTS

HIGHER INVESTMENTS

In 2018, investments in property, plant and equipment and intangible assets amounted to CHF 162 million – CHF 3 million or 1.9% more than in the previous year. As a percentage of sales, the investment ratio was 5.3% (previous year 5.5%). All larger investment projects were carried out as planned.

The bulk of investments went toward building conversions and new building projects, machinery, and the procurement of tools and moulds for new products. The biggest individual undertakings were conversion and new-build projects – including capacity expansions – at the sites in → **Langenfeld (DE)**, → **Pfullendorf (DE)**, Ozorków (PL) and Slavuta (UA). Additionally, investments were made in important development projects and the optimisation of production processes.

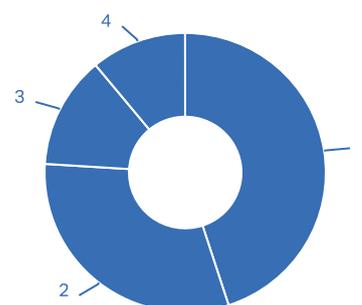
In 2018, 45% of total investments, or CHF 73 million, went towards expanding capacity, 31% or CHF 50 million was invested in the modernisation of property, plant and equipment, 13% or CHF 21 million was used for rationalisation measures relating to property, plant and equipment, while 11% or CHF 18 million was used to acquire tools and equipment for new product developments.

Expenditures for property, plant and equipment and intangible assets

(in CHF million)

	2014	2015	2016	2017	2018
	105	147	139	159	162
In % of sales	5.0	5.7	5.0	5.5	5.3

Investments by purpose 2018



- 1 Capacity expansion (45%)
- 2 Modernisation (31%)
- 3 Rationalisation (13%)
- 4 New products (11%)

EMPLOYEES

NUMBER OF EMPLOYEES DOWN SLIGHTLY

At the end of 2018, the Geberit Group employed 11,630 staff worldwide, which is 79 employees or 0.7% less than in the previous year. The drop is due to a reduction in production. In addition to synergies and efficiency-improving measures, the main reason for this was the termination of individual employment relationships – which mostly took place in the final quarter of 2018 – as part of the closure of two ceramics plants in France in the previous year. However, this drop was mitigated by specific initiatives at various sales companies.

Based on the average headcount of 11,803, sales per employee amounted to TCHF 261, or 5.2% more than in the previous year.

Broken down by business process, staff numbers were as follows: marketing and sales employed 25% of the staff members. 61% worked in production. Additionally 8% of the employees worked in administration, and 4% in research and development. The share of apprentices was 2%.

CONTINUED DIGITALISATION OF THE EMPLOYER BRAND

Committed, well-skilled employees are a key prerequisite to the company's future success. With this in mind, efforts continued in 2018 to position Geberit on the job market as a progressive employer with an open corporate culture and international development opportunities at the interface between craft, engineering and sales. The new appearance of the company's employer brand was implemented in job advertisements in print and, above all, digital media. In general, focus is switching more to digital media, with the use of videos and other footage playing an increasingly prominent role. For example, the company launched a new video during the reporting year to promote apprenticeships. Other videos for target groups in the sales and engineering sectors are to follow. In addition, Geberit intensified its campus recruitment activities in 2018 by appearing at fairs and increased its digital presence, working here in close collaboration with a number of renowned universities.

In 2018, personnel expenses amounted to CHF 744 million. Once again, the employees were also able to participate in share participation plans at attractive conditions, see → **Financial Statements of the Geberit Group, 17. Participation Plans** and → **Remuneration Report**. Equal opportunities and the same salaries for women and men are embedded in the corporate philosophy. The proportion of female employees at the end of 2018 was 24% (previous year 23%), and for senior management this figure was 9% (previous year 8%). The six-member Board of Directors has one female member.

INCREASED FOCUS ON EDUCATION AND FURTHER TRAINING

Geberit employed 247 apprentices at the end of 2018 (previous year 235). The transfer rate to a permanent employment relationship was 89% (previous year 83%). All apprentices should essentially have the opportunity to work at several sites during their training. Experience abroad and the transfer of know-how are an advantage for both employees and the company. Apprentices have the option of working abroad for a period of six months on completion of their apprenticeship.

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 issues investigated in project work as part of the programme are geared towards strategic tasks of relevance to Geberit and provide the decision-makers involved with concrete bases for action. During the reporting year, part of the programme was further developed and carried out for the first time in collaboration with the University of St. Gallen (CH). The Potentials programme is intended to help fill at least half of all vacant managerial positions with internal candidates. In 2018, this was achieved for 57% of all Group management vacancies (previous year 76%).

Employees by countries

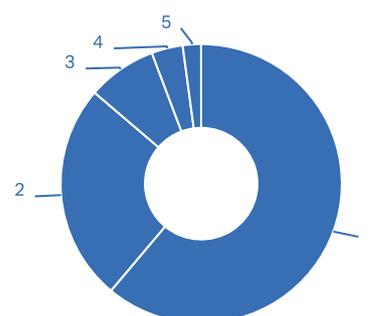
(as of 31 December)

	2017	Share in %	2018	Share in %
Germany	3,329	28	3,282	28
Poland	1,603	14	1,655	14
Switzerland	1,362	12	1,395	12
Ukraine	638	5	660	6
Austria	551	5	557	5
China	565	5	530	5
Italy	509	4	520	4
France	539	5	431	4
Others	2,613	22	2,600	22
Total	11,709	100	11,630	100

Employees by business processes

2018

(as of 31 December)



- 1 Production (61%)
- 2 Marketing and Sales (25%)
- 3 Administration (8%)
- 4 Research and Development (4%)
- 5 Apprentices (2%)

In 2018, the ceramics plants in Germany, Poland and Ukraine saw the implementation of an initiative aimed at improving leadership skills at various hierarchical levels. This initiative was planned at Group level, adapted to local requirements and put into practice in multi-day workshops involving local coaches.

During the reporting year, a programme targeting the development of managerial staff was implemented within the sales organisations in the European countries. The aim of these courses was to strengthen the leadership skills of regional sales managers on one hand and, on the other, to standardise the role of these managers in order to drive the sales entity as a whole.

TRANSPARENT APPRAISAL

A standard Performance assessment, Development and Compensation (PDC) process has been in place since 2012. PDC is about reinforcing the performance culture, increasing transparency, and recognising and promoting talent more effectively in order to make the organisation future-proof. Except for the employees who work directly in production at the plants, all employees have been incorporated into the PDC process. In 2018, the competence model on which the appraisal process is based was revised and re-structured in the interests of user friendliness.

PROMOTING THE CORPORATE CULTURE

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. During the reporting year, work began on digitalising both these important employee tools so that new and existing employees can access them in the form of an e-learning course in future.

In connection with the integration of various ceramics brands under the Geberit brand umbrella – which is scheduled to begin in 2019 – a total of 42 moderated workshops took place in spring 2018, involving around 6,100 employees. Apart from presenting information about the new brand world, these events provided participants with an entertaining insight into the company's values as well as an opportunity to discuss these values together.

PRIORITISING OCCUPATIONAL HEALTH AND SAFETY

Occupational health and safety continues to have highest priority within the Geberit Group. Using 2015 as the reference year, the aim is to halve the number of accidents by 2025. By then, the AFR (Accident Frequency Rate) is also to be reduced to a value of 5.5 (accidents per million working hours) and the ASR (Accident Severity Rate) to 90 (number of days lost per million working hours). In 2018, the accident frequency went down to 9.7 (previous year 10.3), a decline of 5.8%. The accident severity decreased by 10.9% to 181.5 in the same period (previous year 203.8).

29 of the 30 production plants are certified in accordance with OHSAS 18001. The Geberit Safety System (GSS) defines occupational health and safety principles as well as processes that are applicable throughout the Group. All production plants and the logistics centre have a safety manager. Since the beginning of 2017, a "Geberit Safety Team" has also been playing an active role in addressing the issue of occupational health and safety. In terms of occupational safety, special attention is paid to changes in behaviour, as the majority of occupational accidents and time lost are still attributable to carelessness.

To promote the health of every individual, employees at a total of 13 production and sales sites can participate in a vitality programme consisting of sports and preventive healthcare. At the sites in Rapperswil-Jona (CH), Pfullendorf (DE), Pottenbrunn (AT), Ruše (SI), Kolo and Wloclawek (both PL) – which account for around 40% of Geberit employees – a comprehensive occupational healthcare management is established.

CUSTOMERS

STRONG PARTNERSHIP WITH WHOLESALERS

Through its own sales team, Geberit assists its wholesale partners in their activities by offering them comprehensive printed and electronic marketing materials as well as efficient order and delivery processes, which are becoming increasingly common in electronic form. This is to ensure that Geberit products are as widely available on the market as possible and that new products are well marketed. The aim is to work with wholesalers to ensure that the craft sector as well as end users receive professional support.

A RELIABLE PARTNER WITHIN THE SANITARY INDUSTRY

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 engineering offices by Geberit sales representatives in the form of → **digital tools**, technical documentation, catalogues, brochures, magazines, and a range of training courses unrivalled within the industry.

DESIGN MEETS FUNCTION – MORE THAN JUST WORDS

As part of the integration of the ceramics business, dialogue with showroom operators – who belong to the wholesale sector in many countries – took on greater importance. The individual countries each have a dedicated sales team for this target group. There was also increased contact with architects and interior designers. With the "Design Meets Function" credo, Geberit wants to emphasise that it offers products in front of the wall that have both a timeless design and clever functions.

As the sponsor of an exhibition dedicated to the design pioneer Victor Papanek at the prestigious Vitra Design Museum, Geberit invited some 700 architects, interior designers and other market partners to Weil am Rhein (DE) at the end of 2018 and beginning of 2019. These partners not only gained a new insight into Papanek's ideas, but were also able to view a range of innovative Geberit bathroom solutions.

WIDE RANGE OF TRAINING AVAILABLE AND ATTENDED

During the reporting year, around 35,000 professionals were provided with training on Geberit products, tools and software tools at 29 Geberit information centres in Europe and overseas. New showrooms were set up for this purpose at numerous locations, such as Barcelona (ES), Gaeta (IT), Zagreb (HR) and Shanghai (CN). Furthermore, plumbers, architects and sanitary engineers were supported via webinars on fire protection and sound insulation, drinking water hygiene and other issues. Around 90,000 additional customers also became more familiar with Geberit know-how and products at external training events, many of which were organised in cooperation with local wholesale partners.

SIMPLIFYING THE BRAND PORTFOLIO

2019 will be an important milestone of the new brand strategy to be implemented. In key markets such as Germany, Switzerland and Austria, ceramic products and bathroom series will only be offered under the Geberit brand in future, while established brands such as Keramag will be discontinued. A number of other markets or brands respectively, will implement these changes in 2020. During the reporting year, Geberit prepared carefully for this streamlining of the brand portfolio. After all, this is a step that affects almost all areas of the company – including production, logistics, product data, marketing, and the sales organisations. Customers – particularly wholesalers and numerous showroom operators – were also informed of these measures in advance.

ONE BILLION METAL PIPE FITTINGS

In spring 2018, the billionth metal pipe fitting left the production plant in Langenfeld (DE). A high-profile international campaign helped to mark this milestone, also attracting a wide response on social media. The successful "Geberit On Tour" campaign was repeated for the eighth time in the reporting year. Specially fitted-out mobile showrooms visited local and regional wholesalers, offering plumbers the opportunity to assess Geberit innovations and solutions directly on site.

STRONG TRADE FAIR PRESENCE CONTINUES

In 2018, numerous trade fairs were once again used as platforms to foster and enlarge the network of contacts in the market and to demonstrate Geberit's innovative strength. The trade fair concept, which had already proven its worth in the preceding years, ensured a high-end presentation of ceramic appliances and bathroom furniture in addition to the regular, more technical product range. Consequently, Geberit not only optimised the exhibition space that was needed, but also improved the scope for cross-selling. During the reporting year, Geberit showcased its current product range at events such as Swissbau in Basel (CH), SHK in Essen (DE), IHK in Nuremberg (DE), Finbuild in Helsinki (FI), Nordbygg in Stockholm (SE), Kitchen & Bath China in Shanghai (CN), and MosBuild in Moscow (RU). Architects and designers were specifically targeted at the Salone del Mobile and Mostra Convegno during Design Week in Milan (IT).

NEW ADVERTISING CAMPAIGN FOR SHOWER TOILETS

To support further growth of Geberit AquaClean shower toilets, Geberit launched a new advertising campaign in 15 European markets, putting emphasis on the advantages that this product offers. In the advertisements, people of different ages and backgrounds sit on an artist's impression of a shower toilet and sum up in one concise sentence why they no longer want to do without "that freshly showered feeling".

As in previous years, the AquaClean truck went on a major tour again in 2018, this time to Germany, Poland, Belgium, the Netherlands, France, Denmark, Sweden and Norway. Under the motto "My first time", the mobile showroom and test unit offered interested parties the opportunity to try out an AquaClean shower toilet at their leisure and assess the various models.

Geberit also gave end users in other markets numerous opportunities to try out a shower toilet for themselves. Mobile AquaClean WC lounges were made available to the public at selected major events such as concerts and sporting events. In Switzerland and Germany, Geberit went one step further by offering potential customers 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 agreed trial period.

The international sales initiative for mid-range and high-end hotels also made encouraging progress. More hotel projects were acquired in the reporting year, including → **Hotel TwentySeven in Amsterdam (NL)** and → **Hotel Lutetia in Paris (FR)**. The number of four- and five-star hotels equipped with AquaClean shower toilets in Europe has now risen to over 400.

CONSISTENT FURTHER DEVELOPMENT OF DIGITAL SOLUTIONS

Geberit substantially expanded personnel and skills within the Digital team at Group level, with the aim of developing and launching digital tools faster and according to the needs of the respective target groups.

The reporting year saw the launch and further development of various digital tools designed to respond to the needs of end users as effectively as possible. An "inspiration app" for end users, which was already piloted in the previous year, is now in use in Switzerland and France. A 3D planning tool was also developed, providing a creative platform for end users to design their future bathroom. A new CRM system piloted in the United Kingdom allows Geberit to digitally tailor its offer to the requirements of potential end users who are interested in sanitary products.

Geberit set up its online catalogue for craftsmen on a new high-performance platform. Information relating to products and spare parts will now be 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.

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. For a number of years now, Geberit has been providing BIM users with support in the form of product data and calculation modules. During the reporting year, a specialised in-house team of BIM experts that was established in the previous year laid the groundwork for future BIM data processing.

INNOVATION

HIGH LEVEL OF INVESTMENT AS THE BASIS FOR FUTURE GROWTH

Geberit's innovative strength, which is above average for the sector, is founded on its own, wide-ranging research and development (R&D) activities. In the reporting year, a total of CHF 78 million (previous year CHF 78 million) – or 2.5% of sales – was invested in the development and improvement of processes, products and technologies. Additionally, as part of the → **investments in property, plant and equipment and intangible assets**, considerable sums were invested in tools and equipment for the production of newly developed products. Over the last financial year, Geberit applied for 46 patents – which is well above the long-term average. This is mainly attributable to the development of → **Geberit ONE** – a pioneering complete solution for the bathroom. In the last five years, Geberit has applied for a total of 154 patents.

The scientists and engineers at Geberit have the very latest equipment at their disposal for their development projects. For example, they use several highly productive, state-of-the-art 3D printers for making prototypes. In addition, a CT scanner installed during the reporting year allows them to measure all workpieces in a non-destructive, extremely precise manner, and to check these workpieces for any material defects. Compared to conventional measuring techniques, this saves a lot of time.

All product developments go through an established innovation and development process, which ensures that the Group's creative potential and know-how are used to the optimum extent and that development activities focus on the needs of the market. Customer benefits and a system approach are of central importance here.

NEW PRODUCTS FOR SOPHISTICATED MARKETS

The following key products were newly launched on the market in 2018:

- The compact shower toilet → **Geberit AquaClean Tuma Classic** complements the shower toilet range as a perfect entry-level model. This basic model offers the basic functions of a shower toilet, including WhirlSpray shower technology and a fully automatic descaling programme. It is offered as a complete solution with a rimless WC ceramic appliance or as a WC enhancement solution.
- The **energy retaining valve** is mounted on ventilation pipes which protrude from the roofs of many buildings and ensures pressure compensation in the discharge pipes. It opens only when pressure compensation is required. The rest of the time, it keeps the heat within the building and thereby saves a significant amount of energy.
- The manually adjustable → **sanitary flush unit Rapid** flushes unused water pipes automatically and regularly. This prevents water from stagnating in a pipe over a longer period, which can lead to health risks.
- The → **VariForm washbasin range** adds a more systematic approach and diversity to the range for public and private washbasin areas. The washbasins stand out due to their generous basin depth and high-quality ceramics. They are available in the four basic shapes round, oval, elliptic and rectangular, with a lay-on, countertop and under-countertop model available for each shape.

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

Several new product launches are planned for 2019. These will include the following:

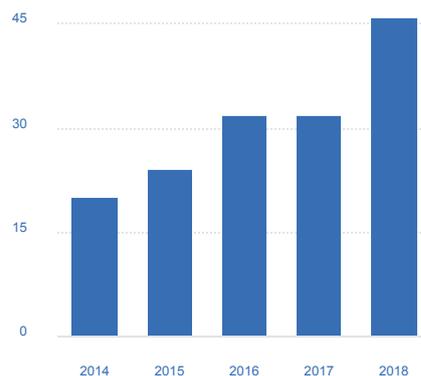
- The shower, washbasin area and toilet – the main areas in the bathroom – have a new common denominator: → **Geberit ONE**. Geberit ONE combines Geberit's know-how in sanitary technology and design expertise, and offers pioneering, fully integrated solutions for the entire bathroom. For end users, this results in more space and flexibility as well as less cleaning work. Geberit ONE also offers plumbers numerous benefits.

R&D expenditures

(in CHF million)

	2014	2015	2016	2017	2018
	56	63	72	78	78
In % of sales	2.7	2.4	2.6	2.7	2.5

Number of new patents



- With the launch of → **SuperTube technology**, Geberit is offering a sophisticated alternative to the conventional discharge stack layout in high-rise buildings. Newly developed fittings prevent discharge pipes from filling up completely and generating unwanted suction effects as a result, even when subject to heavy use. This helps to save space as special ventilation pipes are then no longer required.
- A completely new → **AquaClean Sela shower toilet** is to be brought to market six years after its original launch, offering features such as WhirlSpray shower technology, a discreet orientation light, and a newly developed continuous flow heater with an automatic descaling function. Thanks to rimless TurboFlush technology, the flushing of the ceramic appliance is not just very quiet, but also extremely thorough.
- The → **Smyle bathroom series**, situated in the middle price segment, has been redesigned and now has an even more filigree and modern look. The design of the washbasins and furniture is coordinated in such a way that individual combinations are possible. Thanks to its square design language, the new wall-hung WC combines perfectly with the washbasins. It is very easy to clean on account of its rimless inner geometry and fully shrouded outer shape.

For more details on new products in 2019, see → **the magazine Facts & Figures 2019**.

PRODUCTION

ONE ENTITY WITH MANY PARTS

The Geberit Group operated 30 plants in the reporting year, 24 of which are located in Europe, three in the US, two in China and one in India. The plants now fall into the following three categories depending on the materials used:

- Ceramics
- Plastics & Metal
- Composites & Metal

The plant in Weilheim (DE) was closed at the end of 2018. An amicable solution was found with the plant's 40 employees and the works council.

THE "FLOWING" FACTORY

All Geberit plants display an outstanding capability for renewal. Despite the variety of production technologies used, the approach is determined uniformly – both investments in property, plant and equipment and everyday improvement measures are consistently geared towards the principle of flow production. Maximum efficiency and flexibility 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 viewed as a guideline for production in which the principles for process optimisation are presented.

Numerous measures pertaining to GPS 2.0 were initiated, promoted or brought to a conclusion in the reporting year. This enabled substantial efficiency gains to be achieved, particularly in the area of ceramics production. Prime examples of this are the ceramics plants in Gaeta (IT) and Limoges (FR), where productivity was increased significantly. The principles of GPS 2.0 also formed the basis of all investments made in the entire production network. In the reporting year, these comprised in particular the completion of factory buildings in → **Pfullendorf (DE)**, → **Langenfeld (DE)** and **Ozórkow (PL)**, as well as new buildings for logistics and technical product development in Slavuta (UA).

A capability for renewal requires all involved employees to display a willingness to embrace change. The alignment of processes in ceramics production to GPS 2.0 and broad acceptance of this transition was a significant success factor when integrating the ceramics business.

STANDARDISATION OF IT SYSTEMS

The integration of the former Sanitec plants into the Geberit ERP environment continued in 2018. IT systems and processes are being adjusted to the Group standard in the "OneERP" project. As planned, the project was prepared in the reporting year and implemented successfully on 1 January 2019 at the Scandinavian production sites in Ekenäs (FI), Bromölla and Mörrum (both SE). At the same time, preparations were carried out for converting the German sites in Haldensleben, Wesel and the logistics in Ratingen-Lintorf in a further step.

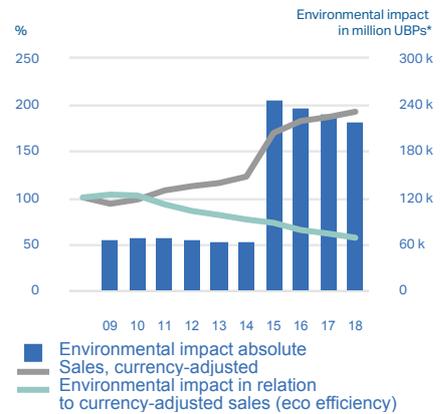
ENVIRONMENTAL MANAGEMENT IN PRODUCTION

The integration of the ceramics plants into the production network in 2015 had a considerable impact on Geberit's ecological footprint. Because of the processes involved, the manufacture of ceramic sanitary appliances is very energy-intensive. One example of an important measure in 2018 within the framework of consistent energy management was the retrofitting of three further kilns to the energy-efficient firing technology Enervit. As a result, the ten ceramics plants now have eleven such kilns at their disposal.

The absolute environmental impact of the entire Geberit Group decreased by 4.4%, even though currency-adjusted sales increased by 3.1% in the same period. The environmental impact in relation to currency-adjusted sales (eco-

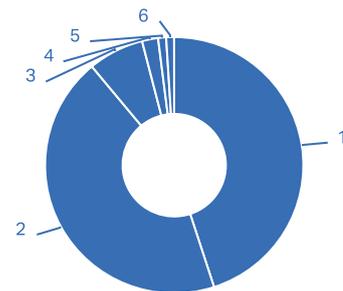
Environmental impact 2009–2018

(Index: 2008 = 100)



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

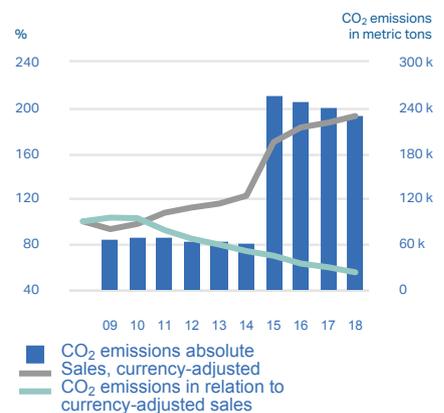
Distribution environmental impact 2018



- 1 Combustibles (45%)
- 2 Electricity (44%)
- 3 Fuels (7%)
- 4 Disposal (2%)
- 5 Water/waste water (1%)
- 6 Solvents (1%)

CO₂ emissions 2009–2018

(Index: 2008 = 100)



efficiency) decreased by 7.3%. As regards the long-term target, which is based on an average annual decrease of 5% per year, Geberit therefore remains on course.

CO₂ emissions were reduced in 2018 by 4.7% to 231,484 tonnes. In relation to currency-adjusted sales, emissions decreased by 7.5%. This enabled the targets set out in the long-term → **CO₂ strategy** for reducing → **CO₂ emissions** to be met. In addition to relative targets, this strategy also includes long-term absolute targets. A three-pillar model is used for implementing the CO₂ strategy. The first pillar is about savings in energy consumption. The second pillar relates to increasing efficiency and the third pillar comprises the selective purchasing of high-quality, renewable energy. The detailed → **CO₂ balance sheet** and all measures taken to reduce CO₂ emissions are also disclosed in detail as part of the company's participation in the Carbon Disclosure Project (CDP).

Geberit aims to further reinforce its position as industry leader in the area of sustainability. Eco-efficiency and relative CO₂ emissions are to be improved by 5% per year (see also → **Sustainability Strategy 2019-2021**). One of the main instruments that helps achieve this goal is the integrated Geberit management system, which unites the themes of quality, environment, health and occupational safety as well as energy. By the end of 2019, all ceramics plants are to be integrated into this system. At the end of the reporting year, all 30 production plants were already certified to ISO 14001 and 29 to OHSAS 18001. Certification according to ISO 50001 (energy management) is taking place for selected sites.

LOGISTICS AND PROCUREMENT

HARMONISATION OF IT SYSTEMS IN CERAMICS LOGISTICS

At the end of 2018, Group logistics comprised the central logistics centre for sanitary and piping systems in Pfullendorf (DE) as well as a decentralised network of 13 European distribution sites for the ceramics business.

The integration of the ceramics business into Group logistics was largely completed in 2018. For this purpose, the Geberit Logistics Operation System (GLOS) was established at all ceramics plants. GLOS is the standard system for logistics and is used to continuously improve business processes. It aims to bring about a sustained increase in competitiveness.

In connection with the → **OneERP project**, the storage management system SAP EWM has already been successfully launched at the Pfullendorf site and in Poland. The preparatory work then followed in the reporting year for implementation at the production plants in Bromölla and Mörrum (both SE) and Ekenäs (FI). Commissioning took place as planned on 1 January 2019.

CENTRAL ORDER PROCESSING FROM PFULLENDORF

The logistics centre in Pfullendorf (DE) is the global hub for products from Geberit's Sanitary Systems and Piping Systems areas. The expanded logistics centre was commissioned in the first quarter of 2017. The associated relocation of distribution of the Mapress piping range from the production plant in Langenfeld (DE) to Pfullendorf was successfully completed in 2018. Since the expanded logistics centre was commissioned, the logistics processes have stabilised at a high level. Fine-tuning of the technical facilities and processes has brought about a further increase in both productivity and quality. The targets set out in the project planning for operation of the expanded logistics centre have been met in all areas.

USING TRANSPORT MANAGEMENT SYNERGIES

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 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. In the reporting year, the implementation of Geberit processes and standards also continued in relation to transport service providers for ceramic products and bathroom furniture.

CODE OF CONDUCT FOR SUPPLIERS

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

All business partners and suppliers are obligated to comply with → **comprehensive standards**. This applies to quality, socially responsible and healthy working conditions, environmental protection and the commitment to fair business practices. The basis for 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. By the end of the reporting year, 1,470 suppliers had signed the Code. This represents over 90% of the Geberit Group's purchasing volume.

Corporate Purchasing and Sustainability jointly ensure that these standards are upheld by conducting regular 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 check compliance with the respective national legislation and regulations in the areas of environmental protection and occupational health and safety. The audits are carried out by an independent third-party company. Appropriate measures are initiated where required. During the reporting year, five supplier audits on EHS (Environment, Health and Safety) were carried out in the area of procurement.

SUPPLIER INTEGRITY LINE

Launched in 2017, the “Supplier Integrity Line” has now become established. The service allows suppliers to anonymously report any violations of the guidelines set out in the Code of Conduct for Suppliers by Geberit employees and by competitors. The free hotline is operated by an independent service company and is available in a total of eleven languages. Violations can also be reported online at any time via an external URL. No violations of the guidelines set out in the Code of Conduct for Suppliers were reported in 2018.

SUSTAINABILITY

PURSUING GLOBAL TARGETS

Approved by the United Nations in 2015, the Sustainable Development Goals comprise 17 specific targets and indicators which countries are required to implement by 2030. The business world plays a pivotal role in implementing these targets and indicators. The goal calling for equitable access to clean drinking water and basic sanitation for all people worldwide is of the utmost importance to Geberit. The company also focuses on the goal of "Sustainable Cities and Communities". With its sanitary technology, Geberit makes an important contribution 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. A Geberit value chain analysis in the form of a water footprint shows that nearly 100% of water consumption is attributable to the product usage phase.

WATER FOOTPRINT THROUGHOUT THE VALUE CHAIN IN 2018

PROVISION OF RAW MATERIALS

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



0.15%
(6.6 million m³)

MANUFACTURING

A mere 0.02% of the water is used in the manufacture of products in 2018.



0.02%
(1.0 million m³)

USE

The greatest water consumption by far occurs during the use of products manufactured in 2018 during their entire service life (cisterns, urinal flushing systems and lavatory taps).



99.83%
(4,450 million m³)

DISPOSAL

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



< 0.01%
(0.2 million m³)

DIGITALISATION WITH GREEN BUILDING IN MIND

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. Consequently, there is demand among investors, project developers, owners and tenants for system providers with comprehensive know-how and high transparency regarding their products. Geberit meets this demand with water-saving, energy-saving, low-noise and durable products on the one hand, and the promotion of digitalisation with regard to environmental product information on the other.

CONTRIBUTION TO THE CIRCULAR ECONOMY

The purpose of the circular economy is to minimise the use of resources and materials and close material cycles. Geberit sets great store by developing and marketing products with a long service life, offering guaranteed spare parts availability of 25 years whenever possible and ensuring the backwards compatibility of new products in order to increase product longevity. The aim of production is to establish closed cycles to the greatest possible extent. The ceramics plants seek to close internal material cycles and recycle waste externally. High-quality plastics are used at the plastics processing plants and the share of regranulate is constantly increased.

LONG-TERM VALUE ADDED

For decades, sustainability has been part of Geberit's corporate culture. The binding → **Sustainability strategy** – which is closely linked to the company's values and core areas of focus as well as the → **Sustainable Development Goals** of the United Nations – ensures that the objectives are measurable and that a significant contribution

to the success of the company is thus guaranteed. A total of twelve sustainability modules form the basis of this strategy. Among these are occupational health and safety, social responsibility, energy and CO₂ reduction, eco-design, green procurement and green logistics.

Since 2007, a sustainability performance review of the Geberit Group has been prepared annually in accordance with the guidelines of the Global Reporting Initiative (GRI). In 2018, this was carried out for the first time according to the new GRI Standards. The information disclosed within the scope of this report 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 2018. The → **materiality analysis** reviewed by an → **external stakeholder panel** in the reporting year as well as the sustainability strategy have been further developed.

Since 2008, Geberit has been a member of the United Nations (UN) Global Compact – a global agreement between businesses and the UN designed to make globalisation more socially responsible and environmentally friendly. A → **Communication on Progress** regarding measures in the areas of human rights, labour practices, environmental protection and anti-corruption is submitted annually. Geberit is also a member of the local network of the UN Global Compact. The → **Code of Conduct for Employees** and the → **Code of Conduct for Suppliers** further incorporate the topic of sustainability. Continuously improved → **compliance processes** ensure compliance with guidelines and directives. In addition, a system for the control and management of all risks involved in entrepreneurial activities is in place throughout the Group. For more information, see → **Risk management**.

The activities in terms of sustainable business management are rewarded by the capital market. Geberit is strongly represented in the sustainability stock indices and sustainability funds segment. For example, the share is a component of the STOXX Europe Sustainability Index and the FTSE4Good 100 Index Series. Renowned sustainability funds also hold the shares in their portfolios. Geberit wants to continue to play a pivotal role in the "Sustainability" and "Water" investment segments.

HOLISTIC VIEW OF DEVELOPMENT PROCESSES

Sustainability is an integral part of the technology and innovation processes at Geberit. This is why the eco-design approach has been consistently applied since 2007 as part of the Group's innovation and development process. All environmental aspects are examined, from the selection of raw materials right through to disposal. Every new product must be better than its predecessor from an ecological perspective. An example of this is the → **energy retaining valve**, which closes the openings of sanitary ventilation pipes – which are usually built into the roof – without causing any loss of function. Measurements by the Lucerne University of Applied Sciences and Arts have revealed that the heat loss via the ventilation pipe can be reduced by 98% using this valve. This is equivalent to an annual quantity of around 50 litres of heating oil.

The environmental product declarations (EPD) in accordance with the European standard EN 15804 are an important decision-making aid in the building process and can also be used directly for green building standards such as LEED. EPDs present relevant, comparable and verified information about a product's environmental performance in a transparent manner. A total of four EPDs for discharge pipes were newly compiled in the reporting year.

COMPLIANCE

FOCUS ON DATA PROTECTION

So far, the key focus of compliance was on the topics of antitrust legislation, corruption, product liability, environment/occupational safety and fundamental employee rights. The introduction of the GDPR in the EU on 25 May 2018 heralded a significant tightening of the legal requirements placed on the data protection concepts of companies. Comprehensive measures for implementation of the GDPR were carried out in the reporting year under the leadership of the Group's legal department. An external data protection officer was appointed for the entire Group, who has already conducted initial audits at the companies in Switzerland, Austria, Poland, the Benelux Countries, the UK and Sweden. In-house data protection coordinators have been appointed and trained at all Geberit companies. In addition, all processes have been documented in which personal data is processed. Furthermore, a Data Protection Guideline has been passed that in turn serves as the basis for privacy policies for various applications such as websites or mobile apps. Finally, technical and organisational measures concerning compliance with data protection regulations and a concept for reporting data breaches have been drawn up.

PRODUCT LIABILITY: NOZZLE CLEANER DAMAGE CASE

The older shower toilet models Geberit AquaClean 8000plus and Geberit Balena 8000 were liable to develop a leakage if a certain nozzle cleaner was used over a prolonged period. In the worst case, this could have led to a smouldering fire. Three such cases of smouldering fires occurred in 2017 that caused only material damage. Comprehensive measures were implemented in 2018 to rule out this risk for all other owners of the corresponding shower toilet models. Sales of the nozzle cleaner that caused the problem were discontinued immediately. In addition, appropriate market information was promptly drawn up and sent to all wholesalers, plumbers and, to the extent known, potentially affected end users. Owing to the large number of devices concerned, not only the local Geberit companies and their service providers but also external service providers had to be called on for the required service assignments. The assignments were largely concluded by the end of 2018. Apart from the aforementioned incidents, there were no further damage cases.

LEGAL ADVICE AND REPORTING

Regular antitrust legislation audits were carried out in the Adriatic sales region as well as in Finland, Norway and Switzerland as part of the ordinary internal audit, but did not reveal any significant breaches. Furthermore, the Group's legal department dealt with the usual enquiries from Geberit markets concerning the permissibility of marketing and sales campaigns.

SOCIAL RESPONSIBILITY

SOCIAL PROJECTS RELATED TO THE CORE BUSINESS

Innovative sanitary technology continuously improves the quality of people's lives. This mission is at the heart of Geberit's social responsibility. The guideline for Geberit employees, the → **Compass**, sets out and explains this.

Besides improving quality of life through innovative sanitary products, Geberit takes its social responsibilities seriously – which is why it has undertaken social projects involving its own apprentices since 2008. The projects exhibit a relationship to the topic of water and to the company's core competencies. Apart from being involved in the projects on site, the young people who take part acquire new intercultural, linguistic and professional competencies. These social projects make a tangible contribution to the Sustainable Development Goals of the United Nations, which include giving all humans access to clean drinking water and basic sanitation by 2030.

In 2018, the → **apprentices travelled to Morocco**. During the first step, the local Geberit office in close cooperation with a local non-governmental organisation (NGO) identified several schools in the Marrakesh region where the toilets were in a desolate condition. The sanitary facilities of these schools were then replaced over a two-week period in October 2018.

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. Sanitary expertise adapted to the local conditions was passed on in a knowledge transfer project that took two Geberit employees to Mozambique and another two to Nepal in autumn 2018. The "Change of Perspective" project was also implemented again, as two Swiss plumbers travelled to Nepal in November 2018, working there for a week with two Nepalese colleagues. These projects are set to continue in 2019. A major donation was also made to support Helvetas-run water projects around the world.

The Geberit Group's activities in the area of social responsibility are rounded off by a multitude of other initiatives and fundraising campaigns at a local level. As a basic principle, all social projects and the use of funds are regularly checked by Geberit employees in the respective country or in partnership with NGOs, including after completion of the projects in question. For an overview of donations and financial contributions, see → **Investments in infrastructure and services primarily for public benefit**. All donations are neutral from a party political point of view. No donations were made to parties or politicians. As a rule, no political statements are made, and no political lobbying is carried out. This is ensured globally as part of the annual audit of the Code of Conduct.

CHANGES IN GROUP STRUCTURE

There were no significant changes to the legal structure of the Geberit Group (see also → **Financial Statements of the Geberit Group, Notes to the Consolidated Financial Statements, 2. Changes in Group structure** and → **33. Group companies as of 31 December 2018**).

OUTLOOK

SLOWER GROWTH IN THE CONSTRUCTION INDUSTRY

2019 will be challenging due to a general increase in volatility and the slowdown of construction activity in individual markets. However, the individual regions and sectors will perform differently. The assessment of construction activity in **Europe** remains positive as a whole. Despite healthy demand, growth potential in Germany is likely to remain limited due to capacity constraints of installers. A favourable market environment is emerging in Austria and the Benelux Countries, although with weaker growth momentum. A stagnating market environment is expected in France. The construction industry in Switzerland is set to decline slightly. In the Nordic Countries, the situation for the individual countries is expected to be mixed, with the market predicted to stagnate in the best case. The Eastern European markets are also predicted to perform differently, with a positive environment expected in Poland, for example. Italy is assessed more cautiously due to political circumstances, while a downward trend is foreseeable in the United Kingdom as a result of the uncertainty in relation to Brexit. In **North America**, a moderate recovery is predicted in the institutional construction industry – which is important to Geberit's business in the USA – along with a decrease in residential construction. In the **Far East/Pacific** region, the Chinese residential construction sector should continue to perform positively; the construction industry in Australia is expected to decline, while the situation in India is viewed positively. In the **Middle East/Africa** region, the outlook for the Gulf States is considered uncertain and the construction market in South Africa is stagnating.

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). 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. Uncertainties related to raw material markets have increased and make an outlook difficult. After a declining environment in the first quarter of 2019, raw material prices are expected to increase again in the second quarter.

GEBERIT

The objective is to perform strongly across the entire product range and in all markets and, as in previous years, to gain market shares. There will be concerted marketing of the new products that have been introduced in recent years. Markets in which Geberit products or technologies are still under-represented will be intensely cultivated, and the shower toilet business will be expanded further. In line with the Geberit strategy, these measures shall be accompanied by efforts to continuously optimise business processes and high margins shall be continued to be achieved in 2019. A focus will be placed on implementing the digitalisation strategy.

The Board of Directors and the Group Executive Board are convinced that the company is very well equipped for the upcoming opportunities and challenges. The opportunities offered as a result of combining technical know-how in sanitary technology "behind the wall" and design expertise "in front of the wall" will continue to be firmly seized. Experienced and highly motivated employees, a number of promising products that have been launched in recent years and product ideas for the more distant future, a lean and market-oriented organisation, an established cooperation based on trust with the market partners in both commerce and trade, and the Group's continued solid financial foundation are vital to its future success.

BUSINESS REPORT

**CORPORATE
GOVERNANCE**
2018

1. GROUP STRUCTURE AND SHAREHOLDERS

1.1 GROUP STRUCTURE

The operational Group structure is shown in the diagram → **Annual Report 2018, Business Report, Management structure, p. 15.**

Geberit AG, the parent company of the Geberit Group, has its headquarters in Rapperswil-Jona (CH). For the place of listing, market capitalisation, Swiss securities identification number and ISIN code, please refer to → **Annual Report 2018, Business Report, Geberit share information, p. 13.**

The Group's consolidated subsidiaries are listed in the → **Annual Report 2018, Financials, Consolidated Financial Statements Geberit Group, Notes to the Consolidated Financial Statements, Note 33, p. 126,** stating the company name and head office, share capital and equity interest held by the Group companies. Except for Geberit AG, the scope of consolidation does not include any listed companies.

1.2 SIGNIFICANT SHAREHOLDERS

The significant shareholders within the meaning of Art. 663c of the Swiss Code of Obligations (Schweizerisches Obligationenrecht, OR) and Art. 120 Para. 1 of the Financial Market Infrastructure Act (Finanzmarktinfrastrukturgesetz, FinfraG) were entered in the company's share register on 31 December 2018 as holding more than 3% of the voting rights or share capital recorded in the Commercial Register, or held more than 3% of the voting rights or share capital recorded in the Commercial Register on 31 December 2018.

Disclosure notifications reported to Geberit during 2018 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 2017 and 2018 financial years. In the 2016 financial year, the Articles of Incorporation were amended due to the capital reduction agreed on 6 April 2016 (see → **Annual Report 2018, Business Report, Corporate Governance, 2. Capital structure, 2.4 Shares and participation certificates, p. 46**).

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

Significant shareholders*

(as of 31 December 2018)

	in %
BlackRock Inc., New York, USA	4.98
Marathon Asset Management, London, UK	3.02

* 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 2018:

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

2.2 AUTHORISED AND CONDITIONAL CAPITAL DETAILS

As of 31 December 2018, 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 2018 (→ **Annual Report 2018, Financials, Consolidated Financial Statements Geberit Group, Consolidated Statements of Changes in Equity**) including the Notes to the Consolidated Financial Statements (→ **Annual Report 2018, Financials, Consolidated Financial Statements Geberit Group, Notes to the Consolidated Financial Statements, Note 21, p. 119**), to the information in the → **Annual Report 2018, Financials, Financial Statements Geberit AG, p. 133** as well as to the 2016 figures in the 2017 Annual Report (Consolidated Financial Statements Geberit Group: → **Annual Report 2017, Financials, Consolidated Financial Statements Geberit Group, Consolidated Statements of Changes in Equity** and → **Annual Report 2017, Financials, Consolidated Financial Statements Geberit Group, Notes to the Consolidated Financial Statements, Note 21** → **Annual Report 2017, Financials, Financial Statements Geberit AG**).

The changes in capital in 2016 are attributable to the cancellation of 757,000 shares as part of the share buyback programme announced in March 2014. This capital reduction was entered in the Commercial Register on 20 June 2016. In June 2017, the company announced a new share buyback programme that is due to last until 5 June 2020. The repurchased shares are to be cancelled via capital reduction.

2.4 SHARES AND PARTICIPATION CERTIFICATES

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

With the exception of the treasury shares held by the company, each share registered with voting rights in the share register of the company carries one vote at the General Meeting and each share (whether or not it is entered in the share register) carries a dividend entitlement. All dividends that have not been collected within five years of their due date are forfeited to the company in accordance with Art. 25 of the company's → **Articles of Incorporation** and allocated to the general reserve. As of 31 December 2018, the company held 999,182 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.

	31.12.2016	31.12.2017	31.12.2018
	MCHF	MCHF	MCHF
Share capital	4	4	4
Reserves	617	637	757
Retained	394	505	483

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 2018, 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 2018, 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 Nominee Ltd.: 6.47%
- Nortrust Nominees Ltd.: 3.12%

The Board of Directors did not have to delete any entries in the share register retroactively as of the date of entry in the 2018 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 2018, Business Report, Corporate Governance, 6. Participatory Rights of Shareholders, p. 60**.

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 2018, Business Report, Remuneration Report, 8. Summary of share and option plans 2018, p. 82** and → **Annual Report 2018, Financials, Consolidated Financial Statements Geberit Group, Notes to the Consolidated Financial Statements, Note 17, p. 115** 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 2018, 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); Member of the Board of Directors Investis, Crans-Montana (CH)**

Albert M. Baehny graduated with a degree in biology from the University of Fribourg (CH). In 1979, he started his career in the research department of Serono-Hypolab. His further career comprised various marketing, sales, strategic planning and global management positions with Dow Chemicals Europe (1981–1993), Ciba-Geigy/Ciba SC (1994–2000), Vantico (2000–2001) and Wacker Chemie (2001–2002). For more than 20 years, Albert M. Baehny gathered relevant knowledge and expertise with global business responsibility. Before joining Geberit, he was Senior Vice President of Wacker Specialties. At Geberit he was Head of Group Division Marketing and Sales Europe from 2003 to 2004. From 2005 until the end of 2014, Albert M. Baehny was Chief Executive Officer (CEO) of the Geberit Group. He has been Chairman of the Board of Directors since 2011.

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 Hyos Invest Holding AG, Zurich (CH); Member of the Board of Trustees Avenir Suisse, Zurich (CH); Member of the Advisory Committee RepRisk AG, Zurich (CH); Group General Counsel and Member of the Executive Committee Novartis, Basel (CH), from 2011 to 2018**

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, has been a member of the Executive Committee of the Novartis Group, a company in which he has held a number of other executive positions (e.g. Compliance, Country Management). Felix R. Ehrat is a leading practitioner of corporate, banking and mergers and acquisitions law, as well as an expert in corporate governance and arbitration. He started his career as an Associate with Bär & Karrer in Zurich (CH) in 1987, became Partner in 1992 and advanced to Senior Partner (2003–2011) and Executive Chairman of the Board of Directors (2007–2011) of the firm. During his career to date, Felix R. Ehrat was a chairman and member of various Boards of Directors at listed and non-listed companies, including a chairman and member of various respective audit committees. Furthermore, he has held posts in major business organisations, e.g. member of the board at economiesuisse (2013–2015) and Chairman of SwissHoldings (2015–2017). He is a lecturer at the University of St. Gallen (CH).



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

Thomas M. Hübner (1958)

- **Non-executive, independent member of the Board of Directors since 2015**
- **Swiss citizen**
- **Member of the Board of Directors and Lead Director B&M European Value Retail S.A., Luxembourg (LU); Member of the Board of Directors bpost NV, Brussels (BE)**

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

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

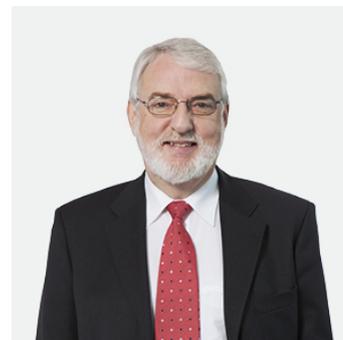


Hartmut Reuter (1957)

- **Vice Chairman of the Board of Directors since April 2016; non-executive, independent member of the Board of Directors since 2008**
- **German citizen**
- **Member of the Shareholders Committee and Supervisory Board Vaillant GmbH, Remscheid (DE); Chairman of the Advisory Board GBT-Bücolit GmbH, Marl (DE); Member of the Board of Directors Wilkhahn GmbH + Co KG, Bad Mündler (DE)**

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

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



Jørgen Tang-Jensen (1956)

- **Non-executive, independent member of the Board of Directors since 2012**
- **Danish citizen**
- **Member of the Board of Directors Coloplast A/S (DK); Chairman of the Board of Directors Danish Green Investment Fund (DK); Member of the Board of Directors Rockwool International A/S (DK); Member of the Board of Directors VKR Holding A/S (DK); Member of the Board of Directors Maj Invest Holding A/S (DK)**



Jørgen Tang-Jensen holds an MSc in Economics & Business Administration from the Business School in Aarhus (DK). He has also completed a number of management training courses at the IMD in Lausanne (CH) and at Stanford University (US). Jørgen Tang-Jensen was CEO of the Danish building materials manufacturer VELUX A/S from 2001 to 2018. After completing his studies, Jørgen Tang-Jensen joined the VELUX Group in 1981 and worked in various executive positions in the main VELUX sales and production companies until being appointed CEO in 2001. As a managing director, he was responsible for the respective national companies in Denmark from 1989 to 1991, France from 1991 to 1992, the United States in 1996 and Germany from 1999 to 2000.

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

Eunice Zehnder-Lai (1967)

- **Non-executive, independent member of the Board of Directors since 2017**
- **Citizen of Switzerland and Hong Kong**
- **Member of the Board of Directors DKSH Holding AG, Zurich (CH); Member of the Board of Trustees Asia Society Switzerland Foundation, Zurich (CH)**



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.

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), Jørgen Tang-Jensen and Eunice Zehnder-Lai were re-elected to the Nomination and Compensation Committee at the ordinary General Meeting on 5 April 2018. The constitution subsequent to the ordinary General Meeting 2018 resulted in the following composition of the Audit Committee: Felix R. Ehrat (Chairman), Thomas M. Hübner, Hartmut Reuter. Hartmut Reuter continues to hold the office of Vice Chairman of the Board of Directors.

Jørgen Tang-Jensen will not be standing for re-election at the ordinary General Meeting in 2019. Within the context of succession planning, the Geberit AG Board of Directors will nominate Bernadette Koch 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. Bernadette Koch will also replace Thomas M. Hübner on the Audit Committee. Thomas M. Hübner will be nominated to become a new member of the Nomination and Compensation Committee at the General Meeting 2019. The composition of the committees and holder of the office of Vice Chairman are also to remain unchanged.

3.5 INTERNAL ORGANISATIONAL STRUCTURE

The organisation of the Board of Directors is governed by law, the company's → **Articles of Incorporation** (www.geberit.com/investors/downloads/publications) and the → **Organisational Regulations of the Board of Directors of Geberit AG** (www.geberit.com/investors/downloads/publications) (see also → **Annual Report 2018, Business Report, Corporate Governance, 3. Board of Directors, 3.6 Definition of areas of responsibility, p. 54**).

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

The Board of Directors meets whenever business so requires, but at least four times a year generally for a day each (2018: nine meetings or telephone conferences). Each meeting or telephone conference that took place in 2018 lasted four hours on average. Meetings shall be chaired by the Chairman or, in the event of his incapacity, by the Vice Chairman. The Board of Directors shall appoint a Secretary, who need not

be a member of the Board of Directors. The Chairman of the Board of Directors may invite members of the Group Executive Board to attend meetings of the Board of Directors. During the reporting year, one or more members of the Group Executive Board took part in the nine meetings, with one particular meeting involving the participation of external consultants.

The Board of Directors shall be quorate if a majority of its members are present. Attendance can also be effected via telephone or electronic media. Resolutions are passed with the majority of votes cast. In the event of a tie, the Chairman shall have the casting vote.

The regular meetings of the Board of Directors and committees are scheduled early, so that as a rule all members participate in person or via telephone.

The participation rate for meetings of the Board of Directors in 2018 was 98%.

	7 Mar	12 Mar	4 Apr	4/5 Jul	13 Aug	30 Aug	31 Aug	26 Oct	6 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
Thomas M. Hübner	X	–	X	X	X	X	X	X	X
Hartmut Reuter	X	X	X	X	X	X	X	X	X
Jørgen Tang-Jensen	X	X	X	X	X	X	X	X	X
Eunice Zehnder-Lai	X	X	X	X	X	X	X	X	X

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

NOMINATION AND COMPENSATION COMMITTEE (NCC)

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

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

The members of the Nomination and Compensation Committee as of 31 December 2018 were Hartmut Reuter (Chairman), Jørgen Tang-Jensen and Eunice Zehnder-Lai. The committee meets at least three times a year generally for a half day each (2018: four meetings). Each meeting or telephone conference that took place in 2018 lasted three hours on average.

The participation rate for meetings in 2018 was 100%.

	23 Feb	30 Aug	26 Oct	6 Dec
Hartmut Reuter	X	X	X	X
Jørgen Tang-Jensen	X	X	X	X
Eunice Zehnder-Lai	X	X	X	X

The Nomination and Compensation Committee supports the Board of Directors in fulfilling its duties specified by law and the → **Articles of Incorporation (www.geberit.com/investors/downloads/publications)** in the area of the compensation and personnel policy of the Geberit Group. The powers and duties of the Nomination and Compensation Committee are based on the following principles:

1. Preparation and periodical review of the Geberit Group's compensation policy and principles and personnel policy, performance criteria related to compensation and periodical review of their implementation, as well as submission of the respective proposals and recommendations to the Board of Directors.
2. Preparation of all relevant decisions of the Board of Directors in relation to the nomination and compensation of the members of the Board of Directors and of the Group Executive Board, as well as submission of the respective proposals and recommendations to the Board of Directors.

The overall responsibility for the duties and competencies assigned to the Nomination and Compensation Committee remains with the Board of Directors.

The Board of Directors may delegate further powers and duties to the Nomination and Compensation Committee in respect of nomination, compensation and related matters.

The organisation, detailed responsibilities, functioning and reporting of the Nomination and Compensation Committee are stipulated in the → **Organisational Regulations for the Nomination and Compensation Committee (NCC) (www.geberit.com/investors/downloads/publications)** of the Board of Directors of Geberit AG.

AUDIT COMMITTEE (AC)

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

As of 31 December 2018, the Audit Committee was composed of Felix R. Ehrat (Chairman), Thomas M. Hübner and Hartmut Reuter. It meets at least twice a year, generally for a half day each (2018: five meetings). Each meeting or telephone conference that took place in 2018 lasted four hours on average.

The participation rate for meetings in 2018 was 93%.

	23 Feb	2 May	7 Aug	30 Aug	5 Dec
Felix R. Ehrat	X	X	X	X	X
Thomas M. Hübner	X	–	X	X	X
Hartmut Reuter	X	X	X	X	X

The Audit Committee supports the Board of Directors in fulfilling its duties specified by law, in particular in the areas of financial control (supervision of the internal and external auditors and monitoring of financial reporting) and ultimate supervision of the persons entrusted with the management (internal control system). The Audit Committee determines the scope and planning of the internal audit and coordinates them with those of the external audit. For every meeting, the internal and external auditors provide a comprehensive report on all audits carried out and the measures to be implemented. The Audit Committee monitors the implementation of the conclusions of the audit. An independent auditor also checked the working methods of the internal audit during the reporting year. It gave the internal audit the highest possible rating ("generally conforms") based on international internal audit standards. In addition, the Audit Committee assesses the functionality of the internal control system, including risk management (see also → **Annual Report 2018, Business Report, Corporate Governance, 3. Board of Directors, 3.7 Information and control instruments vis-à-vis the Group Executive Board, p. 55**). The Audit Committee supports

the Board of Directors with corporate governance and compliance issues, monitors the relevant corporate governance and compliance aspects and develops them further. The overall responsibility for the duties and competencies assigned to the Audit Committee remains with the Board of Directors.

The organisation, detailed responsibilities, functioning and reporting of the Audit Committee are set out in the → **Organisational Regulations for the Audit Committee (www.geberit.com/investors/downloads/publications)** of the Board of Directors of Geberit AG.

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

3.6 DEFINITION OF AREAS OF RESPONSIBILITY

Pursuant to Swiss Corporate Law and Art. 17 of the → **Articles of Incorporation (www.geberit.com/investors/downloads/publications)** at Geberit AG, the Board of Directors has the following non-transferable and irrevocable responsibilities:

- The ultimate management of the Company and the giving of the necessary directives
- The establishment of the organisation
- The structuring of the accounting system and the financial controls, as well as the financial planning
- The appointment and removal of the persons entrusted with the management and the representation
- The ultimate supervision of the persons entrusted with the management, in particular in view of compliance with the law, → **Articles of Incorporation**, regulations and directives
- The preparation of the annual report and of the 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 (www.geberit.com/investors/downloads/publications/)** and the → **Supplement to the Organisational Regulations (https://annualreport2018.geberit.com/geberit/annual/2018/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 2018, the Group Executive Board is composed of the Chief Executive Officer and six other members. The members of the Group Executive Board are appointed by the Board of Directors based on the proposal of the Nomination and Compensation Committee.

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

The current → **Articles of Incorporation** as well as the → **Organisational Regulations of the Board of Directors of Geberit AG**, the → **Nomination and Compensation Committee (NCC)** and the → **Audit Committee** 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, the members of the Group Executive Board inform the Board of Directors of current business developments and major business transactions of the Group or Group companies. Between meetings, the Board of Directors is comprehensively informed in writing about current business developments and the company's financial situation on a monthly basis. Essentially, this report contains key statements on the Group and market development, information and key figures on the Group sales and profit development (in January, April, July and October, it contains statements only on sales development and not on profit development), statements on sales development in the individual product lines and countries or regions as well as an analysis on the share price development. The more extensive quarterly report additionally contains the expectations of the operational management on the development of results until the end of the financial year, information on the development of the workforce and liquidity and on the investments made, the composition of the shareholders as well as market expectations in regard to the business development.

Furthermore, the Chairman of the Board of Directors and the Chief Executive Officer are in contact at regular intervals with respect to all major issues of corporate policy. Each member of the Board of Directors may individually demand information with respect to all matters of the Group or Group companies.

Based on the → **Organisational Regulations of the Board of Directors of Geberit AG (www.geberit.com/investors/downloads/publications)** and the → **Organisational Regulations for the Audit Committee (www.geberit.com/investors/downloads/publications)** of the Board of Directors, the Audit Committee has implemented a comprehensive system for monitoring and controlling the risks associated with the business activities. This process includes risk identification, analysis, control and reporting. Operationally, the Group Executive Board is responsible for controlling risk management. In addition, responsible persons are designated in the company for significant individual risks. These responsible parties decide on specific actions for risk mitigation and monitor their implementation. Every other year, the Internal Audit department issues a risk report for the attention of the Board of Directors. Significant risks are also constantly discussed in the meetings of the Group Executive Board and Board of Directors, which take place on a regular basis (see → **Annual Report 2018, Business Report, Business and financial review, Strategy and goals, Risk management, p. 21**). For information on the management of financial risks, refer to → **Annual Report 2018, Financials, Consolidated Financial Statements Geberit Group, Notes to the Consolidated Financial Statements, Note 4, p. 96**. In addition, the Internal Audit department reports to the Audit Committee at every meeting on completed audits and on the status of the implementation of findings and optimisation proposals of previous audits.

The → **Organisational Regulations of the Board of Directors of Geberit AG**, the → **Organisational Regulations of the Nomination and Compensation Committee** 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 2018, the Group Executive Board was composed of seven 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 2018, Business Report, Management structure, p. 15.**



Roland Iff (1961)

- **Member of the Group Executive Board since 2005**
- **With Geberit since 1993**
- **Head of Group Division Finance (CFO)**
- **Swiss citizen**
- **Vice Chairman of the Board of Directors VZ Holding AG, Zurich (CH)**

Roland Iff studied economics at the University of St. Gallen (CH) and graduated with the degree of lic. oec. (major: accounting and finance) in 1986. He started his professional career in 1987 as internal auditor with the American Mead Corporation in Zurich (CH) and at the company's headquarters in Dayton (US). Subsequently he worked on different market development projects in Brussels (BE) before he was appointed Chief Financial Officer of Mead's Italian subsidiary in Milan (IT) in 1990. In 1993, Roland Iff joined Geberit as Head of Corporate Development. In 1995, he became Head of Group Controlling. Beginning in October 1997, he served as Head of Group Treasury. Roland Iff has been Head of Group Division Finance (CFO) of the Geberit Group since 2005; see also → **Annual Report 2018, Business Report, Management structure, p. 15.**



Martin Baumüller (1977)

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

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



business of the Geberit Group. He has been Head of Group Division Marketing & Brands since 2016; see also → **Annual Report 2018, Business Report, Management structure, p. 15.**

Egon Renfordt-Sasse (1957)

- **Member of the Group Executive Board since 2015**
- **With Geberit since 1997**
- **Head of Group Division Product Management & Innovation**
- **German citizen**

Egon Renfordt-Sasse completed his mechanical engineering studies at RWTH Aachen University (DE) in 1986. He began his career at Battenfeld-Fischer in Troisdorf (DE), where he held several positions until 1997, the last of which as manager of the Technical Parts profit centre. In 1997, he joined the Geberit Group as product manager responsible for the Installation Systems product line. From 2001 to 2003, he was responsible for Sales Engineering – among other things – at Geberit's German sales company. He then became Head of Products Sanitary Systems at the Group, a position he held until 2012. Since then, he has been Head of Group Marketing. From 2015 to 2016 he was Head of Group Division Marketing & Brands. He has been Head of Group Division Product Management & Innovation since 2016; see also → **Annual Report 2018, Business Report, Management structure, p. 15.**



Karl Spachmann (1958)

- **Member of the Group Executive Board since 2011**
- **With Geberit since 1997**
- **Head of Group Division Sales Europe**
- **German citizen**

Karl Spachmann graduated in business and organisational studies at the University of the German Armed Forces in Munich (DE). He began his career with the German Armed Forces in 1983 where he served as radar commanding officer and press officer until 1990. In 1990, he joined Adolf Würth GmbH & Co. KG in Künzelsau (DE), initially as Assistant to the Managing Director of Sales and later as Regional Sales Manager for North Rhine-Westphalia. In 1995, he moved to Friedrich Grohe AG in Hemer (DE) to work as responsible Sales Manager for Germany. Since 1997, he has been responsible for the German sales company of the Geberit Group, initially as Managing Director focusing on field service, and since 2000 as Chairman of the Management Board. Karl Spachmann has been Head of Group Division Sales Europe since 2011; see also → **Annual Report 2018, Business Report, Management structure, p. 15.**



Ronald van Triest (1969)

- **Member of the Group Executive Board since 2015**
- **With Geberit since 2015**
- **Head of Group Division Sales International**
- **Dutch citizen**

Ronald van Triest completed his Master's degree in Management and Organisation at the University of Groningen (NL) in 1996. He started his career at Royal Philips, where he held various roles until 2006. These were initially in the areas of marketing and sales, before a second phase where he took on wide-ranging responsibilities in the areas of product management, M&A and executive management. He operated predominantly from Singapore and Hong Kong. From 2007 to 2009, he was General Manager Sales at China Electronics Corporation in Shenzhen (CN), where he was responsible for sales, marketing, service and logistics and managed staff in China, Singapore, Russia and Turkey. From 2010 to 2015, he worked for Ellipz Lighting in Singapore. As CEO and Managing Director, he was responsible for setting up and developing the Asian business. Among other things, he established a joint venture in Beijing, set up the local production, R&D and sales and created sales channels in Southeast Asia and the Middle East, as well as a joint venture in India. Since 2015, Ronald van Triest has been Head of Group Division Sales International of the Geberit Group; see also → **Annual Report 2018, Business Report, Management structure, p. 15.**



Martin Ziegler (1969)

- **Member of the Group Executive Board since 2018**
- **With Geberit since 1995**
- **Head of Group Division Operations**
- **Swiss citizen**
- **Member of the Board of Directors Piacabo 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 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. Since 2012, he has been responsible for the Group's 13 EFA (Extrusion, Forming, Assembly) production plants. Since 1 January 2018, he has been Head of Group Division Operations; see also → **Annual Report 2018, Business Report, Management structure, p. 15.**



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, SHARE-HOLDINGS AND LOANS

See → **Annual Report 2018, Business Report, Remuneration Report, p. 65**. The Remuneration Report is also available 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, see → **Annual Report 2018, Business Report, Corporate Governance, 2. Capital structure, 2.6 Limitations on transferability and nominee registrations, p. 47.**

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 CONVOCATION OF THE GENERAL MEETING OF SHAREHOLDERS/ AGENDA

The General Meeting is convened by the Board of Directors at the latest 20 days before the date of the meeting. No resolutions may be passed on any subject not announced in this context. Applications to convene an extraordinary General Meeting or for the performance of a special audit are exempt from this rule and may be made by any shareholder during a General Meeting without prior announcement. Shareholders representing shares with a par value of CHF 4,000 may demand inclusion of items on the agenda. Such requests must be made at least 45 days before the General Meeting in writing by stating the items of the agenda and the motions.

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

6.5 INSCRIPTIONS INTO THE SHARE REGISTER

In the invitation to the General Meeting, the Board of Directors will announce the cut-off date for inscription into the share register that is authoritative with respect to the right to participate and vote.

7. CHANGES OF CONTROL AND DEFENCE MEASURES

7.1 OBLIGATION TO MAKE AN OFFER

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

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 2018, Business Report, Remuneration Report, 5. Remuneration architecture, p. 72.**

8. AUDITORS

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

PricewaterhouseCoopers AG, Zurich, has been the auditor of the Geberit Group since 1997 and of Geberit AG since its foundation in 1999. Lead auditor Beat Inauen has been in charge of the auditing mandate since 2015. The lead auditor is rotated every seven years.

8.2 AUDITING FEES

In 2018, PricewaterhouseCoopers invoiced the Geberit Group TCHF 1,766 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 530 relating to tax consultancy and support as well as TCHF 32 for other services. Therefore, the non-audit fees amount to 32% of the audit fees.

8.4 INFORMATION TOOLS OF THE EXTERNAL AUDITORS

Before every meeting, the external auditor informs the Audit Committee in writing about relevant auditing activities and other important facts and figures related to the company. Representatives of the external and internal auditors attend the meetings of the Audit Committee for specific agenda items, and to comment on their activities and answer questions. The external auditors attended three meetings of the Audit Committee in the reporting year 2018.

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 2018, Business Report, Corporate Governance, 3. Board of Directors, 3.5 Internal organisational structure, Audit Committee (AC), p. 53.**

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 2018, Business Report, Geberit share information, Communication, p. 13.**

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BUSINESS REPORT

REMUNERATION REPORT

2018

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 2018. 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 2019 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 2018
7. Group Executive Board: remuneration and share/option ownership in 2018
8. Summary of share and option plans 2018
9. Summary of shares and options held by employees and management as of 31 December 2018
10. Report of the statutory auditor

For additional information on business development in 2018 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), I am pleased to present the 2018 Remuneration Report.

In 2018, the market environment was characterised by increased volatility and a declining growth momentum in certain markets. The solid sales growth and high profitability mean we can look back on a good financial year. The increased year-on-year operating results were above all attributable to higher sales volumes, price increases, positive effects of the closure of two plants in France in the previous year as well as to continuous efficiency improvements, while higher raw material prices as well as tariff-related increases in personnel expenses had a negative impact. The Remuneration Report summarises how these results impacted the variable remuneration made to the members of the Group Executive Board under the different remuneration components.

During the reporting year, the NCC performed a thorough review of the compensation programmes applicable to the Group Executive Board in order to ensure their alignment with the business strategy and with the long-term interests of our shareholders. As a result of this analysis, the NCC concluded that the main characteristics of the compensation system are fit for purpose. Nevertheless, the long-term incentive plan needs simplification and harmonisation. Therefore, the following changes will be implemented in the business year 2019:

- All options granted under the long-term incentive plan and under the management share purchase plan will be subject to a three-year cliff vesting and a maturity of nine years.
- Clawback and malus provisions will be introduced in the long-term incentive.

Otherwise, the NCC performed its regular activities throughout the year such as the performance goal setting at the beginning of the year and the performance assessment at year end, the determination of the compensation of the members of the Board of Directors and of the Group Executive Board, as well as the preparation of the Remuneration Report and of the say-on-pay vote for the General Meeting. You will find further information on our activities and on Geberit's compensation system and governance on the following pages.

At the 2019 General Meeting, we will request your approval of the total remuneration amount to be awarded to the Board of Directors for the period until the following General Meeting, and the maximum aggregate remuneration awarded to the Executive Board for the 2020 business year. Additionally, you will have the opportunity to express your opinion on this Remuneration Report in a consultative vote. You will see in the report that the remuneration awarded to the Board of Directors for the compensation period ending with the 2019 General Meeting and the remuneration awarded to the Group Executive Board in 2018 are within the limits approved at the 2018 General Meeting and 2017 General Meeting respectively.

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

Yours sincerely,



Hartmut Reuter
Chairman of the Nomination & Compensation Committee

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 → 5. Remuneration architecture, 5.1 Board of Directors

COMPENSATION IN 2018

The compensation awarded to the Board of Directors for the term of office until the Annual General Meeting 2018 is within the limits approved by the shareholders at the annual general meetings:

Comparison period	Approved amount (CHF)	Effective amount (CHF)
AGM 2017 – AGM 2018	2,350,000	2,279,943
AGM 2018 – AGM 2019	2,350,000	2,277,435*

* The compensation period is not yet completed, a definitive assessment will be provided in the compensation report for FY 2019

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 compensation
Benefits	Cover retirement, death and disability risks, attract and retain	
Short-Term Incentive	Drive and reward performance, attract and retain	Variable compensation
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 → 5. Remuneration architecture, 5.2 Group Executive Board

COMPENSATION IN 2018

The compensation awarded to the Group Executive Board in the financial year 2018 is within the limits approved by the shareholders at the annual general meeting:

Comparison period	Approved amount (CHF)	Effective amount (CHF)
Financial year 2018	11,300,000	8,727,347

Performance in the financial year 2018

The weighted average of all elements used to calculate the variable cash remuneration slightly exceeded the targets.

See → **7. Group Executive Board, 7.1 Performance in 2018**

Changes from 2019 onwards

Performance options granted under the long-term incentive and under the management share purchase plan will have a three-year cliff vesting and a maturity of nine years. Claw-back and malus provisions will be introduced in the long-term incentive plan (currently in place in the short-term incentive plan).

See → **Outlook**

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 General Meeting.
- The Remuneration Report for the preceding period is subject to a consultative vote.

See → **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, the NCC supports the Board of Directors (BoD) in the fulfilment of its duties and responsibilities in the area of remuneration and personnel policy, including:

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

APPROVAL AND AUTHORITY LEVELS ON REMUNERATION MATTERS:

Decision on	CEO	NCC	BoD	AGM
Remuneration policy and guidelines, in line with the provisions of the Articles of Association		Proposes	Approves	
Maximum aggregate amount of remuneration for the BoD and for the GEB		Proposes	Reviews	Binding vote
Individual remuneration of members of the BoD		Proposes	Approves	
Individual remuneration of the CEO (including fixed remuneration, STI ¹ , LTI ²)		Proposes	Approves	
Individual remuneration of the other members of the GEB	Proposes	Reviews	Approves	
LTI ² grant for all other eligible parties	Proposes	Reviews	Approves	
Remuneration Report		Proposes	Approves	Consultative vote

¹ Short-Term Incentive

² Long-Term Incentive

The NCC consists of independent and non-executive members of the Board of Directors only, who are elected annually by the shareholders at the General Meeting. Since the 2018 General Meeting, the NCC has consisted of Hartmut Reuter as Chairman as well as Eunice Zehnder-Lai and Jørgen Tang-Jensen as members.

The NCC meets at least three times per year. In 2018, it held a total of four meetings, including three regular meetings covering, among others, the predefined recurring agenda items illustrated below, as well as an extraordinary meeting for the review of the long-term incentive plan. The participation rate for NCC meetings in 2018 was 100%.

	February	August	December
Remuneration policy	- 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)	- Benchmarking of GEB remuneration - Succession planning for GEB positions - Talent management session	- Target remuneration (following year) - Target setting for STI (following year) - Option valuation and definition of performance criteria LTI for next grant
BoD matters			- BoD remuneration (following year) - BoD evaluation
Governance	- AGM preparation (maximum amounts of remuneration of GEB and BoD to be submitted to say-on-pay votes)	- Review of shareholders' and proxy advisors' feedback on the Remuneration Report - Corporate update	- 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, every two to three years, in benchmark studies on comparable functions in other industrial companies. In 2017, a detailed analysis of the remuneration of the CEO and the other members of the Group Executive Board was carried out by an independent external compensation consulting firm, Willis Towers Watson (CH) as disclosed in last year's Remuneration Report. This consulting firm has no other mandates from Geberit. The study, together with other published data, was used to determine the target remuneration levels of the CEO and other members of the Group Executive Board for the business year 2018. While many different factors (such as the individual role, experience in the role and contribution, company performance and affordability) are considered to determine remuneration levels, the policy of Geberit is to provide a target remuneration that is in principle positioned around the market median.

In 2018, Agnes Blust Consulting (CH) supported the review of the long-term incentive programme. This consulting firm has no other mandates from Geberit.

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

PERFORMANCE MANAGEMENT

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



4.3 SHAREHOLDER INVOLVEMENT

In the last six 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 General Meeting, so that shareholders have an opportunity to express their opinion about the remuneration system.

ARTICLES OF INCORPORATION

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

- Principles applicable to performance-related pay:
the members of the Group Executive Board may be paid variable remuneration which may include short- and long-term elements and which is linked to the achievement of one or several performance criteria.
- Binding votes on maximum aggregate compensation amounts of the Board of Directors and Group Executive Board:
shareholders vote prospectively on the maximum aggregate remuneration amount for the Board of Directors until the next ordinary General Meeting and for the maximum aggregate remuneration amount for the Group Executive Board for the following business year. Further, shareholders can express their opinion on the remuneration principles and structure through a consultative vote on the Remuneration Report.
- Additional amount for payments to members of the Group Executive Board appointed after the vote on remuneration at the General Meeting:
for the remuneration of members of the Group Executive Board who have been appointed after the approval of the maximum aggregate remuneration amount by the General Meeting, and to the extent that the maximum aggregate remuneration amount as approved does not suffice, an amount of up to 40% of the maximum aggregate remuneration amount approved for the Group Executive Board is available without further approval of the General Meeting.
- Loans, credit facilities and post-employment benefits for members of the Board of Directors and of the Group Executive Board:
no loans or credits shall be granted to members of the Board of Directors or the Group Executive Board.

The provisions of the Articles of Incorporation have been kept broad so that the Board of Directors has sufficient flexibility to make any necessary amendments to the remuneration programmes. The remuneration principles currently in place are more restrictive than the provisions of the Articles of Incorporation and are aligned with good practice in corporate governance; for example, the independent members of the Board of Directors are not eligible for any variable remuneration or retirement benefits (see also the → **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 compensation amounts have remained unchanged since the last review in 2016 as follows:

Annual fees	in CHF	Delivery
Chairman	885,000	Cash and restricted shares
Vice Chairman	245,000	Restricted shares
Member of the BoD	190,000	Restricted shares
Chairman of NCC / Audit Committee	45,000	Restricted shares
Member of NCC / Audit Committee	30,000	Restricted shares
Expense allowance	15,000	Cash

The remuneration is paid out at the end of the term of office and is subject to contributions to social security. The members of the Board of Directors are not covered under the company pension plan.

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

Further information regarding the remuneration amounts for the period from the 2019 General Meeting to the 2020 General Meeting is provided in the invitation to the 2019 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:

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

	Programme	Instrument	Purpose	Plan/ Performance period	Performance metrics in 2018
Base salary	Annual base salary	Monthly cash payments	Pay for the function		
Short-Term Incentive	Short-Term Incentive, STI	Annual variable cash	Drive and reward performance, attract and retain	1-year performance period	Sales, EBIT, EPS, ROIC, individual objectives
	Share Participation Programme MSPP	Matching share options in case of an investment of variable cash in restricted shares	Align with shareholders' interests	Shares: 3-year restriction period Share options: 4-year vesting period (staged), 7-year plan period	Share options: ROIC
Long-Term Incentive	Share Option Plan MSOP	Performance share options	Drive and reward long-term performance, align with shareholders' interests, retain	5-year performance period (staged), 10-year plan period	ROIC
Benefits	Pension	Swiss pension funds (Gemeinschafts-stiftung, Wohlfahrtsfonds)	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 variable cash remuneration (assuming 100% achievement of all objectives) form the so-called target income. The base salary makes up 70% of the target income and the variable remuneration 30%, out of which 25% is driven by the achievement of business goals and 5% by the achievement of individual objectives.

The financial objectives include equal weightings of sales performance, earnings before interest and taxes (EBIT) and earnings per share (EPS) compared with the previous year as well as the return on invested capital (ROIC). These financial objectives have been chosen because they are key value drivers for Geberit and generally reward for growing the business and gaining market share (top-line contribution), for increasing profitability over-proportionally through strong operating leverage (bottom-line contribution) and for investing the capital efficiently. Every year, on the basis of a recommendation made by the NCC, the Board of Directors determines the expected target level of performance for each financial objective for the following year. In order to strengthen the company's position as market leader and to continuously strive for superior performance, significant improvements against the previous year's achievements are generally required in order to meet the target level of performance, in line with the company's ambitious financial plan. The intention of this demanding target setting is to deliver best-in-class performance and to stay ahead of the market. In addition, a threshold level of performance, below which no variable remuneration is paid out, and a maximum level of performance, above which the variable remuneration is capped, are determined as well. The payout level between the threshold, the target and the maximum is calculated by linear interpolation. The maximum payout for the financial objectives shall not exceed 60% of the target income.

The individual performance component is based on the achievement of individual objectives predefined at the beginning of the year between the CEO and individual members of the Group Executive Board, and for the CEO, between the Board of Di-

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

rectors and the CEO. The individual objectives are of a more qualitative and strategic nature and may include, for example, objectives related to product and service innovation, entry in new markets, management of strategic projects and leadership.

The maximum payout for the individual objectives shall not exceed 10% of the target income.

As a result, the total variable cash remuneration for members of the Group Executive Board is capped at 70% of the target income, which corresponds to the annual base salary.

Members of the Group Executive Board have the opportunity to invest part 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, a free share option is provided for each share purchased through the programme. The options are subject to a performance-based vesting period of four years: a quarter vest one year after the grant, a further quarter two years after the grant, a further quarter three years after the grant, and the remaining quarter four years after the grant. The other features of the options and the performance condition (return on invested capital ROIC) are the same as those applicable to the options granted under the Long-Term Incentive MSOP plan, see section at → **Long-Term Incentive (LTI)**.

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

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

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

LONG-TERM INCENTIVE (LTI)

The purpose of the Long-Term Incentive (Management Share Option Plan MSOP) is to ensure long-term value creation for the company, alignment of the interests of executives to those of shareholders and long-term retention of executives. The MSOP was revised with the introduction of a performance-based vesting condition, effective 1 January 2013, and with the extension of the vesting period to five years, effective 1 January 2016.

Every year, the Board of Directors determines the grant of share options. In 2018, the market value of options granted amounts to 60% of the target income for the CEO and to between 40 and 50% for the other members of the Group Executive Board. For some 100 additional participants of the Group management, the market value amounts to 10% of the target income.

The options granted in 2018 are subject to a vesting period staged over five years as follows: one third of the options can be exercised three years after the grant, an additional third can be exercised four years after the grant and the remaining third can be exercised five years after the grant. The options have a term of 10 years (counted from the grant date) after which they expire.

The vesting of share options is subject to the achievement of a performance criterion, the average Return on Invested Operating Capital (ROIC) over the respective vesting period. ROIC expresses how well the company is generating cash relative to the capital it has invested in its business. The Board of Directors determines a target level of performance for which the options will vest in full and a minimum level of performance (threshold), below which there is no vesting at all. Both the threshold and the target are ambitious: they are substantially above the weighted average cost of capital. The payout level between the threshold and the target is determined by lin-

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

ear interpolation. There is no over-achievement in the MSOP. The options can be exercised between the respective vesting date and the expiration date. The exercise price of the options corresponds to the fair market value of the underlying share at the time of grant.

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

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

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

DISCLOSURE OF TARGETS

Internal financial and individual targets under the STI and the LTI plans are considered commercially sensitive information. Communicating such targets would allow delicate insight into the strategy of Geberit and 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 148 per annum, with age-related contribution rates equally shared between the company and the individual, and a supplementary plan in which income in excess of TCHF 148 is insured (including actual variable cash remuneration), up to the maximum amount permitted by law. The company pays for the entire contribution in the supplementary plan.

Furthermore, each member of the Group Executive Board is entitled to a company car and a representation allowance in line with the expense regulations applicable to all members of management in Switzerland and approved by the tax authorities.

EMPLOYMENT TERMS AND CONDITIONS

All members of the Group Executive Board have permanent employment contracts with notice periods of a maximum of one year. Members of the Group Executive Board are not entitled to any severance payment.

In order to ensure good corporate governance, Geberit has implemented a clawback policy on payments made under the Short-Term Incentive programme, which covers situations where the company is required to restate its accounts due to non-compliance with financial reporting requirements under the securities laws at the time of disclosure. In such cases, the Board of Directors is empowered to recalculate the STI payout, taking into account the restated results, and to seek reimbursement of any STI amount paid in excess of the newly calculated amount. The claw-back clause is applicable for three years after the payment of the respective variable remuneration.

OUTLOOK: CHANGES TO THE REMUNERATION SYSTEM IN 2019

The NCC conducted a thorough review of the LTI and concluded the following:

- Performance options are still appropriate for Geberit. They have been in place for several years and are well accepted externally and internally, especially because of the strong linkage to shareholders' interests;

- ROIC has been re-confirmed as the relevant performance indicator for the long-term success of the company: ROIC reflects the ability of the company to generate long-term value through returns on investment that are higher than the cost of capital. ROIC ensures a high degree of shareholder alignment since it is the major key driver for the valuation of the company;
- However, the current LTI programme is too complex. The vesting schedule of the MSOP options is staged over a period of five years and that of the MSPP options over four years. This means that in any given year, there are seven different tranches that are vesting, which is complex to administer and communicate. Consequently, the decision was made to harmonise the vesting schedules for MSOP and MSPP. In line with prevalent market practice of other Swiss listed companies, Geberit will introduce a three-year cliff vesting period;
- In order to keep the economic value of the performance options similar to the previous plans, the maturity of the options has been reduced from 10 years to 9 years;
- Finally, clawback and malus provisions will be introduced to the long-term incentive plan (they are already in place in the short-term incentive including MSPP). Those provisions foresee that in case of financial restatement due to non-compliance to 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.

Those changes result in a simplified remuneration system that is well-aligned to shareholders' interests and with market practice of other Swiss listed companies. The vesting of MSOP and MSPP options will depend on the same performance period and thus will be harmonised.

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

6. BOARD OF DIRECTORS: REMUNERATION AND SHARE OWNERSHIP IN 2018

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 2018, members of the Board of Directors received a total remuneration of TCHF 2,280 (previous year TCHF 2,283). Remuneration for regular board activities and committee assignments amounted to TCHF 2,100 (previous year TCHF 2,100). The structure of remuneration of the members of the Board of Directors has not changed compared to the previous year.

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

	A. Baehny Chairman CHF	H. Reuter Vice Chairman CHF	E. Zehnder-Lai CHF	F. Ehrat CHF	T. Hübner CHF	J. Tang- Jensen CHF	Total CHF
2018							
Remuneration of the Board of Directors							
Accrued remuneration ¹	270,000	320,000	220,000	235,000	220,000	220,000	1,485,000
Cash remuneration	615,000						615,000
Expenses	15,000	15,000	15,000	15,000	15,000	15,000	90,000
Contributions to social insurance	41,612	15,140	10,706	11,350	10,706	0	89,514
Total	941,612	350,140	245,706	261,350	245,706	235,000	2,279,514

¹ Director's fee booked, but not yet paid as at 31 December. Payment will be made in the first quarter of 2019 in the form of restricted shares of the company with a par value of CHF 0.10 each, valued at fair value at grant date. The blocking period is four years. The portion not paid in shares is used for the payment of social charges and for Swiss withholding taxes for non-Swiss board members.

	CHF						
Remuneration of former members of the Board of Directors (none)							
Accrued remuneration							0
Expenses							0
Contributions to social insurance							0
Total							0

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

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

² Director's fee booked, but not yet paid as at 31 December. Payment will be made in the first quarter of 2018 in the form of restricted shares of the company with a par value of CHF 0.10 each, valued at fair value at grant date. The blocking period is four years. The portion not paid in shares is used for the payment of social charges and for Swiss withholding taxes for non-Swiss board members.

³ No more social insurance contributions in Switzerland in 2017.

CHF

Remuneration of former members of the Board of Directors (R. Aalstad*)

Accrued remuneration	55,000
Expenses	3,750
Contributions to social insurance	2,713
Total	61,463

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

For the period from the 2018 General Meeting to the 2019 General Meeting, the remuneration paid to the Board of Directors is expected to amount to CHF 2,277,435. This is within the limit of CHF 2,350,000 approved by the 2018 General Meeting.

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

(in CHF)	1*	2**	3***	4****	5*****	6*****
GM18 – GM19	2018	1 Jan 2018 to 2018 GM	1 Jan 2019 to 2019 GM	2018 GM to 2019 GM	2018 GM	2018 GM
BoD (total)	2,279,514	-571,957	+569,878	2,277,435	2,350,000	97%
GM17 – GM18	2017	1 Jan 2017 to 2017 GM	1 Jan 2018 to 2018 GM	2017 GM to 2018 GM	2017 GM	2017 GM
BoD (total)	2,282,906	-574,920	+571,957	2,279,943	2,350,000	97%

* Compensation earned during financial year as reported (A)

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

*** Plus compensation accrued from January to General Meeting of year following financial year (C) / budget value for 2019

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

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

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

As of the end of 2018 and 2017, the members of the Board of Directors held the following shares in the company:

	A. Baehny Chairman	H. Reuter Vice Chairman	E. Zehnder- Lai	F. Ehrat	T. Hübner	J. Tang- Jensen	Total
2018							
Shareholdings Board of Directors							
Shares	70,778	9,023	363	2,798	1,343	2,920	87,225
Options	41,864*	0	0	0	0	0	41,864
Percentage voting rights shares	0.19%	<0.1%	<0.1%	<0.1%	<0.1%	<0.1%	0.24%

* A. Baehny options until 2014 as CEO

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

* A. Baehny options until 2014 as CEO

As of 31 December 2018, 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 2018

This section is audited by the external auditor.

7.1 PERFORMANCE IN 2018

Consolidated sales in 2018 increased by 5.9% to CHF 3,081 million. Total growth comprised organic growth in local currencies of 3.1% and a foreign currency effect of +2.8%. As in previous years, one-off costs related to the Sanitec acquisition and integration had an impact on results, although to a significantly lower extent and for the last time in this reporting year. Operating profit (EBIT) adjusted for these effects increased by 5.4% to CHF 744 million and the adjusted EBIT margin came to 24.2%. The increased year-on-year operating results were above all attributable to higher sales volumes, price increases, positive effects of the closure of two plants in France in the previous year as well as to continuous efficiency improvements, while higher raw material prices as well as tariff-related increases in personnel expenses had a negative impact. Adjusted earnings per share improved by 4.7% to CHF 17.21. The adjusted return on invested capital (ROIC) rose to 22.6% (previous year 22.4%).

To determine the variable cash remuneration (STI) of the members of the Group Executive Board, the following Key Performance Indicators (KPI) are used: sales performance, EBIT and EPS compared with the previous year as well as ROIC. The achievement of qualitative individual targets is also taken into consideration. The degree of achievement varies by KPI, and the weighted average of all elements used to calculate the variable cash remuneration slightly exceeded the targets.

7.2 REMUNERATION AWARDED IN 2018

The remuneration of the Group Executive Board amounted to TCHF 8,727 in 2018 (previous year TCHF 9,608). The remuneration of the CEO amounted to TCHF 2,503 in 2018 (previous year TCHF 2,401). The lower total remuneration in 2018 for the Group Executive Board compared to the previous year is the result of two main factors:

- no one-off employer contributions to the company pension funds in 2018
- the lower remuneration of the new Group Executive Board member compared to his predecessor which affects the STI and LTI figures

At the 2017 General Meeting, the shareholders approved a maximum aggregate amount of TCHF 11,300 for the remuneration of the Group Executive Board for the year 2018. The compensation paid for that period amounts to TCHF 8,727 and is therefore within the approved amount.

Further information on the remuneration awarded to the Group Executive Board for the business year 2018, compared with the maximum potential amount of remuneration, is provided with the invitation to the ordinary General Meeting 2019.

The following table shows details of remuneration for 2018 and 2017:

	2018		2017	
	C. Buhl CEO	Total	C. Buhl CEO	Total
	CHF	CHF	CHF	CHF
Salary				
- Fixed salary	931,801	3,342,650	861,809	3,449,744
- Variable salary ¹	541,350	1,947,550	516,250	2,013,879
<i>thereof in shares in 2018²</i>			515,182	1,296,600
Shares/options				
- Call options MSOP 2018/2017 ³	809,885	2,357,518	749,955	2,475,927
- Call options MSPP 2018/2017 ⁴	43,639	109,830	56,385	167,211
Non-cash benefits				
- Private share of company vehicle ⁵	7,056	46,380	7,056	48,978
Expenditure on pensions				
- Pension plans and social insurance	166,482	905,247	206,854 ⁶	1,433,489 ⁶
- Contribution health/accident insurance	2,476	18,172	2,497	18,319
Total⁷	2,502,689	8,727,347	2,400,806	9,607,547

¹ The amounts to be paid (current year), and the amounts effectively paid (previous year) respectively, and 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 432.20 (PY CHF 435.95).

³ Call options on registered shares of the company with a par value of CHF 0.10 each, issued within the scope of the Management Share Option Programme (MSOP); 1 option entitles to purchase 1 registered share at an exercise price of CHF 432.20 (previous year CHF 435.95); definitive acquisition of the option ("vesting") dependent on various conditions, 3-5-year blocking period (3 tranches at 33%). Market value of CHF 39.29 (previous year CHF 39.87) 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 432.20 (previous year CHF 435.95); definitive acquisition of the option ("vesting") dependent on various conditions, 1-4-year blocking period (4 tranches at 25%), market value of CHF 36.61 (previous year CHF 34.72) determined using the binomial method.

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

⁶ Including one-off compensation in pension provision due to pension scheme modifications (reduction of pension conversion rate).

⁷ Immaterial payments (below CHF 500) are not included in the total. Overall, these payments do not exceed CHF 2,000 per member of the Group Executive Board.

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

7.3 SHAREHOLDINGS OF GROUP EXECUTIVE BOARD

As of the end of 2018 and 2017, the Group Executive Board held the following shares in the company:

	Maturity	Average exercise price in CHF	C. Buhl CEO	R. Iff CFO	M. Baumüller	E. Renfordt-Sasse	K. Spachmann	R. van Triest	M. Ziegler	Total
2018										
Shareholdings Group Executive Board										
Shares			7,404	31,564	3,078	1,546	12,500	300	2,416	58,808
Percentage voting rights shares			<0.1%	<0.1%	<0.1%	<0.1%	<0.1%	<0.1%	<0.1%	0.16%
Call options*										
End of vesting period:										
Vested	2020–2024	332.00	13,219	8,836	3,706	6,166	807	60	2,857	35,651
2019	2022–2026	394.76	11,600	7,665	754	4,074	6,766	2,621	980	34,460
2020	2023–2027	409.97	13,351	7,608	1,983	3,664	6,751	4,627	921	38,905
2021	2024–2028	409.97	19,945	10,746	3,462	5,161	9,684	6,653	2,548	58,199
2022	2025–2028	434.08	13,439	6,623	3,088	3,098	6,056	4,067	2,071	38,442
2023	2028	432.20	6,871	3,266	1,527	1,594	3,011	2,036	1,696	20,001
Total options			78,425	44,744	14,520	23,757	33,075	20,064	11,073	225,658
Percentage potential share of voting rights options			0.21%	0.12%	<0.1%	<0.1%	<0.1%	<0.1%	<0.1%	0.61%

* Purchase ratio 1 share for 1 option

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

* Purchase ratio 1 share for 1 option

As of 31 December 2018, 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 2018

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

In 2018, employees, management and the members of the Board of Directors participated in three different share plans. The plans are described for the management and the Board of Directors in this Remuneration Report and for the employees in → **Note 17** of the consolidated financial statements (participation plans). Under the three different **share plans**, a total of the following numbers of shares were allocated.

	End of blocking period	Number of participants	Number of shares issued	Issuing price CHF
Employee share purchase plan 2018 (ESPP)	2020	2,518	18,327	280.95
Management share purchase plan 2018 (MSPP)	2021	101	9,448	432.20
Directors programme 2018	2022	7	3,199	432.20
Total			30,974	

The 30,974 shares required for these plans were taken from the stock of treasury shares.

In 2018, Geberit management participated in two different **option plans** (MSPP and MSOP). The plans are described in this Remuneration Report. Under the two different option plans, a total of the following numbers of options were allocated.

	End of vesting period	Maturity	Number of participants	Number of options allocated	Exercise price CHF
Management share purchase plan 2018 (MSPP)	2019–2022	2025	101	9,448	432.20
Option plan 2018 (MSOP)	2021–2023	2028	90	107,331	432.20
Total				116,779	

The fair value of the options granted in 2018 amounted to CHF 36.61 (MSPP) and CHF 39.29 (MSOP) at the respective grant date. The fair value was determined using the binomial model for "American Style Call Options".

The calculation model was based on the following parameters:

	Exercise price*	Expected σ volatility	Expected σ dividend yield	Contractual period	Risk free σ interest rate
	CHF	%	%	Years	%
Management share purchase plan 2018 (MSPP)	432.20	16.88	2.39	7	-0.09
Option plan 2018 (MSOP)	432.20	16.14	2.39	10	0.16

* The exercise price corresponds to the average price of Geberit shares for the period from 6.-19.3.2018.

Costs resulting from share participation plans amounted to CHF 3.0 million in 2018 (previous year CHF 4.3 million); those for option plans totalled CHF 3.8 million (previous year CHF 3.2 million).

9. SUMMARY OF SHARES AND OPTIONS HELD BY EMPLOYEES AND MANAGEMENT AS OF 31 DECEMBER 2018

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 2018, the Board of Directors, the Group Executive Board and the employees owned a combined total of 386,381 (previous year 362,011) shares, i.e. 1.0% (previous year 1.0%), of the share capital of Geberit AG.

The following table summarises all option plans in place as of 31 December 2018:

End of vesting period	Maturity	Number of options outstanding	Ø exercise price CHF	Number of options in the money	Ø exercise price CHF
Vested	2020–2024	146,974	296.63	143,635	293.39
2019	2022–2026	68,248	363.69	62,430	357.09
2020	2023–2027	77,238	398.78	38,575	361.75
2021	2024–2028	109,865	410.33	36,027	361.75
2022	2025–2028	70,175	433.93	0	433.93
2023	2028	35,444	432.20	0	432.20
Total		507,944	374.19	280,667	325.73

The following movements took place in 2018 and 2017:

	MSOP		MSPP		Total 2018		Total 2017	
	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	426,857	351.34	46,518	353.09	473,375	351.52	402,715	313.91
Granted options	107,331	432.20	9,448	432.20	116,779	432.20	123,794	435.95
Forfeited options	24,736	399.08	654	369.40	25,390	398.31	1,987	359.97
Expired options	0	0	0	0	0	0	0	0
Exercised options	47,571	294.86	9,249	285.72	56,820	293.37	51,147	259.38
Outstanding 31 December	461,881	373.39	46,063	382.21	507,944	374.19	473,375	351.52
Exercisable at 31 December	124,875	289.04	19,020	322.38	143,895	293.39	130,426	282.31

The options outstanding at 31 December 2018 had an exercise price of between CHF 231.20 and CHF 435.95 and an average remaining contractual life of 5.5 years.

10. REPORT OF THE STATUTORY AUDITOR



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

REPORT OF THE STATUTORY AUDITOR TO THE GENERAL MEETING ON THE REMUNERATION REPORT 2018

We have audited the accompanying → **remuneration report** of Geberit AG for the year ended 31 December 2018. 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 2018 complies with Swiss law and articles 14–16 of the Ordinance.

PricewaterhouseCoopers AG

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

Beat Inauen
Audit expert
Auditor in charge

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

Martin Knöpfel
Audit expert

Zurich, 11 March 2019

GEBERIT GROUP

FINANCIAL REPORT

2018

FINANCIAL REPORT

GEBERIT GROUP

2018

CONSOLIDATED BALANCE SHEETS

	Note	31.12.2018 MCHF	31.12.2017 MCHF
Assets			
Current assets			
Cash and cash equivalents		282.2	412.7
Trade accounts receivable	6	197.5	201.7
Other current assets and current financial assets	7	107.3	122.3
Inventories	8	304.9	313.3
Total current assets		891.9	1,050.0
Non-current assets			
Property, plant and equipment	9	828.9	812.8
Deferred tax assets	18	91.9	96.1
Other non-current assets and non-current financial assets	10	37.4	35.0
Goodwill and intangible assets	11	1,651.7	1,748.9
Total non-current assets		2,609.9	2,692.8
Total assets		3,501.8	3,742.8
Liabilities and equity			
Current liabilities			
Short-term debt	12	154.3	4.5
Trade accounts payable		94.8	126.1
Tax liabilities		104.0	101.8
Other current liabilities	13	281.7	286.4
Current provisions	13	26.4	52.7
Total current liabilities		661.2	571.5
Non-current liabilities			
Long-term debt	14/15	683.1	890.7
Accrued pension obligations	16	291.5	309.2
Deferred tax liabilities	18	67.9	76.5
Other non-current liabilities	19	8.3	9.6
Non-current provisions	19	44.4	48.1
Total non-current liabilities		1,095.2	1,334.1
Equity			
Capital stock	21	3.7	3.7
Reserves		2,163.7	2,194.7
Cumulative translation adjustments		-422.0	-361.2
Total equity		1,745.4	1,837.2
Total liabilities and equity		3,501.8	3,742.8

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

CONSOLIDATED INCOME STATEMENTS

1.1. – 31.12.

	Note	2018 MCHF	2017 MCHF
Net sales	29	3,080.5	2,908.3
Cost of materials		893.2	829.8
Personnel expenses		744.0	746.8
Depreciation	9	105.0	105.7
Amortisation of intangible assets	11	55.2	44.6
Other operating expenses, net	23	575.5	559.7
Total operating expenses, net		2,372.9	2,286.6
Operating profit (EBIT)		707.6	621.7
Financial expenses	24	-17.7	-13.0
Financial income	24	2.3	1.2
Foreign exchange loss (-)/gain	24	-5.0	2.4
Financial result, net		-20.4	-9.4
Profit before income tax expenses		687.2	612.3
Income tax expenses	25	90.0	84.9
Net income		597.2	527.4
- Attributable to shareholders of Geberit AG		597.2	527.4
EPS (CHF)	22	16.40	14.34
EPS diluted (CHF)	22	16.39	14.31

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

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

1.1. – 31.12.

	Note	2018 MCHF	2017 MCHF
Net income according to the income statement		597.2	527.4
Cumulative translation adjustments		-60.8	92.0
Income tax expenses		0.0	0.2
Cumulative translation adjustments, net of tax		-60.8	92.2
Total other comprehensive income to be reclassified to the income statement in subsequent periods, net of tax		-60.8	92.2
Remeasurements of pension plans	16	17.7	29.0
Income tax expenses		-2.9	-4.3
Remeasurements of pension plans, net of tax		14.8	24.7
Total other comprehensive income not to be reclassified to the income statement in subsequent periods, net of tax		14.8	24.7
Total other comprehensive income, net of tax		-46.0	116.9
Total comprehensive income		551.2	644.3
- Attributable to shareholders of Geberit AG		551.2	644.3

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to shareholders of Geberit AG					Total equity MCHF
	Ordinary shares	Reserves	Treasury shares	Pension plans	Cum. translation adjustments	
	MCHF	MCHF	MCHF	MCHF	MCHF	
Balance at 31.12.2016	3.7	2,344.1	-79.4	-179.8	-453.4	1,635.2
Net income		527.4				527.4
Other comprehensive income				24.7	92.2	116.9
Distribution ¹		-368.4				-368.4
Share buyback programme			-91.8			-91.8
Purchase (-)/sale of treasury shares		8.1	14.8			22.9
Management option plans		-5.0				-5.0
Balance at 31.12.2017	3.7	2,506.2	-156.4	-155.1	-361.2	1,837.2
Net income		597.2				597.2
Other comprehensive income				14.8	-60.8	-46.0
Distribution ¹		-380.8				-380.8
Share buyback programme			-184.7			-184.7
Purchase (-)/sale of treasury shares		5.3	-76.6			-71.3
Management option plans		-6.2				-6.2
Balance at 31.12.2018	3.7	2,721.7	-417.7	-140.3	-422.0	1,745.4

¹ The dividend (ex2017) was CHF 10.40 per share (PY: CHF 10.00).

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

CONSOLIDATED STATEMENTS OF CASHFLOWS

1.1. – 31.12.

	Note	2018 MCHF	2017 MCHF
Cash provided by operating activities			
Net income		597.2	527.4
Depreciation and amortisation	9/11	160.2	150.3
Financial result, net	24	20.4	9.4
Income tax expenses	25	90.0	84.9
Other non-cash income and expenses ¹		-6.5	16.7
Operating cashflow before changes in net working capital and taxes		861.3	788.7
Income taxes paid		-102.7	-129.7
Changes in trade accounts receivable ¹		12.8	4.5
Changes in inventories ¹		-4.9	-18.5
Changes in trade accounts payable		-27.1	6.7
Changes in other positions of net working capital ¹		8.1	-11.3
Net cash from/used in (-) operating activities		747.5	640.4
Cash from/used in (-) investing activities			
Sales of subsidiaries	2/10	0.0	9.7
Purchase of property, plant & equipment and intangible assets	9/11	-162.4	-159.0
Proceeds from sale of property, plant & equipment and intangible assets		8.6	3.5
Interest received		0.0	0.0
Other, net		-2.8	-2.0
Net cash from/used in (-) investing activities		-156.6	-147.8
Cash from/used in (-) financing activities			
Proceeds from borrowings	14/15	691.8	70.2
Repayments of borrowings	14/15	-737.1	-207.5
Interest paid		-6.0	-6.4
Distribution		-380.8	-368.4
Share buyback programme	21	-183.6	-88.3
Purchase (-)/sale of treasury shares		-92.2	-2.1
Financing cost paid		-0.4	-1.5
Other, net		-5.8	-1.3
Net cash from/used in (-) financing activities		-714.1	-605.3
Effects of exchange rates on cash and cash equivalents		-7.3	15.7
Net increase/decrease (-) in cash and cash equivalents		-130.5	-97.0
Cash and cash equivalents at beginning of year		412.7	509.7
Cash and cash equivalents at end of year		282.2	412.7

¹ Following a reclassification in 2018, the prior year figures relating to net cash from operating activities were adjusted accordingly in the interests of comparability. The accompanying → Notes are an integral part of the consolidated financial statements. For further cashflow figures see → Note 28

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. BASIC INFORMATION AND PRINCIPLES OF THE REPORT

The Geberit Group is an international company that focuses on the sanitary industry and, specifically, the areas of sanitary technology and bathroom ceramics. The Group's product range consists of the 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 117 countries. The Group is present in 49 countries with its own sales employees.

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

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

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

MAIN SOURCES OF ESTIMATION UNCERTAINTY

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

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

- Impairment tests for goodwill and intangible assets with an indefinite useful life (see → **Note 11**)
- Capitalisation of development costs (see → **Note 27**)
- Assumptions for the recognition of defined benefit pension plans (see → **Note 16**)
- Valuation of deferred tax assets and liabilities (see → **Note 18**)

2. CHANGES IN GROUP STRUCTURE

2018

No significant changes in the Group structure took place in 2018.

2017

SALE OF THE VARICOR GROUP

The Varicor Group was sold at a sales price of MEUR 13.8 and deconsolidated as at 1 January 2017. The Varicor Group companies are Varicor S.A.S. and Varicor GmbH which were acquired as part of the Sanitec acquisition in 2015 and employed 86 people as at 31 December 2016. The Varicor Group did not contribute to the net income in 2017.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Standard/ Interpretation	Enactment	Relevance for Geberit	Adoption
IFRS 2 – Share-based Payment	1.1.2018	<p>The amendments made to IFRS 2 in June 2016 clarify the measurement basis for cash-settled share-based payments and the accounting for modifications that change an award from cash-settled to equity-settled. They also introduce an exception to the classification principles in IFRS 2. Where an employer is obliged to withhold an amount for the employee's tax obligation associated with a share-based payment and pay that amount to the tax authority, the whole award will be treated as if it was equity-settled provided it would have been equity-settled without the net settlement feature.</p> <p>This amendment has no impact on the consolidated financial statements.</p>	1.1.2018
IFRS 9 – Financial Instruments	1.1.2018	<p>Geberit adopted IFRS 9 early as of 1 January 2017. The Group elected to apply the limited exemption in IFRS 9 relating to transition for classification and measurement and impairment, and accordingly has not restated comparative periods.</p> <p>The nature of the main changes resulting from the new standard is as follows:</p> <p>1) Classification and measurement of financial instruments: Financial assets are classified and subsequently measured at amortised cost or fair value through income statement based on both the entity's business model for managing the financial assets and the contractual cashflow characteristics of the financial assets. The classification of financial liabilities does not follow the approach used for the financial assets and remains unchanged.</p> <p>2) Impairment of financial assets: The new impairment model is an expected credit loss ("ECL") model which implies both an earlier recognition of impairment losses and a disclosure of more timely and forward-looking information. A simplified approach must be applied for trade receivables or contract assets that result from transactions within the scope of IFRS 15 and that do not contain a significant financing component. With this approach no changes in credit risk are tracked but instead a loss allowance is recognised based on lifetime ECLs at each reporting date.</p> <p>3) Hedge accounting: The new hedge accounting model is less rule-based, aligning accounting more closely with the Group's risk management practices and enabling a wider range of different economic hedging strategies.</p> <p>The early adoption of IFRS 9 did not have a material impact on the consolidated financial statements and no adjustment was required to equity at 1 January 2017.</p>	1.1.2017
IFRS 15 – Revenue from Contracts with Customers	1.1.2018	<p>IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers. Revenue shall be recognised at an amount that reflects the consideration to which the Group expects to be entitled in exchange for transferring goods or services.</p> <p>The Group focuses on sanitary technology and bathroom ceramics in the sanitary industry. The products are primarily sold through the wholesale channel for which revenue is recognised at a point in time according to the different terms of delivery.</p> <p>Certain contracts include variable consideration components such as discounts or sales based rebates. Based on an analysis the Group reallocated certain payments to third parties as sales deductions to net sales but this does not have any material impact on the consolidated financial statements.</p> <p>The new standard does not have any material impact on recognition and measurement of revenue. IFRS 15 results in increased disclosures.</p>	1.1.2018
IFRIC 22 – Foreign Currency Transactions and Advance Considerations	1.1.2018	<p>The interpretation clarifies the recognition of a non-monetary asset or non-monetary liability arising from the prepayment or receipt of advance consideration denominated in a foreign currency, before the related asset, expense or income is recognised. It determines that the applicable exchange rate shall be the date of the transaction on which the Group initially recognises the non-monetary prepayment asset or non-monetary deferred liability. If there are multiple payments or receipts in advance, the entity must determine a date of the transactions for each payment or receipt of advance consideration.</p> <p>The amendment has no impact on the consolidated financial statements.</p>	1.1.2018
Annual improvements of IFRS 2014 - 2016	various	The ordinary annual clarifications and minor amendments of various standards have no material impact on the consolidated financial statements.	various

New or revised IFRS standards and interpretations as from 2019 and their adoption by the Group

Standard/ Interpretation	Enactment	Relevance for Geberit	Adoption
IFRS 16 – Leases	1.1.2019	<p>Under current IAS 17 lessees are required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). The new standard requires lessees to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. The IASB included an optional exemption for certain short-term leases and leases of low-value assets. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.</p> <p>The adoption of this standard will have an impact on the consolidated financial statements. The value of the right-of-use assets capitalised will be around MCHF 70. A financial liability representing the future</p>	1.1.2019

New or revised IFRS standards and interpretations as from 2019 and their adoption by the Group

		lease payments will be shown at approximately the same amount. The Group will apply the modified retrospective method, with assets and liabilities included on 1 January 2019.	
IFRIC 23 – Uncertainty over income tax treatments	1.1.2019	This IFRIC clarifies the accounting treatment when there is uncertainty over whether a tax treatment will be accepted by tax authorities and defines that it is in the scope of IAS 12 and not IAS 37. The interpretation clarifies that the uncertainties may be treated separately or together as a group, providing factors to determine the unit of account. It is to be assumed that tax authorities will examine those treatments and have full knowledge of all related information. Both current and deferred income taxes are accounted based on the probabilities that certain treatments will be accepted, determined by the most likely amount method or the expected value method. Uncertain tax treatments are reassessed following a change in circumstances or due to new information, while the absence of comment from the tax authority alone is unlikely to lead to a change in the estimate.	1.1.2019
		The amendment has no material impact on the consolidated financial statements.	
Amendments to IAS 19 Employee Benefits	1.1.2019	The amendments specify how companies determine pension expenses when changes to a defined benefit pension plan occur. When a change to a plan takes place, the updated assumptions from this remeasurement must be used to determine current service cost and net interest for the remainder of the reporting period after the change to the plan. This will change the amounts that would otherwise have been charged to profit or loss in the period after the change, and may lead to a more frequent remeasurement of the net liability.	1.1.2019
		This amendment has no material impact on the consolidated financial statements.	
Annual improvements of IFRS 2015 - 2017	various	The ordinary annual clarifications and minor amendments of various standards have no material impact on the consolidated financial statements.	various

FOREIGN CURRENCY TRANSLATION

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

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

CASH AND CASH EQUIVALENTS

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

INVENTORIES

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

PROPERTY, PLANT AND EQUIPMENT

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

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

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

INTANGIBLE ASSETS AND GOODWILL

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

Goodwill and intangibles such as patents, trademarks and software acquired from third parties are initially stated and subsequently measured at cost. Goodwill, trademarks and other intangible assets with an indefinite useful life are not regularly amortised but tested for impairment on an annual basis. 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**.

PROVISIONS

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

NET SALES

Net sales 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.

TAXES

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

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

LEASING

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

RESEARCH AND DEVELOPMENT COST (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 (see → **Note 27**).

RETIREMENT BENEFIT PLANS

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

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

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

PARTICIPATION PLANS

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

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

EARNINGS PER SHARE

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

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

FINANCIAL INSTRUMENTS

Financial assets are carried at amortised cost less allowances for expected credit losses. IFRS 9 was adopted early on 1 January 2017. 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 to which the business risks are systematically managed. In this process, risks are identified, analysed and evaluated concerning the likelihood of occurrence and magnitude, and risk-control measurements are determined. Each member of management is responsible for the implementation of the risk-management measures in his area of responsibility. The Board of Directors is periodically informed about the major changes in risk assessment and about risk-management actions taken. The permanent observation and control of the risks is a management objective. For risks concerning accounting and financial reporting, a special assessment is carried out as part of the risk control process. The Geberit internal control system for financial reporting defines in this regard control measures that reduce the related risks.

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

MANAGEMENT OF COUNTERPARTY RISKS FROM TREASURY ACTIVITIES

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

In general, liquid funds are invested for a period of less than three months. Part of the liquid funds may be invested in government bonds (maximum MCHF 70 per country and usually with terms of less than 12 months). The residual liquid funds are generally held at banks on a short-term basis. To avoid cluster risks, the value of an investment per third party may not exceed 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 level of currency fluctuation, despite the effective "natural hedging". The Group does not hedge translation risks.

The currency risk over a period of 12 months is measured via the cashflow-at-risk (CfaR) method. By using statistical methods, the effect of probable changes in foreign exchange rates on the financial result of the Group is evaluated. On 31 December 2018, the Group's CfaR amounted to MCHF 26.5 (PY: MCHF 34.5), hence there was a 95% likelihood that any loss resulting from currency risk would not exceed MCHF 26.5.

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

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

MANAGEMENT OF INTEREST RATE RISK

Basically, two types of interest rate risk exist:

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

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

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

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

Interest rate risk as at 31 December:

	2018	2017
	MCHF	MCHF
EBITDA	867.8	772.0
Financial result, net + CfaR	9.4	9.8
EBITDA/(Financial result, net + CfaR)	92x	79x

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 193.4 (PY: MCHF 631.4).

MANAGEMENT OF CREDIT RISK

Major credit risks to the Group mainly result from the sale of its products (debtor risk). Products are sold throughout the world, but primarily within continental Europe. Ongoing evaluations of the customers' financial situation are performed and, generally, no further collateral is required. Concentrations of debtors' risk with respect to trade receivables are limited due to the large number of customers of the Group. The Group records allowances for potential credit losses based on an expected credit loss (ECL) model in accordance with IFRS 9 (see → **Note 6**). Actual losses have not exceeded management's expectations in the past.

The maximum credit risk resulting from receivables and other financial assets basically corresponds to the net carrying amount of the asset. The balance of trade receivables at year-end is not representative because of the low sales volume in December. In 2018, the average balance of trade receivables is about 139% (PY: 131%) 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	2018	2017
Foreign exchange rate risk	Cashflow-at-Risk (CfaR)	MCHF 26.5	MCHF 34.5
Interest rate risk	EBITDA/(financial result, net + CfaR)	92x	79x
Liquidity risk	(Deficit)/excess of liquidity reserve	MCHF 193.4	MCHF 631.4

5. MANAGEMENT OF CAPITAL

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

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

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

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

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

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

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

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

The relevant values as at 31 December are outlined below:

	2018	2017
	MCHF	MCHF
Gearing		
Debt	837.4	895.2
Liquid funds and marketable securities	282.2	412.7
Net debt	555.2	482.5
Equity	1,745.4	1,837.2
Net debt/equity	31.8%	26.3%
Return on equity (ROE)		
Equity (rolling)	1,817.4	1,718.7
Net income	597.2	527.4
ROE	32.9%	30.7%
Return on invested capital (ROIC)		
Invested capital (rolling)	2,823.3	2,696.0
Net operating profit after taxes (NOPAT)	609.3	526.2
ROIC	21.6%	19.5%

6. TRADE ACCOUNTS RECEIVABLE

	2018	2017
	MCHF	MCHF
Trade accounts receivable	208.5	212.6
Allowances	-11.0	-10.9
Total trade accounts receivable	197.5	201.7

Of the total trade accounts receivable, MCHF 8.5 were denominated in CHF, MCHF 64.6 in EUR, MCHF 20.4 in USD, MCHF 21.7 in GBP, MCHF 12.2 in SEK, MCHF 18.0 in DKK, MCHF 12.2 in NOK and MCHF 6.1 in PLN.

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

	2018	2017
	MCHF	MCHF
Allowances for trade accounts receivable		
1 January	10.9	12.7
Changes in scope of consolidation	0.0	-0.6
Additions	3.9	1.0
Used	-2.2	-0.4
Reversed	-1.1	-2.4
Translation differences	-0.5	0.6
31 December	11.0	10.9

	2018	2017
	MCHF	MCHF
Maturity analysis of trade accounts receivable		
Not due	137.7	144.4
Past due < 30 days	44.2	36.1
Past due < 60 days	10.3	20.8
Past due < 90 days	2.8	1.4
Past due < 120 days	1.1	1.3
Past due > 120 days	12.4	8.6
Allowances	-11.0	-10.9
Total trade accounts receivable	197.5	201.7

The agreed payment terms range from 30 to 120 days.

7. OTHER CURRENT ASSETS AND CURRENT FINANCIAL ASSETS

	2018	2017
	MCHF	MCHF
Value added tax receivables	61.7	78.3
Income tax refunds receivable	17.9	20.2
Short-term derivative financial instruments ¹ (see → Note 15)	0.4	0.2
Prepaid expenses	10.5	11.2
Other current assets	16.8	12.4
Total other current assets and current financial assets	107.3	122.3

¹ Not part of the calculation of net working capital

The position "Other current assets" includes other receivables from governments of MCHF 5.9 (PY: MCHF 2.1).

8. INVENTORIES

	2018	2017
	MCHF	MCHF
Raw materials, supplies and other inventories	101.7	102.0
Work in progress	49.5	55.9
Finished goods	129.7	128.2
Merchandise	23.9	27.1
Prepayments to suppliers	0.1	0.1
Total inventories	304.9	313.3

As at 31 December 2018, inventories included allowances for slow-moving and obsolete items of MCHF 46.2 (PY: MCHF 43.5).

9. PROPERTY, PLANT AND EQUIPMENT

	Total	Land and buildings	Machinery and equipment	Office equipment	Assets under constr./advance payments
	MCHF	MCHF	MCHF	MCHF	MCHF
2018					
Cost at beginning of year	2,267.0	656.2	1,445.2	65.4	100.2
Additions	151.4	11.2	39.6	8.6	92.0
Disposals	-88.7	-19.0	-63.2	-6.5	
Transfers	2.0	9.6	37.8	1.7	-47.1
Translation differences	-71.4	-18.5	-45.3	-3.6	-4.0
Cost at end of year	2,260.3	639.5	1,414.1	65.6	141.1
Accumulated depreciation at beginning of year	1,454.2	345.0	1,067.0	42.2	0.0
Depreciation	105.0	16.5	79.7	8.8	
Disposals	-82.5	-13.9	-62.1	-6.5	
Translation differences	-45.3	-8.2	-34.4	-2.7	
Accumulated depreciation at end of year	1,431.4	339.4	1,050.2	41.8	0.0
Carrying amounts at end of year	828.9	300.1	363.9	23.8	141.1
2017					
Cost at beginning of year	2,088.7	619.8	1,349.3	55.7	63.9
Changes in scope of consolidation	-6.8	-1.7	-5.0	-0.1	
Additions	149.8	8.6	51.4	9.2	80.6
Disposals	-96.7	-14.1	-74.5	-8.1	
Transfers	0.0	7.7	39.6	1.7	-49.0
Translation differences	132.0	35.9	84.4	7.0	4.7
Cost at end of year	2,267.0	656.2	1,445.2	65.4	100.2
Accumulated depreciation at beginning of year	1,362.2	323.6	1,004.4	34.2	0.0
Changes in scope of consolidation	-5.9	-1.3	-4.5	-0.1	
Depreciation	105.7	18.5	76.7	10.5	
Disposals	-91.3	-12.3	-71.1	-7.9	
Translation differences	83.5	16.5	61.5	5.5	
Accumulated depreciation at end of year	1,454.2	345.0	1,067.0	42.2	0.0
Carrying amounts at end of year	812.8	311.2	378.2	23.2	100.2

As at 31 December 2018, there were no qualified assets for which borrowing costs were capitalised during the production phase. As at 31 December 2018, the Group had entered into firm commitments for capital expenditures of MCHF 14.5 (PY: MCHF 15.0).

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

	2018	2017
	MCHF	MCHF
Reinsurance policies for pension obligations (see → Note 16)	23.8	22.3
Assets from defined benefit plans (see → Note 16)	1.7	0.9
Deposits	2.7	2.6
Capitalised financing costs	0.9	1.2
Other	8.3	8.0
Total other non-current assets and non-current financial assets	37.4	35.0

In 2018 and 2017 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
2018					
Cost at beginning of year	2,341.9	1,568.3	271.8	385.4	116.4
Additions	11.0				11.0
Disposals	-4.3				-4.3
Transfers	0.4				0.4
Translation differences	-63.4	-51.2	-5.3	-6.0	-0.9
Cost at end of year	2,285.6	1,517.1	266.5	379.4	122.6
Accumulated amortisation at beginning of year	593.0	222.2	234.8	61.8	74.2
Amortisation	55.2		36.5	8.1	10.6
Disposals	-4.2				-4.2
Translation differences	-10.1	-4.5	-4.9		-0.7
Accumulated amortisation at end of year	633.9	217.7	266.4	69.9	79.9
Carrying amounts at end of year	1,651.7	1,299.4	0.1	309.5	42.7

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

	Total	Goodwill	Patents and technology	Trademarks	Other intangible assets ¹
	MCHF	MCHF	MCHF	MCHF	MCHF
2017					
Cost at beginning of year	2,213.2	1,467.6	260.0	377.8	107.8
Changes in scope of consolidation	-11.8	-11.6			-0.2
Additions	9.2				9.2
Disposals	-1.9				-1.9
Translation differences	133.2	112.3	11.8	7.6	1.5
Cost at end of year	2,341.9	1,568.3	271.8	385.4	116.4
Accumulated amortisation at beginning of year	532.1	212.5	192.1	61.8	65.7
Changes in scope of consolidation	-0.2				-0.2
Amortisation	44.6		35.0		9.6
Disposals	-1.9				-1.9
Translation differences	18.4	9.7	7.7		1.0
Accumulated amortisation at end of year	593.0	222.2	234.8	61.8	74.2
Carrying amounts at end of year	1,748.9	1,346.1	37.0	323.6	42.2

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

Goodwill and intangible assets from acquisitions with an indefinite useful life are tested for impairment on an annual basis. No impairment arose on 31 December 2018. 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)			
	31.12.2018	31.12.2017	Value in use (U) or fair value less cost to sell (F)	Growth rate beyond planning period	Discount rate pretax	Discount rate posttax
	MCHF	MCHF		%	%	%
Goodwill	1,299.4	1,346.1	U	2.8 (2.9)	6.3 (6.2)	5.6 (5.6)
Geberit trademark	84.6	84.6	U	2.8 (2.9)	6.2 (6.2)	5.6 (5.6)
Various other trademarks	224.9	239.0	U	2.8 (2.0 - 2.9)	5.9 - 6.9 (5.9 - 7.2)	5.8 - 6.7 (5.8 - 6.8)

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 item "Various other trademarks" includes the trademarks Ifö, Keramag, Kolo, IDO, Twyford, Allia and Sphinx.

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

On 7 March 2018, the Board of Directors approved the new brand strategy. This strategy foresees that some of the Bath & Shower Systems brands will be gradually integrated into the Geberit brand in the respective markets. Consequently, the affected brands (Keramag, Allia and Sphinx) now have a finite useful life causing total annual amortisation of around MCHF 8.0 over their remaining useful life.

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) that are realistically possible from today's perspective would not result in any need to impair the goodwill or the trademarks.

12. SHORT-TERM DEBT

	2018	2017
	MCHF	MCHF
Other short-term debt	4.6	4.5
Short-term portion of long-term debt (2018: CHF Bond)	149.7	0.0
Total short-term debt	154.3	4.5

SHORT-TERM CREDIT LINES

The Group maintained credit lines of MCHF 41.3 (PY: MCHF 41.9) 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 2018 and 2017, the Group did not have any outstanding drawings on the above-mentioned credit lines.

OTHER SHORT-TERM DEBT

As at 31 December 2018, the Group had MCHF 4.6 in other short-term debt (PY: MCHF 4.5). This debt incurred an effective interest rate of 5.4% (PY: 5.4%).

CURRENCY MIX

Of the total short-term debt outstanding as at 31 December 2018, MCHF 4.6 was denominated in EUR (PY: MCHF 4.5) and MCHF 149.7 in CHF (PY: MCHF 0.0).

13. OTHER CURRENT LIABILITIES AND PROVISIONS

	2018	2017
	MCHF	MCHF
Compensation-related liabilities	83.5	88.5
Customer-related liabilities	121.7	107.8
Value added tax payables	31.2	44.5
Short-term derivative financial instruments (see → Note 15)	0.0	1.1
Short-term interest payables	2.5	3.8
Other current liabilities	42.8	40.7
Total other current liabilities	281.7	286.4

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 includes accruals for services and deliveries not invoiced.

	2018	2017
	MCHF	MCHF
Other current provisions	5.8	16.4
Provisions for restructuring	20.6	36.3
Total current provisions	26.4	52.7

The movements of other current provisions for 2018 and 2017 are shown in the following table:

	2018	2017
	MCHF	MCHF
Other current provisions		
1 January	16.4	25.8
Additions	3.9	4.6
Used	-3.6	-11.9
Reversed	-10.2	-2.2
Translation differences	-0.7	0.1
31 December	5.8	16.4

The movements of provisions for restructuring for 2018 and 2017 are shown in the following table:

	2018	2017
	MCHF	MCHF
Provisions for restructuring		
1 January	36.3	11.9
Additions	0.4	50.9
Transfers	6.0	-19.6
Used	-17.4	-6.6
Reversed	-3.7	-2.5
Translation differences	-1.0	2.2
31 December	20.6	36.3

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 amounted to MCHF 12.5 in 2017 and MCHF 15.7 in 2018 (see also → **Note 19**).

14. LONG-TERM DEBT

	2018	2017
	MCHF	MCHF
Bonds	663.5	878.8
Credit facility	157.6	0.0
Other long-term debt	11.7	11.9
Total long-term debt before reclassification	832.8	890.7
Short-term portion of long-term debt (2018: CHF Bond)	-149.7	0.0
Total long-term debt	683.1	890.7

BONDS

In November 2018, Geberit repurchased and cancelled 35% (MEUR 175) of the outstanding EUR bond as part of a public buy-back offer. The buyback was partly financed through use of the credit facility. As at the end of 2018, the three outstanding bonds are as follows: a bond for MCHF 150 (fair value as at 31 December 2018: MCHF 150.2) with a term of four years and a coupon of 0.05% due 2019, a bond for MCHF 150 (fair value as at 31 December 2018: MCHF 151.4) with a term of eight years and a coupon of 0.3% due 2023, and a bond for MEUR 325 (fair value as at 31 December 2018: MEUR 328.8) with a term of six years and a coupon of 0.688% due 2021.

REVOLVING CREDIT FACILITY

A firmly committed credit line of MCHF 500 has been 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. MEUR 140 of the credit facility had been drawn down by the end of 2018. A commitment fee – recorded as financial expenses – was charged in respect of the undrawn portion.

The MEUR 325 bond and the MCHF 500 credit facility are secured by guarantees from Geberit AG. The credit facility contains conditions typical for syndicated financing.

OTHER LONG-TERM DEBT

As at 31 December 2018, the Group had MCHF 11.7 of other long-term debt (PY: MCHF 11.9). This debt incurred an effective interest rate of 6.0% (PY: 6.0%).

CURRENCY MIX

Of the total long-term debt outstanding as at 31 December 2018, MCHF 533.4 was denominated in EUR (PY: MCHF 592.3) and MCHF 149.7 in CHF (PY: MCHF 298.4).

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 → **Notes 3** and → **4**. As at 31 December 2018 and 2017, the following derivative financial instruments were outstanding:

FORWARD FOREIGN EXCHANGE CONTRACTS

	Contract values					Fair value 31.12.	Calculation method
2018	MCZK	MEUR	MDKK	MPLN	MNOK	MCHF	
Foreign exchange contracts	-10.0	-78.0	-7.0	-60.0	-5.0	0.4	Mark-to-Market
2017	MCZK	MEUR	MGBP	MPLN	MNOK	MCHF	
Foreign exchange contracts	0.0	-200.0	-0.3	-48.5	-5.0	-0.9	Mark-to-Market

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

HEDGE ACCOUNTING

No hedge accounting was applied in 2018 or 2017.

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 31.12.2018	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	282.2	282.2	0.0	
Trade accounts receivable	197.5	197.5	0.0	
Other current assets (see → Note 7)	106.9	106.9	0.0	
Other non-current assets	10.5	10.3	0.2	Level 2
Derivative financial instruments (see → Note 7)	0.4	0.0	0.4	Level 2
Total	597.5	596.9	0.6	

	Carrying amount as at 31.12.2018	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 (CHF bond: MCHF 149.7)	154.3	154.3	0.0	
Trade accounts payable	94.8	94.8	0.0	
Bonds	513.8	513.8	0.0	
Credit facility	157.6	157.6	0.0	
Other financial liabilities	11.7	11.7	0.0	
Derivative financial instruments	0.0	0.0	0.0	Level 2
Total	932.2	932.2	0.0	

	Carrying amount as at 31.12.2017	Financial assets at amortised cost	Financial assets at fair value through profit and loss	Fair value measurement hierarchy
	MCHF	MCHF	MCHF	
Financial assets				
Cash and cash equivalents	412.7	412.7	0.0	
Trade accounts receivable	201.7	201.7	0.0	
Other current assets (see → Note 7)	122.1	122.1	0.0	
Other non-current assets	11.1	10.9	0.2	Level 2
Derivative financial instruments (see → Note 7)	0.2	0.0	0.2	Level 2
Total	747.8	747.4	0.4	

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

FAIR VALUE MEASUREMENT HIERARCHY:

Level 1: quoted prices in active markets for identical assets

Level 2: observable prices, either directly or indirectly

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

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

MATURITY ANALYSIS OF FINANCIAL INSTRUMENTS

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

	Carrying amount 31.12.2018	Maturity				
		2019	2020	2021	2022	2023 and later
		MCHF	MCHF	MCHF	MCHF	MCHF
Short-term debt (incl. CHF bond)	154.3	154.9	0.0	0.0	0.0	0.0
Trade accounts payable	94.8	94.8	0.0	0.0	0.0	0.0
Bonds	513.8	3.0	3.0	368.7	0.5	150.5
Credit facility	157.6	0.1	158.0	0.0	0.0	0.0
Other financial liabilities	11.7	0.7	3.8	3.5	2.8	3.3
Total non-derivative financial liabilities	932.2	253.5	164.8	372.2	3.3	153.8
Derivative financial assets/liabilities, net	-0.4	105.6	0.0	0.0	0.0	0.0
Total derivative financial instruments	-0.4	105.6	0.0	0.0	0.0	0.0
Total	931.8	359.1	164.8	372.2	3.3	153.8

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

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:

	2018		Noncash movements			2017
	Total	Cashflows	Changes in scope of consolidation	Translation differences	Others	Total
	MCHF	MCHF	MCHF	MCHF	MCHF	MCHF
Long-term debt	683.1	-44.8	0.0	-20.9	-141.9	890.7
Short-term debt	154.3	-0.5	0.0	-0.2	150.5	4.5
Interest liabilities	2.5	-6.0	0.0	-0.1	4.8	3.8
Total	839.9	-51.3	0.0	-21.2	13.4	899.0

"Others" mainly contains the transfer of pension liabilities to long-term debt, the reclassification of long-term debt (due within the next twelve months) to short-term debt and the interest and financing costs booked according to the effective interest rate method to "financial result, net".

16. RETIREMENT BENEFIT PLANS

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

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

	2018	2017
	MCHF	MCHF
Switzerland		
Benefit obligation (for funded retirement benefit plans)	578.2	597.5
Plan assets at fair value	563.6	573.9
Funded status	-14.6	-23.6
Germany		
Benefit obligation (for unfunded retirement benefit plans)	241.9	250.1
Plan assets at fair value	0.0	0.0
Funded status	-241.9	-250.1
Reimbursement rights	16.3	15.2
Other plans		
Benefit obligation (for funded retirement benefit plans)	37.8	44.1
Benefit obligation (for unfunded retirement benefit plans)	34.0	34.4
Plan assets at fair value	38.5	43.9
Funded status	-33.3	-34.6
Reimbursement rights	7.5	7.1
Total		
Benefit obligation (for all retirement benefit plans)	891.9	926.1
Plan assets at fair value	602.1	617.8
Funded status	-289.8	-308.3
Reimbursement rights	23.8	22.3

SWISS RETIREMENT BENEFIT PLANS

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

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

If the pension fund is underfunded in accordance with the BVG, the Board of Trustees is obliged by law to initiate measures to rectify the situation, such as reducing the interest paid on retirement assets, reducing the benefit entitlement, or collecting remedial contributions. Legally accrued benefits may not be reduced. With remedial contributions, the risk is shared between the employer and employees and the employer is not legally obliged to pay more than 50% of the additional contributions. The technical funding ratio of this Foundation in accordance with the BVG was 111.3% as at 31 December 2018 (PY: 118.2%).

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.

The funded plans also include the "Wohlfahrtsfonds" of the Geberit Group, which provides non-compulsory benefits only. This fund for managerial employees supplements the insurance cover granted by the "Gemeinschaftsstiftung". On retirement, the benefit is drawn as a lump sum or converted into a fixed-term annuity. The employer's contributions must equal at least the total of all contributions by the insured party.

GERMAN RETIREMENT BENEFIT PLANS

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

Capital account plans

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

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

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

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

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

Annuity plans

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

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

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

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

The acquisition of the Sanitec Group also added various pension plans in Germany. In respect of Geberit Keramik GmbH, Ratingen, 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:

	2018	2017
	MCHF	MCHF
Current service cost	38.1	35.3
Past service cost	-3.6	-7.2
Contributions of employees	-10.0	-9.4
Net interest cost for retirement benefit plans	3.7	3.9
Net periodic pension cost	28.2	22.6

The current service cost for the Swiss retirement benefit plans was MCHF 25.0 in 2018 (PY: MCHF 23.7) and for the German retirement benefit plans MCHF 11.9 (PY: MCHF 10.6). The past service cost for the Swiss retirement benefit plan (Gemeinschaftsstiftung) was MCHF -3.8 which is a technical effect related to plan changes according to IAS 19. The future pension benefits of the active members were reduced due to the steadily increasing life expectancy and low interest rates environment. The net interest cost for the Swiss retirement benefit plans was MCHF 0.1 in 2018 (PY: MCHF 0.3) and for the German retirement benefit plans MCHF 3.3 (PY: MCHF 3.3).

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

	2018	2017
	MCHF	MCHF
Actuarial gains (-)/losses:	-35.9	17.0
- of which from changes in demographic assumptions	0.3	-0.1
- of which from changes in financial assumptions	-36.0	-4.4
- of which from experience adjustments	-0.2	21.5
Return on plan assets (excluding interest based on discount rate)	18.4	-46.0
Return on reimbursement rights (excluding interest based on discount rate)	-0.2	0.0
Asset ceiling adjustment	0.0	0.0
Total pre-tax remeasurements recognised in other comprehensive income	-17.7	-29.0

The remeasurements recognised in other comprehensive income in the Consolidated Statements of Comprehensive Income in 2018 for the Swiss retirement benefit plans amounted to MCHF -11.6 (PY: MCHF -35.3) and for the German retirement benefit plans to MCHF -6.5 (PY: MCHF 4.8).

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

	2018	2017
	MCHF	MCHF
Benefit obligation		
At beginning of year	926.1	876.8
Changes in scope of consolidation	0.0	-0.9
Current service cost	38.1	35.3
Past service cost	-3.6	-7.2
Interest cost	8.9	8.8
Actuarial gains (-)/losses	-35.9	17.0
Benefits paid	-28.0	-28.0
Translation differences	-13.7	24.3
Benefit obligation at end of year	891.9	926.1

	2018	2017
	MCHF	MCHF
Plan assets at fair value		
At beginning of year	617.8	551.4
Interest income (based on discount rate)	4.6	4.3
Return on plan assets (excluding interest based on discount rate)	-18.4	46.0
Contributions of employees	9.3	8.8
Contributions of employers	9.7	23.3
New plans/plan adjustments	0.0	-0.5
Benefits paid	-18.6	-17.8
Translation differences	-2.3	2.3
Plan assets at fair value at end of year	602.1	617.8
Funded status at end of year	-289.8	-308.3
Asset ceiling adjustment	0.0	0.0
Assets from defined benefit plans (see → Note 10)	-1.7	-0.9
Net funded status at end of year	-291.5	-309.2

The position "Contributions of employers" includes a one-off payment to the amount of MCHF 13.8 made in 2017 to partly mitigate the reduction of the future pension benefits of the active members resulting from the plan change above.

	2018	2017
	MCHF	MCHF
Fair value of reimbursement rights		
At beginning of year	22.3	19.3
Interest income (based on discount rate)	0.6	0.6
Return on reimbursement rights (excluding interest based on discount rate)	0.2	0.0
Contributions of employers	1.4	1.4
Contributions of employees	0.7	0.6
Benefits paid	-0.9	-0.4
Translation differences	-0.5	0.8
Fair value of reimbursement rights at end of year	23.8	22.3

As at 31 December 2018, the fair value of the reinsurance policies for the German retirement benefit plans was MCHF 16.3 (PY: MCHF 15.2).

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

	2018			2017		
	Listed on an active market	Other	Total	Listed on an active market	Other	Total
	MCHF	MCHF	MCHF	MCHF	MCHF	MCHF
Equity instruments	198.1	17.0	215.1	224.2	17.0	241.2
Bonds and other debt instruments	110.4	43.6	154.0	108.3	41.6	149.9
Real estate property	47.9	130.2	178.1	57.9	123.2	181.1
Cash and cash equivalents	46.1	0.0	46.1	36.3	0.0	36.3
Other	2.7	6.2	8.9	3.0	6.3	9.3
Total	405.2	197.0	602.2	429.7	188.1	617.8

The plan asset of the Swiss retirement benefit plans was MCHF 563.6 as at 31 December 2018 and the effective income on the plan assets was -2.05% in 2018 and +9.4% in 2017. As at the end of 2018, the plan assets included MCHF 6.1 (PY: MCHF 6.6) in equity instruments of Geberit AG and MCHF 10.1 (PY: MCHF 10.1) in real estate used by the Group.

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

	2018				2017			
	Active members	Deferred members	Pensioners	Total	Active members	Deferred members	Pensioners	Total
Plan members (number)								
Swiss retirement benefit plans	1,299		528	1,827	1,278		516	1,794
German retirement benefit plans	5,155	675	341	6,171	5,178	581	364	6,123
Total plan members	6,454	675	869	7,998	6,456	581	880	7,917
Benefit obligation (in MCHF)								
Swiss retirement benefit plans	345.8		232.4	578.2	346.9		250.6	597.5
German retirement benefit plans	178.3	26.0	37.6	241.9	181.8	26.9	41.4	250.1
Total benefit obligation	524.1	26.0	270.0	820.1	528.7	26.9	292.0	847.6
Share in %	63.9	3.2	32.9	100.0	62.3	3.2	34.5	100.0

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

Employer contributions of MCHF 10.1 are expected for the Swiss retirement benefit plans in 2019. In Switzerland, an employer contribution reserve of MCHF 19.5 may be used for future contribution payments.

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

	2018		2017	
	CH	DE	CH	DE
Discount rate	0.8	1.70	0.6	1.45
Salary increase rate	1.2	2 - 2.5	1.2	0 - 2.5
Pension increase rate	0.0	2.0	0.0	2.0
Mortality	BVG 2015 generations table	Heubeck 2018G	BVG 2015 generations table	2005G actuarial tables

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

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

	Swiss retirement benefit plans: increase (+)/ reduction (-) in present value of benefit obligation	German retirement benefit plans: increase (+)/ reduction (-) in present value of benefit obligation
Discount rate		
Increased by 50 basis points	-7.0%	-5.4%
Reduced by 50 basis points	+8.2%	+6.0%
Salaries		
Increased by 25 basis points	+0.40%	+0.00%
Reduced by 25 basis points	-0.32%	-0.00%

In addition, the Group's consolidated income statement for 2018 included expenses for defined contribution plans of MCHF 8.0 (PY: MCHF 7.1).

17. PARTICIPATION PLANS

SHARE PLANS

In 2018, employees were able to purchase a defined number of shares at a discount of 35% (PY: 45%) compared to the market price ("Employee share purchase plan"). Geberit management was entitled to draw the previous year's variable remuneration partly or entirely in shares valued at market price ("Management share purchase plan"). For each of these shares, management participants received one option (see part 2: "Option plans"). As part of the "Directors programme", members of the Board of Directors received their compensation for 2017 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 2018 are summarised below:

	End of blocking period	Number of participants	Number of shares issued	Issuing price CHF
Employee share purchase plan (ESPP)	2020	2,518	18,327	280.95
Management share purchase plan (MSPP)	2021	101	9,448	432.20
Directors programme (DSPP)	2022	7	3,199	432.20
Total			30,974	

The 30,974 shares required for these plans were taken from the stock of treasury shares.

As at 31 December 2018, the Board of Directors, the Group Executive Board and the employees owned a combined total of 386,381 (PY: 362,011) shares, i.e. 1.0% (PY: 1.0%) of the share capital of Geberit AG under these plans.

OPTION PLANS

The management has the opportunity to invest part or all of their variable remuneration in shares of Geberit AG through the management share purchase plan (MSPP). They may define a fixed number of shares to purchase, or a certain amount or a percentage of their variable remuneration to be invested in shares. In order to encourage management to participate in the programme, a free option is provided for each share purchased through the programme. These options are subject to a vesting period of four years: a quarter of the options can be exercised one year after the grant, a further quarter two years after the grant, a further quarter three years after the grant, and the remaining quarter four years after the grant.

In connection with an additional option plan (MSOP), the members of the Group Executive Board and managing directors are entitled to additional options. The options are subject to a vesting period of five years: a third of the options can be exercised three years after the grant, a further third four years after the grant and a further third five years after the grant.

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

The following is a summary of the options allocated to the management in 2018:

	End of vesting period	Maturity	Number of participants	Number of options allocated	Exercise price CHF
Management share purchase plan (MSPP)	2019 - 2022	2025	101	9,448	432.20
Option plan (MSOP)	2021 - 2023	2028	90	107,331	432.20
Total				116,779	

The fair value of the options granted in 2018 amounted on average to CHF 36.61 (PY: CHF 34.72) for MSPP and CHF 39.29 (PY: CHF 39.87) for MSOP at the respective granting date. The fair value was determined using the binomial model for "American Style Call Options".

The calculation model was based on the following parameters:

	Exercise price ¹	Expected Ø volatility	Expected Ø dividend yield	Contractual period	Riskfree Ø interest rate
	CHF	%	%	Years	%
Management share purchase plan (MSPP)	432.20	16.88	2.39	7	-0.09
Option plan (MSOP)	432.20	16.14	2.39	10	0.16

¹ The exercise price corresponds to the average price of Geberit shares for the period from 6. – 19.3.2018.

The following table summarises all option plans in place as at 31 December 2018:

End of vesting period	Maturity	Number of options outstanding	Ø exercise price CHF	Number of options in the money	Ø exercise price CHF
Vested	2020 - 2024	146,974	296.63	143,635	293.39
2019	2022 - 2026	68,248	363.69	62,430	357.09
2020	2023 - 2027	77,238	398.78	38,575	361.75
2021	2024 - 2028	109,865	410.33	36,027	361.75
2022	2025 - 2028	70,175	433.93	0	433.93
2023	2028	35,444	432.20	0	432.20
Total		507,944	374.19	280,667	325.73

The following movements took place in 2018 and 2017:

	MSOP		MSPP		Total 2018		Total 2017	
	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	426,857	351.34	46,518	353.09	473,375	351.52	402,715	313.91
Granted options	107,331	432.20	9,448	432.20	116,779	432.20	123,794	435.95
Forfeited options	24,736	399.08	654	369.40	25,390	398.31	1,987	359.97
Expired options	0	0	0	0	0	0	0	0
Exercised options	47,571	294.86	9,249	285.72	56,820	293.37	51,147	259.38
Outstanding 31 December	461,881	373.39	46,063	382.21	507,944	374.19	473,375	351.52
Exercisable at 31 December	124,875	289.04	19,020	322.38	143,895	293.39	130,426	282.31

The 507,944 options outstanding represent 1.4% of the outstanding shares of Geberit AG. In principle, the Group hedges this exposure with treasury shares. The options outstanding as at 31 December 2018 had an exercise price of between CHF 231.20 and CHF 435.95 and an average remaining contractual life of 5.5 years (PY: 6.1 years). Costs resulting from share plans amounted to MCHF 3.0 in 2018 (PY: MCHF 4.3); those for option plans totaled MCHF 3.8 (PY: MCHF 3.2).

18. DEFERRED TAX ASSETS AND LIABILITIES

	2018		Movements 2018				2017
	Total	Charged (-) / credited to income	Through equity	Through OCI ¹	Changes in scope of consolidation	Translation differences	Total
	MCHF	MCHF	MCHF	MCHF	MCHF	MCHF	MCHF
Deferred tax assets							
Loss carryforwards	24.6	13.3	0.0	0.0	0.0	-0.9	12.2
Accrued pension obligations	28.2	0.2	0.0	-2.9	0.0	-1.3	32.2
Property, plant and equipment	5.5	-3.2	0.0	0.0	0.0	-1.9	10.6
Intangible assets	7.9	-5.0	0.0	0.0	0.0	-0.5	13.4
Other	25.7	-0.3	-2.2	0.0	0.0	0.5	27.7
Total deferred tax assets	91.9	5.0	-2.2	-2.9	0.0	-4.1	96.1
Deferred tax liabilities							
Inventories	-3.5	0.1	0.0	0.0	0.0	0.0	-3.6
Property, plant and equipment	-27.3	-0.4	0.0	0.0	0.0	2.4	-29.3
Intangible assets	-29.9	6.3	0.0	0.0	0.0	1.3	-37.5
Assets from defined benefit plans	-0.8	-0.5	0.0	0.0	0.0	0.0	-0.3
Other	-6.4	0.7	0.0	0.0	0.0	-1.3	-5.8
Total deferred tax liabilities	-67.9	6.2	0.0	0.0	0.0	2.4	-76.5

¹ Recorded in other comprehensive income

	2017		Movements 2017				2016
	Total	Charged (-) / credited to income	Through equity	Through OCI ¹	Changes in scope of consolidation	Translation differences	Total
	MCHF	MCHF	MCHF	MCHF	MCHF	MCHF	MCHF
Deferred tax assets							
Loss carryforwards	12.2	4.2	0.0	0.0	0.0	-0.2	8.2
Accrued pension obligations	32.2	-3.1	0.0	-4.3	-0.2	2.6	37.2
Property, plant and equipment	10.6	2.6	0.0	0.0	0.0	0.5	7.5
Intangible assets	13.4	-5.4	0.0	0.0	-0.2	0.0	19.0
Other	27.7	2.0	0.4	0.2	0.0	0.3	24.8
Total deferred tax assets	96.1	0.3	0.4	-4.1	-0.4	3.2	96.7
Deferred tax liabilities							
Inventories	-3.6	1.3	0.0	0.0	0.0	0.1	-5.0
Property, plant and equipment	-29.3	4.4	0.0	0.0	0.0	-2.7	-31.0
Intangible assets	-37.5	11.4	-0.1	0.0	0.0	-0.1	-48.7
Assets from defined benefit plans	-0.3	-0.1	0.0	0.0	0.0	0.0	-0.2
Other	-5.8	-0.8	0.0	0.0	0.0	-0.2	-4.8
Total deferred tax liabilities	-76.5	16.2	-0.1	0.0	0.0	-2.9	-89.7

¹ Recorded in other comprehensive income

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 2018 and 2017, there were no such earnings, except for the Chinese subsidiaries. On the unremitted earnings from China, no deferred tax liabilities were recorded, as no plan exists to remit these earnings. Such a transfer of earnings would lead to income taxes of MCHF 0.2.

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:

	2018	Without deferred tax asset	With deferred tax asset	2017	Without deferred tax asset	With deferred tax asset
	MCHF	MCHF	MCHF	MCHF	MCHF	MCHF
Maturity						
1 year	6.5	6.5	0.0	0.0	0.0	0.0
2 years	3.7	0.0	3.7	11.3	6.6	4.7
3 years	2.1	2.1	0.0	6.0	0.0	6.0
4 years	25.1	21.0	4.1	2.7	0.0	2.7
5 years	8.6	1.5	7.1	0.0	0.0	0.0
6 years	23.7	4.2	19.5	11.0	6.1	4.9
> 6 years	166.9	113.3	53.6	173.8	147.1	26.7
Total loss carryforwards	236.6	148.6	88.0	204.8	159.8	45.0

19. OTHER NON-CURRENT LIABILITIES AND PROVISIONS

	2018	2017
	MCHF	MCHF
Accrued investment grants	2.4	2.9
Other non-current liabilities	5.9	6.7
Total other non-current liabilities	8.3	9.6
Provisions for operating risks	35.8	35.1
Other non-current provisions	8.6	13.0
Total non-current provisions	44.4	48.1
Total other non-current liabilities and provisions	52.7	57.7

Movements of the provisions for operating risks in 2018 and 2017 are shown in the following table.

	2018	2017
	MCHF	MCHF
Provisions for operating risks		
1 January	35.1	31.6
Changes in scope of consolidation	0.0	-0.2
Additions	27.4	14.3
Used	-24.8	-10.7
Reversed	-0.5	-2.0
Translation differences	-1.4	2.1
31 December	35.8	35.1

Provisions for operating risks mainly include provisions for warranties. The payments for the warranty claims delay on average 3.7 years (PY: 4.0 years).

In 2018, the item "Used" includes payments for a claim that is almost completely covered by insurance.

	2018	2017
	MCHF	MCHF
Other non-current provisions		
1 January	13.0	3.2
Additions	2.7	2.7
Transfers	-6.3	19.6
Used	-0.5	-12.7
Reversed	0.0	-0.5
Translation differences	-0.3	0.7
31 December	8.6	13.0

In 2018, this position includes the non-current portion of the restructuring provision of MCHF 2.6 (PY: MCHF 8.8) for the French restructuring measures in 2017. In 2017 the line item "Used" includes mainly payments in relation to this provision. For a detailed explanation, see → **Note 13**.

20. CONTINGENCIES

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

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

21. CAPITAL STOCK AND TREASURY SHARES

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

Geberit AG launched a share buyback programme on 6 June 2017. Shares in an aggregate amount of up to MCHF 450.0 will be repurchased, less withholding tax, over a maximum period of three years. Based on the closing price of Geberit registered shares on 31 December 2018 and taking into account the shares already repurchased by this date, this corresponds to around 1,100,000 registered shares or 3.0% of the share capital currently entered in the Commercial Register. The shares will be repurchased via a separate trading line on the SIX Swiss Exchange for the purpose of a capital reduction. By 31 December 2018, 650,801 shares had been repurchased for a total value of MCHF 276.5.

	2018	2017
	pcs.	pcs.
Stock of treasury shares		
From share buyback programmes	650,801	205,250
Other treasury shares	348,381	186,390
Total treasury shares	999,182	391,640

The entire stock of treasury shares on 31 December 2018 amounted to 999,182 (PY: 391,640) with a carrying amount of MCHF 417.7 (PY: MCHF 156.4). 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.

	2018	2017
Attributable net income according to income statement (MCHF)	597.2	527.4
Weighted average number of ordinary shares (thousands)	36,408	36,783
Total earnings per share (CHF)	16.40	14.34

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.

	2018	2017
Attributable net income according to income statement (MCHF)	597.2	527.4
Weighted average number of ordinary shares (thousands)	36,408	36,783
Adjustments for share options (thousands)	34	72
Weighted average number of ordinary shares (thousands)	36,442	36,855
Total diluted earnings per share (CHF)	16.39	14.31

23. OTHER OPERATING EXPENSES, NET

	2018	2017
	MCHF	MCHF
Outbound freight cost and duties	111.2	106.6
Energy and maintenance expenses	132.7	133.1
Marketing expenses	112.1	108.1
Administration expenses	73.2	69.1
Other operating expenses	179.5	164.1
Other operating income	-33.2	-21.3
Total other operating expenses, net	575.5	559.7

"Other operating expenses" includes, among other things, commissions, rental and consulting expenses as well as warranty cost. "Other operating income" includes, among other things, insurance benefits received, rental income, gains from sales of fixed assets and subsidiaries and catering revenues.

In 2018, "Other operating expenses" includes the costs of a warranty claim that is almost completely covered by insurance. The corresponding insurance benefit is included in "Other operating income".

In 2018, costs of MCHF 14.7 (PY: MCHF 12.9) were capitalised as property, plant and equipment or intangible assets. This includes in particular tools, mould and assembly lines that are part of the production process, as well as capitalised product development cost. The amount was deducted pro-rata from "Personnel expenses", "Cost of materials" and "Other operating expenses, net".

24. FINANCIAL RESULT, NET

	2018	2017
	MCHF	MCHF
Interest expenses	-10.3	-9.7
Amortisation of deferred financing fees	-1.1	-1.5
Other financial expenses	-6.3	-1.8
Total financial expenses	-17.7	-13.0
Interest income and other	2.3	1.2
Total financial income	2.3	1.2
Foreign exchange loss (-)/gain	-5.0	2.4
Total financial result, net	-20.4	-9.4

"Interest expenses" mainly includes the interest for the bonds. In 2018, apart from commitment and other fees, the position "Other financial expenses" mainly includes the call premium of the tender offer related to the EUR bond.

25. INCOME TAX EXPENSES

	2018	2017
	MCHF	MCHF
Current taxes	101.2	101.4
Deferred taxes	-11.2	-16.5
Total income tax expenses	90.0	84.9

The differences between income tax expenses computed at the weighted-average applicable tax rate of the Group of 13.9% (PY: 12.5%) and the effective income tax expenses were as follows:

	2018	2017
	MCHF	MCHF
Income tax expenses, at applicable rate	95.7	76.8
Operating losses with no current tax benefit	0.1	13.9
Offsetting of current profits against loss carryforwards without tax assets	-4.8	-1.3
Changes in future tax rates	0.1	-0.7
Non-deductible expenses and non-taxable income, net	2.5	0.4
Other	-3.6	-4.2
Total income tax expenses	90.0	84.9

The increase of the weighted-average applicable tax rate of the Group by 140 bp in 2018 mainly results from the MCHF 45 restructuring costs in France, which were considered in 2017 as deductible for the calculation of the theoretical tax rate.

In 2018 and 2017, the position "Other" mainly includes tax benefits from the capitalisation of loss carryforwards following improved operational performance. The position "Operating losses with no current tax benefit" contains the not capitalised loss in France which resulted from the aforementioned restructuring costs.

26. OPERATING LEASING

	2018	2017
	MCHF	MCHF
Minimum lease payments		
< 1 year	20.6	18.9
1-5 years	47.5	51.1
> 5 years	32.3	64.7
Total minimum lease payments	100.4	134.7

In the course of the implementation of IFRS 16 the definition of lease term and lease obligations were clarified and figures of 2018 were adjusted accordingly. The lease expenses for 2018 were MCHF 25.1 (PY: MCHF 25.4). The leasing agreements are mainly for rent of buildings and equipment.

27. RESEARCH AND DEVELOPMENT COST

	2018	2017
	MCHF	MCHF
Research and development expenses	77.6	77.8
Capitalised development expenses	-5.6	-2.7
Amortisation of capitalised development expenses	4.1	3.3
Research and development cost	76.1	78.4

In 2018, research and development expenses totalling MCHF 77.6 (PY: MCHF 77.8) were included in the items "Personnel expenses", "Depreciation" and "Other operating expenses, net". This represents 2.5% of net sales (PY: 2.7%). For four major development projects, the capitalisation criteria according to IAS 38.57 were met and expenses of MCHF 5.6 (PY: MCHF 2.7) were capitalised.

28. CASHFLOW FIGURES

Net cashflow is calculated as follows:

	2018	2017 ²
	MCHF	MCHF
EBITDA ¹	867.8	772.0
Changes in net working capital from operating core activities	-19.2	-7.3
Changes in the other positions of the net working capital	8.1	-11.3
Changes in provisions	-11.8	19.5
Income taxes paid	-102.7	-129.7
Other non-cash income and expenses	5.3	-2.8
Net cash from/used in (-) operating activities	747.5	640.4

¹ EBIT + Depreciation + Amortisation

² The definition of "Net cashflow" and "Free cashflow" was adapted to the definition of the statements of cashflows, and the prior year figures were reclassified in the interests of comparability.

The position «Changes in net working capital from operating core activities» includes the change of trade accounts receivable, trade accounts payable and inventories. The residual positions of the net working capital are shown in the position «Changes in the other positions of the net working capital» if they are not part of «Changes in provisions», «Income taxes paid» or «Interest and other financing cost paid, net».

«Changes in provisions» contains the change of all short and long-term provisions.

The position «Other non-cash income and expenses» mainly contains the correction of non-cash items from the participation programs as well as the reclassification of (gains)/losses from the sale of property, plant and equipment and intangible assets as well as from subsidiaries.

Free cashflow is calculated as follows:

	2018	2017 ²
	MCHF	MCHF
Net cash from/used in (-) operating activities	747.5	640.4
Purchase of property, plant and equipment and intangible assets, net	-153.8	-155.5
Interest and other financing cost paid, net	-12.2	-9.2
Free cashflow	581.5	475.7

² The definition of "Net cashflow" and "Free cashflow" was adapted to the definition of the statements of cashflows, and the prior year figures were reclassified in the interests of comparability.

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

29. SEGMENT REPORTING

The Geberit Group consists of one single business unit, the purpose of which is to develop, produce and distribute sanitary products and systems for the residential and commercial construction industry. The major part of the products is distributed through the wholesale channel in general to plumbers, who resell the products to the end users. Products are produced by plants that specialise in particular production processes. As a general rule, one specific article is produced at only one location. Distribution is carried out by country or regional distribution subsidiaries, which sell to wholesalers. A distribution subsidiary is always responsible for the distribution of the whole range of products in its sales area. The main task of the distribution companies is local market development, which contains as a main focus 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, Operations, Product Management & Innovation, Finance). The financial management of the Group by the Board of Directors and the Group Executive Board is based on net sales by markets and product 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 according to 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:

	2018	2017
	MCHF	MCHF
Net sales by product areas		
Installation and Flushing Systems ¹	1,132.5	1,048.3
Piping Systems	928.3	865.5
Bathroom Systems ¹	1,019.7	994.5
Total net sales	3,080.5	2,908.3

¹ Following a reclassification in 2018, the prior year figures were adjusted accordingly in the interests of comparability.

	2018	2017
	MCHF	MCHF
Net sales by markets		
Germany	934.1	867.3
Nordic Countries	311.6	313.7
Switzerland	282.7	278.6
Central/Eastern Europe	307.2	280.1
Benelux	252.4	231.6
Italy	216.2	201.2
France	187.1	176.3
Austria	170.6	161.2
United Kingdom/Ireland	111.6	110.5
Iberian Peninsula	24.5	21.4
Other markets	282.5	266.4
Total net sales	3,080.5	2,908.3

	2018	2017
	MCHF	MCHF
Share of net sales by customers		
Customers with more than 10% of net sales: customer A	482.1	435.5
Total > 10%	482.1	435.5
Remaining customers with less than 10% of net sales	2,598.4	2,472.8
Total net sales	3,080.5	2,908.3

	2018	2017
	MCHF	MCHF
Property, plant and equipment by markets		
Germany	310.1	298.7
Nordic Countries	40.3	39.2
Switzerland	161.6	161.7
Central/Eastern Europe	135.6	128.5
Benelux	6.4	5.4
Italy	58.1	57.6
France	11.2	10.0
Austria	38.9	42.6
United Kingdom/Ireland	2.3	2.5
Iberian Peninsula	13.1	13.5
Other markets	51.3	53.1
Total property, plant and equipment	828.9	812.8

30. RELATED PARTY TRANSACTIONS

In 2018 and 2017, total booked compensation for the Group Executive Board and the Board of Directors was as follows:

	2018	2017
	MCHF	MCHF
Remuneration and salary fixed	5.4	5.5
Remuneration and salary variable	1.7	2.0
Options	2.5	2.7
Expenditure on pensions	1.0	1.5
Other	0.1	0.1
Total	10.7	11.8

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

In 2018 and 2017, there were no further material related party transactions.

31. FOREIGN EXCHANGE RATES

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

	Currency		2018		2017	
			Balance sheet	Income statement	Balance sheet	Income statement
European Currency Union	EUR	1	1.1255	1.1564	1.1687	1.1086
United Kingdom	GBP	1	1.2489	1.3050	1.3168	1.2675
USA	USD	1	0.9848	0.9782	0.9777	0.9844
Poland	PLN	100	26.2000	27.1550	28.0300	26.0350
China	CNY	100	14.3110	14.8090	15.0200	14.5750
Denmark	DKK	100	15.0700	15.5090	15.6920	14.9170
Australia	AUD	1	0.6955	0.7328	0.7620	0.7547
Czech Republic	CZK	100	4.3700	4.5190	4.5650	4.1890
Hungary	HUF	100	0.3500	0.3640	0.3764	0.3590
Norway	NOK	100	11.3300	12.0290	11.8630	11.9270
Sweden	SEK	100	10.9700	11.2610	11.8530	11.5290
Singapore	SGD	1	0.7216	0.7253	0.7314	0.7129
South Africa	ZAR	100	6.8400	7.4330	7.9100	7.3820
Turkey	TRY	100	18.5800	20.4560	25.8250	26.8470
Russia	RUB	100	1.4130	1.5630	1.6960	1.6840
Ukraine	UAH	100	3.5401	3.6030	3.4800	3.7060
India	INR	100	1.4100	1.4270	1.5300	1.5140
Nigeria	NGN	100	0.2710	0.2710	0.2720	0.2970
Romania	RON	100	24.1300	24.8030	25.0800	24.3080

32. 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 11 March 2019.

33. GROUP COMPANIES AS AT 31 DECEMBER 2018

Switzerland	Currency	Share capital ('000)	Ownership in %
Geberit AG, Rapperswil-Jona	CHF	3,704	
Geberit Holding AG, Rapperswil-Jona	CHF	39,350	100
Geberit International AG, Rapperswil-Jona	CHF	1,000	100
Geberit International Sales AG, Rapperswil-Jona	CHF	1,000	100
Geberit Verwaltungs AG, Rapperswil-Jona	CHF	1,000	100
Geberit Vertriebs AG, Rapperswil-Jona	CHF	1,000	100
Geberit Marketing e Distribuzione SA, Rapperswil-Jona	EUR	821	100
Geberit Produktions AG, Rapperswil-Jona	CHF	4,000	100
Geberit Apparate AG, Rapperswil-Jona	CHF	1,000	100
Geberit Fabrication SA, Givisiez	CHF	7,000	100
Geberit Finanz AG, Rapperswil-Jona	EUR	832	100
Australia			
Geberit Pty Ltd., North Ryde NSW	AUD	2,060	100
Austria			
Geberit Vertriebs GmbH & Co KG, Pottenbrunn / 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., Machelen	EUR	62	100
Channel Islands			
Geberit Reinsurance Ltd., Guernsey	EUR	2	100
China			
Geberit Flushing Technology Co. Ltd., Daishan	CNY	63,376	100
Geberit Plumbing Technology Co. Ltd., Shanghai	CNY	152,453	100
Geberit Shanghai Trading Co. Ltd., Shanghai	CNY	5,000	100
Geberit Shanghai Investment Administration Co. Ltd., Shanghai	CNY	13,638	100
Czech Republic			
Geberit spol. s.r.o., Prague	CZK	6,000	100
Denmark			
Geberit A/S, Lystrup	DKK	10,000	100
Finland			
Geberit Oy, Helsinki	EUR	50	100
Geberit Investment Oy, 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

Germany	Currency	Share capital ('000)	Ownership in %
Geberit Verwaltungs GmbH, Pfullendorf	EUR	50	100
Geberit Service GmbH & Co. KG, Pfullendorf	EUR	50	100
Geberit Vertriebs GmbH, Pfullendorf	EUR	1,000	100
Geberit Produktions GmbH, Pfullendorf	EUR	7,500	100
Geberit Logistik GmbH, Pfullendorf	EUR	500	100
Geberit Mapress GmbH, Langenfeld	EUR	2,701	100
Geberit RLS Beteiligungs GmbH, Langenfeld	EUR	50	100
Geberit Lichtenstein GmbH, Lichtenstein	EUR	1,025	100
Geberit Weilheim GmbH, Weilheim	EUR	1,025	100
Allia Holding GmbH, Pfullendorf	EUR	65	100
Geberit Keramik Service GmbH & Co. KG, Pfullendorf	EUR	100	100
Geberit Keramik GmbH, Ratingen	EUR	12,500	100
CeraVID GmbH, Essen	EUR	26	100
Hungary			
Geberit Kft, Budapest	HUF	49,900	100
India			
Geberit Plumbing Technology India Pvt. Ltd., Bangalore	INR	12,861	100
Geberit India Manufacturing Pvt. Ltd., Bangalore	INR	56,875	100
Italy			
Geberit Produzione S.p.a., Villadose	EUR	4,200	100
Geberit Service S.p.a., Spilimbergo	EUR	120	100
Pozzi Ginori S.p.a., 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, Porsgrund	NOK	282	100
Poland			
Geberit Sp.z o.o., Warsaw	PLN	10,638	100
Geberit Service Sp.z o.o., Lodz	PLN	1,800	100
Geberit Ozorków Sp.z o.o., Ozorkow	PLN	32,400	100
Geberit Produkcja Sp.z o.o., Kolo	PLN	100,000	100
Portugal			
Geberit Tecnologia Sanitária S.A., Lisbon	EUR	275	100
Geberit Produção S.A., Carregado	EUR	2,750	100
Romania			
Geberit SRL, Bucharest	RON	13,500	100
Russia			
Geberit RUS LLC, Moscow	RUB	150,010	100

Singapore	Currency	Share capital ('000)	Ownership in %
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	17,922	100
Ukraine			
Slavuta Holdings LLC, Kiev	UAH	65,654	100
Geberit Ceramic Production PrJSC, Slavuta	UAH	57,400	100
TOV Geberit Plastics Production LLC, Kiev	UAH	16,860	100
Geberit Trading LLC, Kiev	UAH	9,000	100
United Kingdom			
Geberit Sales Ltd., Warwick	GBP	3,520	100
Geberit Service, Alsager	GBP	0.4	100
Twyford Ltd., Alsager	GBP	1,000	100
Twyfords Ltd., Alsager	GBP	2,528	100
USA			
Duffin Manufacturing Co., Elyria	USD	69	100
The Chicago Faucet Company, Des Plaines	USD	100	100

REPORT OF THE STATUTORY AUDITOR



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Report of the statutory auditor
to the General Meeting 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 (Geberit Group), which comprise the → **consolidated balance sheet** as at 31 December 2018 and the → **consolidated income statement**, → **consolidated statement of comprehensive income**, → **consolidated statement of changes in equity** and → **consolidated statement of cash flows** for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2018 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.

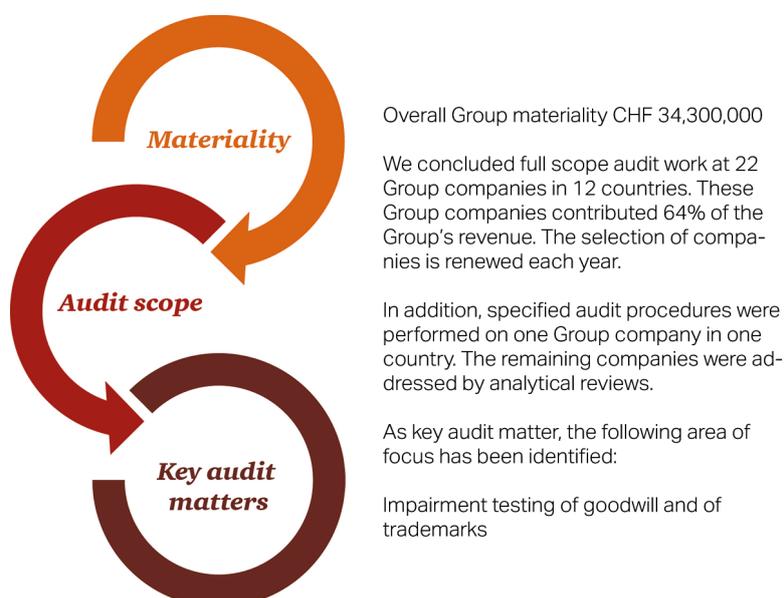
BASIS FOR OPINION

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

OUR AUDIT APPROACH

Overview



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 34,300,000
How we determined it	5% of the 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 3,430,000 identified during our audit as well as any misstatements below that amount which, in our view, warranted reporting for qualitative reasons.

AUDIT SCOPE

We 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

Impairment testing of goodwill and of trademarks was deemed a key audit matter for the following two reasons:

Goodwill and trademarks represent a significant amount on the balance sheet (goodwill totalling CHF 1,299.4 million and trademarks totalling CHF 309.5 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).

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).

How our audit addressed the key audit matter

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.

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.

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. As in previous years, Management based its forecasts this year on the growth rates and margins according to the current business plan of the Geberit Group.

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

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

We also assessed the useful life accorded to trademarks with a finite useful life.

We tested the sensitivity analyses of the key assumptions. These analyses enabled us to assess any potential impairment of goodwill or of trademarks.

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.

OTHER INFORMATION IN THE ANNUAL REPORT

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

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

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

RESPONSIBILITIES OF THE BOARD OF DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

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

PricewaterhouseCoopers AG



Beat Inauen
Audit expert
Auditor in charge



Martin Knöpfel
Audit expert

Zurich, 11 March 2019

FINANCIAL REPORT

GEBERIT AG

2018

BALANCE SHEETS

	31.12.2018	31.12.2017
	MCHF	MCHF
Assets		
Current assets		
Cash	5.6	4.9
Other current receivable		
- Third parties	4.5	5.2
- Group companies	2.4	55.6
Prepaid expenses	0.6	1.6
Total current assets	13.1	67.3
Non-current assets		
Loan to group companies	300.0	300.0
Investments	996.9	996.9
Total non-current assets	1,296.9	1,296.9
Total assets	1,310.0	1,364.2
Liabilities		
Current liabilities		
- Third parties	7.1	6.0
- Bonds	150.0	0.0
- Group companies	35.7	3.9
Total current liabilities	192.8	9.9
Long term interest-bearing liabilities		
Bonds	150.0	300.0
Total long term interest-bearing liabilities	150.0	300.0
Shareholders' equity		
Capital stock	3.7	3.7
Legal capital reserves		
- General reserves, share premium	0.8	0.8
- Reserves from capital contributions	25.7	25.7
Legal reserves from retained earnings		
- Reserves for treasury shares held by group companies	133.2	64.6
Free reserves from retained earnings		
- Free reserves	597.6	546.1
- Retained earnings	482.7	505.2
Treasury shares		
- against free reserves	-276.5	-91.8
Total shareholders' equity	967.2	1,054.3
Total liabilities and shareholders' equity	1,310.0	1,364.2

INCOME STATEMENTS

	2018	2017
	MCHF	MCHF
Income		
Dividends from Group companies	482.3	501.1
Other financial income	2.8	6.1
Other operating income	0.5	0.5
Total income	485.6	507.7
Expenses		
Administrative expenses	3.9	3.9
Financial expenses	1.7	1.7
Direct tax expenses	-0.1	0.1
Total expenses	5.5	5.7
Net income	480.1	502.0

NOTES TO THE FINANCIAL STATEMENTS

1. STANDARDS

1.1 GENERAL

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

1.2 TREASURY SHARES

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

1.3 LONG TERM INTEREST-BEARING LIABILITIES

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

1.4 DERIVATIVES

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

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

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

2. OTHER STATUTORY DISCLOSURES

2.1 GUARANTEES, ASSETS PLEDGED IN FAVOR OF THIRD PARTIES

	31.12.2018	31.12.2017
	MCHF	MCHF
Guarantee notes, MEUR 325 (PY: MEUR 500), 0.688%, due 30.03.2021	365.8	584.4
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

	2018 Ownership in %	2018 capital stock	2017 Ownership in %	2017 capital stock
Geberit Holding AG, Rapperswil-Jona	100	TCHF 39 350	100	TCHF 39 350
Geberit Reinsurance Ltd., Guernsey	100	TEUR 2	100	TEUR 2

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

2.3 SHARE CAPITAL

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

	2018	2017
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

From the total of MCHF 25.7 shown as at 31.12.2018 the amount of MCHF 4.2 was confirmed by the Swiss tax authorities and is therefore available for withholding tax free distribution.

2.5 TREASURY SHARES

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

	Number of registered shares	Prices per share		
		High	Average	Low
		in CHF	in CHF	in CHF
Balance at December 31, 2017	391,640			
Purchases share buyback program 2017 - 2020	445,551	452.95	414.53	375.17
Other Purchases	250,000	467.09	434.01	412.25
Sales	-88,009	467.30	435.44	412.90
Balance at December 31, 2018	999,182			
Number of treasury shares held by Geberit AG	650,801			

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. As at December 31, 2018, in total 650'801 shares for a total amount of MCHF 276.5 were repurchased under the program.

The legal reserves for treasury shares were recorded at cost.

2.6 BONDS

Geberit has the following bonds outstanding:

- a bond of MCHF 150 with a term of four years and a coupon of 0.05%, due 17.04.2019
- a bond of MCHF 150 with a term of eight years and a coupon of 0.3%, due 17.04.2023

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

As of the end of 2018 and 2017, members of the Board of Directors held the following shares in the company:

	A. Baehny Chairman	H. Reuter Vice Chairman	F. Ehrat	T. Hübner	J. Tang-Jensen	E. Zehnder-Lai	Total
2018							
Shareholdings Board of Directors							
Shares	70,778	9,023	2,798	1,343	2,920	363	87,225
Options	41,864	0	0	0	0	0	41,864
Share of voting rights	0.19%	< 0.1%	< 0.1%	< 0.1%	< 0.1%	< 0.1%	0.24%
	A. Baehny Chairman	H. Reuter Vice Chairman	F. Ehrat	T. Hübner	J. Tang-Jensen	E. Zehnder-Lai	Total
2017							
Shareholdings Board of Directors							
Shares	56,812	8,318	2,281	858	2,511	0	70,780
Options	55,231	0	0	0	0	0	55,231
Share of voting rights	0.15%	< 0.1%	< 0.1%	< 0.1%	< 0.1%	0.0%	0.19%

As of December 31, 2018, there were no outstanding loans or credits between the company and members of the Board of Directors

As of the end of 2018 and 2017, the Group Executive Board held the following shares in the company:

	Maturity	Average exercise price in CHF	C. Buhl CEO	R. Iff CFO	M. Baumüller	E. Renfordt-Sasse	K. Spachmann	R. van Triest	M. Ziegler	Total
2018										
Shareholdings Group Executive Board										
Shares			7,404	31,564	3,078	1,546	12,500	300	2,416	58,808
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	2020-2024	332.00	13,219	8,836	3,706	6,166	807	60	2,857	35,651
2019	2022-2026	394.76	11,600	7,665	754	4,074	6,766	2,621	980	34,460
2020	2023-2027	409.97	13,351	7,608	1,983	3,664	6,751	4,627	921	38,905
2021	2024-2028	409.97	19,945	10,746	3,462	5,161	9,684	6,653	2,548	58,199
2022	2025-2028	434.08	13,439	6,623	3,088	3,098	6,056	4,067	2,071	38,442
2023	2028	432.20	6,871	3,266	1,527	1,594	3,011	2,036	1,696	20,001
Total options			78,425	44,744	14,520	23,757	33,075	20,064	11,073	225,658
Percentage potential share of voting rights options			0.21%	0.12%	< 0.1%	< 0.1%	< 0.1%	< 0.1%	< 0.1%	0.61%

¹ Purchase ratio 1 share for 1 option

	Maturity	Average exercise price in CHF	C. Buhl CEO	R. Iff CFO	M. Baumüller	M. Reinhard	E. Renfordt-Sasse	K. Spachmann	R. van Triest	Total
2017										
Shareholdings Group Executive Board										
Shares			6,212	32,840	2,850	2,500	2,452	12,407	200	59,461
Percentage voting rights shares			< 0.1%	< 0.1%	< 0.1%	< 0.1%	< 0.1%	< 0.1%	< 0.1%	0.16%
Call options¹										
End of vesting period:										
Lapsed	2020-2023	306.01	7,474	9,172	2,922	3,783	4,779	3,236	10	31,376
2018	2021-2024	357.20	5,745	7,091	784	7,261	2,631	6,140	50	29,702
2019	2022-2026	382.28	11,302	7,484	697	7,989	4,074	6,647	2,596	40,789
2020	2023-2027	398.85	13,053	7,427	1,926	7,895	3,664	6,632	4,602	45,199
2021	2024-2027	398.85	12,776	7,299	1,878	7,770	3,567	6,554	4,592	44,436
2022	2027	435.95	6,270	3,176	1,504	3,314	1,504	2,926	2,006	20,700
Total options			56,620	41,649	9,711	38,012	20,219	32,135	13,856	212,202
Percentage potential share of voting rights options			0.15%	0.11%	< 0.1%	0.10%	< 0.1%	< 0.1%	< 0.1%	0.57%

¹ Purchase ratio 1 share for 1 option

As of December 31, 2018, 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:

	31.12.2018	31.12.2017
Black Rock, New York (notification dated: 01.08.2018)	4.98%	4.99%
Marathon Asset Management, London (notification dated: 20.12.2018)	3.02%	< 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

	2018	2017
	CHF	CHF
Available earnings		
Net income	480,166,127	501,972,181
Balance brought forward	2,563,126	3,169,266
Total available earnings	482,729,253	505,141,447
Transfer to free reserves	80,000,000	120,000,000
Proposed/paid dividend	393,018,761	382,578,321
Balance to be carried forward	9,710,492	2,563,126
Total appropriation of available earnings	482,729,253	505,141,447

DIVIDEND PAYMENTS

The Board of Directors proposes a dividend of CHF 10.80 per share (PY: CHF 10.40). The dividend payment is subject to withholding tax.

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

REPORT OF THE STATUTORY AUDITOR



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Report of the statutory auditor
to the general meeting of Geberit AG
Rapperswil-Jona

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

We have audited the financial statements of Geberit AG, which comprise the → **balance sheet** as at 31 December 2018, → **income statement** and → **notes** for the year then ended, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements as at 31 December 2018 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	1 % of profit before tax
Rationale for the materiality benchmark applied	We chose profit before tax as the benchmark because, in our view, it is the benchmark against which the performance of the company is most commonly measured, and it is a generally accepted benchmark.

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 996.9 million represent the largest asset category on the balance sheet (76.1% of total assets). If this investment had to be written down, it would have a significant impact on the equity capital of the Company.</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 2018 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 budget in order to identify any assumptions that, with hindsight, appeared too optimistic regarding the cash flows; - checked for plausibility the outlook based on the multi-year plan approved by the Board of Directors and discussed the outlook with Management; <p>On the basis of the audit procedures performed, we addressed the risk of the impairment of the equity investments. We have no findings to report.</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 to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

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

PricewaterhouseCoopers AG



Beat Inauen
Audit expert
Auditor in charge



Martin Knöpfel
Audit expert

Zurich, 11 March 2019

GEBERIT GROUP

SUSTAINABILITY

2018

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

Since 2006, a sustainability performance review has been presented annually in accordance with the guidelines of the Global Reporting Initiative (GRI). In this reporting year, Geberit has implemented the GRI Standards: option "Comprehensive" for the first time. For the Materiality Disclosures Service, 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 → **formal GRI Content Index**. The Report is available in German and English. The German version is binding.

As prescribed by the GRI, a → **Materiality analysis** based on the aspects defined by the GRI was the strategic starting point. As in 2012, 2014 and 2016, an external stakeholder panel was also consulted in 2018. Its mandate consisted of scrutinising the results of the internal materiality analysis and providing feedback on the sustainability strategy and sustainability communication. 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. The next stakeholder panel is planned for 2020.

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

CEO STATEMENT ON SUSTAINABILITY



«Geberit's products are innovative, manufactured in a responsible manner, perfectly coordinated with one another and are easy to install and maintain. This means we can generate sustainable added value for customers, investors and society.»

Christian Buhl, CEO

LESS IS MORE

Geberit's success is based on constant development. For almost 150 years, our goal has been to improve people's lives and to generate sustainable added value. In 2015, Geberit entered into the ceramic sanitary appliance and bathroom furniture business with the acquisition of the Sanitec Group. This has allowed us to complement the innovative and reliable sanitary technology behind the wall with elegant and highly functional Geberit bathroom series in front of the wall. Our decision to streamline the brand portfolio and increasingly focus on the Geberit quality brand provides numerous benefits for our customers and partners, and will also simplify the development of innovative products and integrated solutions in future. This also has a positive effect in terms of sustainability.

INTEGRATED SUSTAINABILITY

Sustainability is a key factor in Geberit's success, which is why we consider economic, environmental and social aspects in our decision-making processes. It is our declared aim to leave behind the smallest possible ecological footprint along the entire value chain, while treating suppliers and business partners with respect and fairness. Thanks to eco-design, our products are designed with resource conservation in mind. Another important building block is the education and further training of our employees, as well as plumbers, sanitary engineers and architects. In doing so, we underscore our position as industry leaders – also with regard to sustainable development.

The discussions at this year's fourth external stakeholder panel confirmed that the subject of the circular economy is extremely relevant for us. The circular concept has played an important role at Geberit for many years. Our products have a service life lasting decades thanks to the high-quality materials used, are often backwards-compatible, any plastics used are clearly labelled and spare parts are available for up to 25 years.

THE EFFICIENT "FLOWING" FACTORY

The successful integration of the ceramics plants is becoming apparent in production. All Geberit plants display an outstanding capacity for renewal thanks to the extensive investments made. All investments in property, plant and equipment and everyday improvement measures are consistently geared towards the principle of flow production. Maximum efficiency is 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, energy and materials.

The manufacture of sanitary ceramics is our most resource- and energy-intensive process. For this reason, eleven tunnel kilns for ceramic production have been equipped with state-of-the-art burner technology. As a result, each kiln can achieve energy savings of over 20%. Since the acquisition of Sanitec in 2015, the absolute environmental impact has been reduced by 11.6% and eco-efficiency improved by more than 20%. We are continuing to pursue our ambitious goals of improving eco-efficiency by 5% per year and reducing relative CO₂ emissions by 5% per year.

THE MANY FACETS OF SOCIAL RESPONSIBILITY

11,630 employees go about their work for Geberit with great dedication and drive the company forward. In this respect, it is important that the Geberit performance culture is embraced by all company divisions. Therefore, the management personnel from the ceramics plants and over 100 regional sales managers from the European sales companies were provided in 2018 with training that covered standardised management principles and instruments. We have initiated further improvements in connection with occupational health and safety. For example, the Geberit Safety System was implemented worldwide in 2018 and all of our production plants will be certified according to the new occupational safety standard ISO 45001 by the end of 2019.

We realise our social responsibility within the scope of our social projects relating to the topics of water and sanitary facilities. In autumn 2018, eight Geberit apprentices and their two coaches, together with the local Geberit office in Morocco, renovated the sanitary facilities in several schools in the Marrakesh region. We also broke new ground by setting up a skill-sharing programme, with the first projects carried out with participants in Mozambique and Nepal.

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 (see → **SDG Reporting**). Among these, the sixth goal "Clean water and sanitation" is especially important where Geberit provides solutions that ensure efficient water usage and sustainable building.

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. We provide information on our sustainability goals and performances in a transparent manner and in accordance with the Global Reporting Initiative's GRI Standards: option "Comprehensive". The Communication on Progress UN Global Compact on the financial year 2018 can be found at → www.geberit.com > **Company** > **Sustainability** > **UN Global Compact**.

A handwritten signature in black ink, appearing to read 'CB', located below the text of the CEO statement.

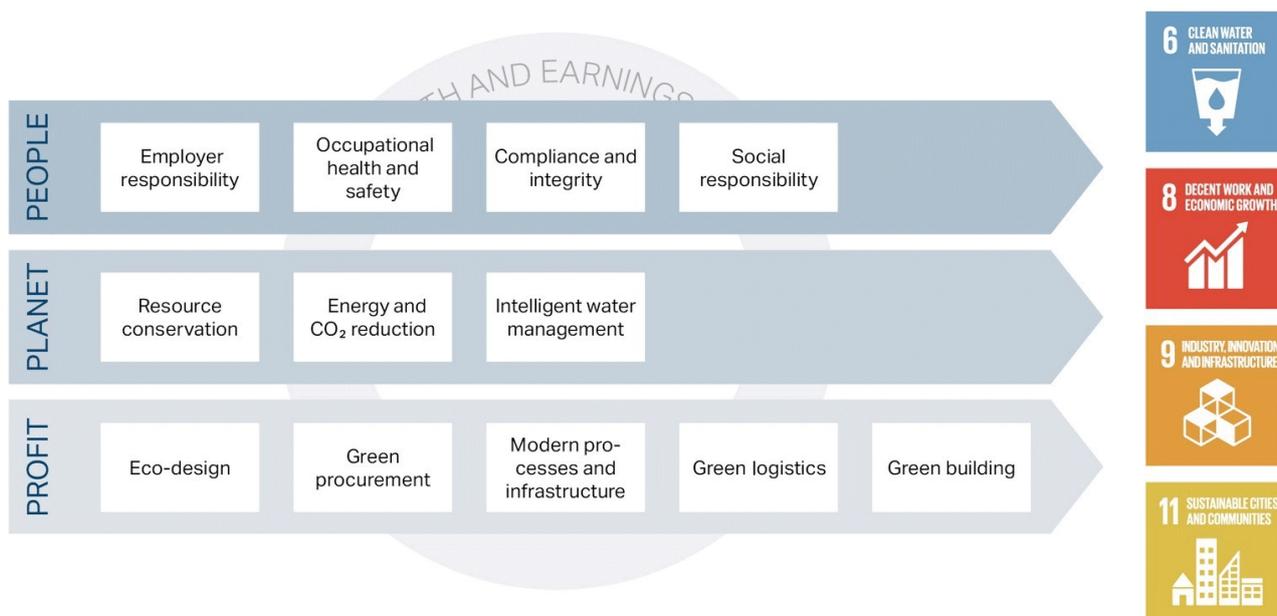
Christian Buhl, CEO

SUSTAINABILITY STRATEGY 2019 - 2021

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

The → graphic below shows how Geberit implements integrated sustainability 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 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).

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



The following pages provide an overview of the sustainability modules with important facts and achievements for 2018 as well as the outlook for 2019 to 2021. 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 2018

OUTLOOK FOR 2019 TO 2021

EMPLOYER RESPONSIBILITY

Geberit is committed to providing attractive jobs.

Geberit supports disadvantaged employees and apprentices.

- Expansion of the standardised global Performance assessment, Development and Compensation process (PDC), including to the new companies of the former Sanitec. 2,700 employees were integrated by the end of 2018.
- At the end of 2018, Geberit employed 247 apprentices. The transfer rate to a permanent employment relationship was 89%.
- Development of management personnel at the ceramics plants with the goal of promoting Geberit's performance culture.
- Development of over 100 regional sales managers from European sales companies with external support based on standardised management principles and instruments.
- Revision and rollout of the Potential Management Process at management level.

- Revision and rollout of the Potential Management Process.
- Targeted support for transfer of apprentices to a permanent position: target rate is 75%.

OCCUPATIONAL HEALTH AND SAFETY

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

- Global implementation of the Geberit Safety System, including integration into the Geberit Management System. 29 of the 30 production plants are certified in accordance with OHSAS 18001 and new occupational safety standard ISO 45001 was introduced.
- Further implementation of Group-wide risk assessment guidelines, including guidelines on the risk of silicosis.
- Rollout of the software for capturing and monitoring accident data at nine Geberit sites.
- The accident frequency rate (AFR) fell by 5.8% to 9.7 and the accident severity rate (ASR) decreased by 10.9% to 181.5. Geberit thus moved closer to meeting its target.
- Comprehensive vitality programme that focuses on exercise, nutrition, mental challenges, vitality and working environment at six Geberit sites, which represent almost 40% of the entire workforce.

- Long-term objective: AFR and ASR to be reduced by 50% between 2015 and 2025, targets AFR = 5.5 and ASR = 90.
- Certification of all production plants in accordance with ISO 45001 by the end of 2019.
- Roll-out of the software for capturing and monitoring accident data at additional Geberit sites.
- Definition of further key figures for managing occupational safety.
- Improvement of ergonomics in acrylic production in Ozorków (PL) by using robots and by using lifting aids in the ceramics plants.

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.

- Compliance with the Code of Conduct has been checked with a Group-wide survey every year since 2008. The Internal Audit Department carries out special interviews with the managing directors on the topics in the Code of Conduct. No significant breaches of the Code of Conduct were identified.
- The Geberit Integrity Line for employees recorded one significant incident, which was subsequently investigated.
- The Integrity Line for suppliers, which was introduced in 2017, did not record any incidents.
- A training event on antitrust legislation was held in the Polish market.
- Antitrust audits were carried out at various European sales companies (NO, FI, SLO and CH).
- A range of market enquiries from various countries concerning the permissibility of marketing and sales campaigns were dealt with.
- The General Data Protection Regulation (GDPR) was implemented in the European companies along with additional measures and data protection audits were held in more than 15 companies in seven countries.
- In some of the older shower toilet models, the use of a certain nozzle cleaner caused leakages to develop leading to the risk of a smouldering fire. This caused only material damage and the majority of the affected appliances were repaired in the reporting year.

- Further antitrust audits to be carried out by Corporate Legal Services in collaboration with the Internal Audit Department.
- Completion of the implementation of the General Data Protection Regulation (GDPR), training of further data protection coordinators and the regular performance of data protection audits.
- Development of a standardised concept and tool for ensuring EHS compliance 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 1,380 hours of charitable work as part of social projects.
- Continuation of the partnership with Helvetas on the topic of drinking water and sanitary facilities in developing countries.
- A skill-sharing programme was set up, with the first projects taking place with participants in Mozambique and Nepal.
- Execution of a social project in Marrakesh (MA) with apprentices. Renovation of several sanitary facilities at various schools.
- In 2018, the Geberit production plants supported a number of workshops for disabled persons, where simple assembly and packaging work in the amount of CHF 8.1 million was carried out, thus giving over 400 people meaningful work.
- Another volunteering project to be conducted in Nepal in collaboration with Helvetas, with further development of the skill-sharing programme.
- Implementation of a major social project in Cambodia 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 lives up the circular economy, both in production as well as with its products.

- The absolute environmental impact reduced by 4.4% in 2018. The environmental impact per sales (currency-adjusted) dropped by 7.3%. This figure is above the target of 5% per year.
- All 30 production plants are now certified in accordance with ISO 14001. The Group certificate is valid until 2021.
- Optimisation of the ceramic product range to reduce complexity and cut down on resource usage.
- Gypsum waste from ceramic production has been used as secondary material in the cement industry since the end of 2016. This reduces waste quantities in landfills by around 6,000 tonnes per year.
- 900 tonnes of high-quality ABS regranulate used for various components in exposed and concealed cisterns. Internal plastic waste used for packaging elements.
- Resource efficiency in ceramic production deteriorated slightly by 2% to 0.51 kg ceramic waste/kg ceramic.

OUTLOOK FOR 2019 TO 2021

- Improvement of eco-efficiency (environmental impact per sales, currency-adjusted) by 5% per year.
- Reduction of the hazardous substances used in the 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.
- Improvement in resource efficiency in ceramic production (kg ceramic waste/kg ceramic) by 10% by 2021.

ENERGY AND CO₂ REDUCTION

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

- In 2018, CO₂ emissions were reduced by 4.7% to 231,484 tonnes. CO₂ emissions per sales (currency-adjusted) declined by 7.5%. This confirms that Geberit is on track with its long-term CO₂ strategy.
- The share of purchased green electricity increased by 3 GWh to 50 GWh in 2018. In total, renewable energy sources accounted for 40.6% of electricity and 5.2% of combustibles.
- In 2018, 3.6 GWh of green electricity was produced in Givisiez (CH) and Pfullendorf (DE).
- A total of five German production plants are certified to ISO 50001 (energy management).
- An energy masterplan was drawn up for the ceramics plant in Haldensleben (DE).
- Adjustment of the fuel-reduction plan to the new WLTP test procedure.

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

INTELLIGENT WATER MANAGEMENT

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

- Geberit's water footprint shows that nearly 100% of water consumption is attributable to the product usage phase.
- Some 28,100 million cubic metres of water have been saved to date through the use of water-saving products. In 2018 alone, the water saved amounted to 2,880 million cubic metres.
- Work continued on the new European water label for sanitary products.
- Water consumption in ceramic production fell by 5.5% to 6.6 l/kg ceramic.

- Reduce water consumption in ceramic production (litres water/kg ceramic) by 5% by 2021.
- Registration of water-saving products in accordance with the new European water label.

PROFIT

MODULES AND GOALS

IMPORTANT FACTS AND ACHIEVEMENTS 2018

OUTLOOK FOR 2019 TO 2021

ECO-DESIGN

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

Environmental aspects are already considered during technology development.

- Eco-design workshops have been part of the development process for all new products since 2007, and since 2010 they have also been part of product modifications and technology projects.
- The successful continuation of this approach resulted in a number of environmental improvements to products, such as:
 - Energy retaining valve (ERV) for riser stacks, enabling energy savings equivalent to approx. 50 litres of heating oil every year.
 - Geberit ONE WC combines a timeless design with an optimal flush performance (TurboFlush) and a minimum flush volume (4/2 l).
 - Expansion of the range of rimless WC pans to simplify cleaning and cut down the usage of cleaning agents.
 - Shower toilet Geberit AquaClean Sela Comfort with innovative WhirlSpray shower technology, TurboFlush technology and significantly reduced energy consumption thanks to heating-on-demand technology.
 - Geberit SuperTube technology combined with Geberit Sovent saves space and resources in the drainage systems of high-rise buildings.

- Systematic continuation of eco-design workshops for product development.
- Search for alternative materials or a combination of existing materials for optimising resource efficiency for integrated sanitary products.
- Expansion of the green building product portfolio.

GREEN PROCUREMENT

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

- As of the end of 2018, 1,470 suppliers had signed the Code of Conduct for Suppliers (previous year 1,379 suppliers). This equates to over 90% of the total procurement value.
- No incidents were reported in 2018 via the Integrity Line for suppliers.
- Consistent execution and tracking of EHS (environment, health and safety) audits, especially in the highest sustainability risk category. This comprises 179 suppliers, which corresponds to some 8% of the procurement value.
- Execution of five third-party audits at suppliers in China and Ukraine.

- All new suppliers have to sign the Code of Conduct.
- Additional EHS audits of suppliers are to be carried out by Geberit and external partners and the required corrective measures 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 plant and infrastructure in Wesel, Haldensleben and Pfullendorf (DE) and Bromölla (SE) that were obsolete and no longer required, as well as hand-over of the old plant in Slavuta (UA) to the state. A new factory building was completed in Pfullendorf (DE), Langenfeld (DE) and Ozorków (PL), as well as new buildings for logistics and technology in Slavuta (UA).
- Number of injection moulding machines with energy-efficient drive technology increased from 156 to 174.
- 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. Implementation of first fully electrically driven production line.
- In addition to the eight existing tunnel kilns for ceramic production, an additional three were retrofitted with state-of-the-art burner technology. This resulted in savings of more than 20% per kiln in natural gas, i.e. approximately 27 GWh of natural gas per year or an equivalent of some 6,500 tonnes of CO₂.

- Consistent renewal of machine fleet with energy-efficient technology.
- Further increase in the number of injection moulding machines with energy-efficient drive technology (hybrid, fully electrical, standby) from 174 to 189 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.

GREEN LOGISTICS

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

- In 2010, a logistics calculator was developed to measure the key transport and environmental figures for transport service providers in Europe. The system scope was expanded by three sites compared to the previous year.
- In 2018, the transport service providers handled 505.9 million tkm (previous year 415.1 million tkm). Due to expansion of the system scope and sales growth, this resulted in CO₂ emissions of 55,802 tonnes (previous year 52,075 tonnes). The eco-efficiency of logistics (environmental impact per tkm) has improved by over 30% since 2015.
- The share handled by Euro 5 trucks was 33% and the share handled by state-of-the-art Euro 6 vehicles 64%.
- The optimised calculation and better utilisation of freight capacity as well as the bundling of long-goods deliveries reduced the number of trips required.
- Extension of environmental monitoring to include a further six sites of the former Sanitec, and formulation of suitable measures in close collaboration with the transport service providers.
- Further optimisation of loading capacity with scheduling and organisational changes.
- Increased switchover to high cube swap bodies and extended semi-trailers with a greater load capacity.
- More intensive use of Euro 6 vehicles.

GREEN BUILDING

Geberit has 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 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, ZA and AU.
 - Creation of four Environmental Product Declarations (EPD) for discharge pipes in accordance with the European EN 15804 standard.
 - 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 region.
 - Further expansion of the FSC®-certified bathroom furniture range.
 - Creation of further Environmental Product Declarations (EPD).
 - More systematic recording of environmentally relevant product data, i.e. for BIM.
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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 updated materiality analysis was again reviewed and approved by an external stakeholder panel in September 2018.

Material aspects are deemed material if they are significant from the internal perspective of the company and/or the external perspective of stakeholders and/or have significant economic, environmental or social effects.

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 labeling		Digitalisation/ BIM	Data protection	

COMMUNICATION ON PROGRESS UNGC

Human rights

Principle 1:

Support and respect the protection of internationally proclaimed human rights.

- When selecting employees and determining their assignment in the company, Geberit attaches great importance to qualifications appropriate to the task description. 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 significant breaches in 2018. See → **GRI 412**, → **GRI 419**
- The Geberit Integrity Line gives all employees the opportunity to report irregularities anonymously. There was one significant incident reported in 2018, which was subsequently investigated.

Principle 2:

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

- With respect to human rights violations, the greatest risk for Geberit lies with suppliers, who can be influenced only indirectly. Geberit does all it can to minimise this risk and requires that business partners and suppliers comply with comprehensive standards. 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 2018, a total of 1,470 suppliers had signed the Code of Conduct. This equates to over 90% of the total procurement value. In 2018, 179 existing suppliers were identified in the highest risk category as defined by Geberit, which corresponds to around 8% of the procurement value of Geberit. A systematic planning and performance of audits is conducted for these suppliers. See → **Code of Conduct for Suppliers**, → **Management Approach Procurement**
- In 2018, five third-party audits were carried out at suppliers in China and Ukraine. The results showed that the majority of occupational safety and environmental standards are complied with. Appropriate corrective measures are agreed in cases of non-compliance. 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 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 2018. See → **GRI 407**
- There are currently 9,008 employees (corresponding to 75% of the workforce) who are covered by collective agreements (e.g. collective labour agreements, wage agreements). In Germany, Austria, Switzerland, France, Italy, Ukraine, Finland and Sweden, over 90% of employees are subject to a collective labour or wage agreement. There are no collective agreements with employees in place in the USA and China. 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**
- Forced and child labour are categorically rejected at Geberit. According to the annual Group-wide survey, no cases of forced and compulsory or child labour were discovered in 2018, 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, one case of discrimination, one case of bullying and two cases of sexual harassment were reported in 2018. For information on the measures initiated, see → **GRI 406-1**

Principle 6:

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

- 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 2018 as part of the annual Group-wide survey. The proportion of female employees as of the end of 2018 was 24%; in management this figure was 8.6%. See → **GRI 405**, → **Code of Conduct for Employees**

Environmental protection

Principle 7:

Support a precautionary approach to environmental challenges.

- With the precautionary approach in mind, the Audit Committee of the Board of Directors operates an extensive system for monitoring and controlling the risks (incl. environmental risks) linked to the business activities. See → **GRI 102-11**
- Geberit has long stood for a high level of environmental awareness and been committed to environmentally friendly, resource-efficient production as well as to the development of water-saving and sustainable products. This is also defined as a management principle in the Geberit Compass. Environmental criteria are considered in all decision-making processes. A demonstrably high standard is achieved in this regard, one which often exceeds statutory requirements.
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 (69.4%) and the provision of raw materials (16.2%) are by far the largest sources of CO₂ emissions.
See → **Carbon footprint**
- In 2018, CO₂ emissions amounted to 231,484 tonnes, corresponding to a decrease of 4.7%. CO₂ emissions per sales (currency-adjusted) fell by 7.5%, meaning that Geberit exceeded its target of 5% per year.
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 (science-based). Within this context, Geberit plans to reduce its absolute CO₂ emissions (Scopes 1 and 2) by 6% between 2015 and 2021 to under 240,000 tonnes (based on organic growth). This target was already achieved in 2018. 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 OHSAS 18001 (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 total environmental impact was reduced by 4.4% in 2018. The environmental impact per sales (currency-adjusted) dropped by 7.3%, meaning that Geberit exceeded its target of 5% per year. This progress is founded largely on continuous improvements in efficiency at the energy-intensive ceramics plants. Since the acquisition of Sanitec in 2015, the absolute environmental impact has been reduced by 11.6% and eco-efficiency improved by more than 20%.
See → **Group 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 share of purchased green electricity increased by 3 GWh to 50 GWh in 2018. In total, renewable energy sources account for 40.6% of electricity and 5.2% of combustibles. See → **GRI 305-5**
- Geberit regards eco-design as the key to environmentally friendly products. Beginning with the development process, the most environmentally friendly materials and functional principles are used, risks are minimised and high resource efficiency is pursued. Eco-design is also implemented in product modifications and technology projects. Every new product is to be better than its predecessor with respect to environmental aspects. 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 have saved around 2,880 million cubic metres of water in 2018 alone. See → **SDG Reporting**, → **Water footprint**
- Geberit supports the economical use of water in the sanitary industry and played a key role in establishing the European Bathroom Forum (EBF) in 2017. 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 2018, the Internal Audit Department audited a total of 27 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 2018, Geberit consulted a panel of external stakeholders for the fourth time in September 2018. 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 provide feedback on the materiality analysis and the sustainability strategy. The panel also aimed to examine whether the most important topics were included in sustainability reporting and whether the concerns of the stakeholders were taken into consideration.

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 of six independent → **members** having 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 all documents on sustainability reporting (including the sustainability strategy) for analysis.
- In September 2018, the panel met with CEO Christian Buhl, members from Corporate Communications and the Sustainability team for a half-day externally moderated workshop.
- In February 2019, 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 2018.
- The next stakeholder panel is planned for 2020.

MEMBERS STAKEHOLDER PANEL 2018



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Dr. Barbara Dubach: Moderation

CEO engageability, Zurich (CH)

PANEL STATEMENT

OVERALL IMPRESSION

Overall, the stakeholder panel considers Geberit's sustainability strategy, actual sustainability performance and reporting to be very comprehensive and good. The stakeholder panel regards the sustainability approach as effectively institutionalised in the company: economic, social and environmental goals are pursued. As a next stage in its development, the panel members deem it necessary for social challenges to be more explicitly included in Geberit's strategy in accordance with the UN Sustainable Development Goals (SDGs). Furthermore, impact-oriented, long-term goals should be developed. The panel believes that Geberit's greatest lever for contributing to society lies in its leading role with regard to the topic of water management and in its role as a pioneer in implementing the circular economy in the sanitary industry. One or two panel members would like to see flagship projects that more clearly demonstrate the added value provided by Geberit products and systems (according to the motto "only Geberit can do it").

The panel is impressed with the extent to which Geberit has implemented the integration of the former Sanitec and achieved measurable successes with the implementation of Geberit's sustainability standards in recent years (for example, a substantial reduction in energy consumption in ceramic production). The members welcome the fact that Geberit took into consideration a lot of the input provided by the panel two years ago in the further development of the sustainability strategy and reporting.

SUSTAINABILITY STRATEGY

The presentation of the strategy published in February 2018 is perceived as being "too complex". The panel therefore welcomes the further developed presentation submitted by Geberit, which integrates the sustainability strategy into a model for long-term value creation and assigns the strategy modules to the categories People, Planet and Profit. The ambition of each strategy module should already be mentioned in the module title. The panel members recommend that three additional strategic topics be integrated: the aspect of employee health, the topic circular economy in the sanitary industry and the inclusion of the topic of water as an individual strategy module.

The panel recognises the progress made in the last two years in dealing with the Sustainable Development Goals. In general, the panel confirms that goal number 6 "Ensure availability and sustainable management of water and sanitation for all" and goal number 11 "Make cities and communities safe, resilient and sustainable" are of paramount importance to Geberit. One or two panel members consider goal number 9 "Build resilient infrastructure, promote sustainable industrialisation and foster innovation" to be particularly important, whereas others find it less important. One panel member suggests that goal number 5 "Gender equality" be further taken into account. In general, the panel suggests that targeted, impact-oriented goals be developed for the aforementioned UN Sustainable Development Goals and that the added value to society be presented in the reporting. The focus is on the question as to the contribution Geberit makes towards creating a better quality of life and simultaneously saving resources.

MATERIALITY ANALYSIS

The newly developed presentation of material topics in the context of value added – arranged according to the dimensions People, Planet and Profit – is welcomed. Some panel members would like to see an evaluation of the topics according to business relevance and stakeholder relevance. Other panel members appreciate the simplicity of the graph shown. The underlying methodology should be explained in a comprehensible way.

Like in the sustainability strategy, the panel believes that the topics of employee health and circular economy should be added to the materiality analysis and that the key topic of water and its leverage effect should be additionally emphasised. All members of the panel evaluated the topics of water, emissions, occupational safety and health protection for both employees and customers, circular economy and (conservation of) resources, product management and innovation as most material. One panel member would also like to see further explanations regarding the relevance of biodiversity to Geberit.

KEY TOPICS CIRCULAR ECONOMY AND DIGITALISATION

While Geberit products have a long service life, spare parts are guaranteed for 25 years and all plastics used are transparently labelled with regard to composition of material, volumetric flow rates and the derivable potential with regard to a circular economy in production and with the sold products are unclear. The panel believes that action is required here and would like to see further clarifications from the industry leader as to what Geberit can achieve in the medium to long term.

An intermediate goal could be for all product components to be separable and recyclable. The panel requests that Geberit implement explicit goals and organisational processes that facilitate the systematic use of recycled materials as raw materials, passing on of waste as recyclable materials and creation of flagship projects relating to the circular economy.

The role of digitalisation for Geberit is also addressed in the discussions. According to Geberit, the greatest potential lies less in production and the products, but rather in customer relationship management and the tools for sanitary engineers. The panel would like to see a more detailed explanation of where Geberit gets involved and what the company contributes in this area.

SUSTAINABILITY COMMUNICATION

Overall, Geberit's sustainability reporting is found to be very comprehensive and understandable as well as transparent and credible. In general, the panel would like to see Geberit focus more clearly on highlights and also show the courage to leave gaps. The presentation of challenges, uniform and SMART goals (where possible) as well as comments on the achievement of objectives should be developed further.

The fact that the topic of sustainability is not covered in some of the other communication media, particularly the Geberit Facts & Figures brochure, is criticised.

FINAL REMARKS

The panel members thank Geberit for its open and respectful dialogue. They recommend that the Geberit management remain authentic and not let the sheer volume of standards cause them to lose sight of what's important.

The continuation of a biennial stakeholder panel as proposed by Geberit is welcomed in order to follow the further development of the topics addressed and also to enable targeted input to be provided and critical questions to be raised.

RESPONSE FROM GEBERIT TO THE PANEL STATEMENT

Geberit thanks the members of the stakeholder panel for the constructive discussions and valuable suggestions. Geberit wants to consistently further expand its positioning as a sustainability leader and uses the input provided by the panel to optimise its sustainability strategy, reflect on material topics and further develop its sustainability communication. The statements made by the panel are commented on individually below, with the content structured according to the Panel Statement.

SUSTAINABILITY STRATEGY

Geberit's mission of achieving sustained improvement in the quality of people's lives with innovative sanitary products illustrates our aspiration to use social challenges for our further development. The acquisition of the Sanitec Group in 2015 saw Geberit enter into the ceramic sanitary appliance and bathroom furniture business. This has allowed us to complement the innovative and reliable sanitary technology behind the wall with elegant and highly functional Geberit bathroom series in front of the wall. The wisdom of this integrated approach is becoming increasingly apparent. Our newly developed, integrated products strengthen our positioning according to the motto "only Geberit can do it", especially among end users interested in sustainable solutions.

We are pleased with the panel's confirmation that a restructuring of the modules of the sustainability strategy in the categories People, Planet and Profit is well received. In line with the recommendation of the panel, we have included the key topic of water as a new strategy module entitled "Intelligent water management". In this module, we have now set ourselves a long-term goal of reducing water consumption in ceramic production. Measures for strengthening a circular economy are now assigned to the strategy module "Conservation of resources" and we have developed a long-term goal in this regard. We are also expanding the module on occupational safety to include the aspect of employee health. Overall, the terminology in all strategy modules was further refined in order to express the underlying ambition.

With regard to the UN Sustainable Development Goals (SDGs), we stand by our belief that our main contributions lie in goal number 6 (Clean water and sanitation) and goal number 11 (Sustainable cities and communities) as well as also in goal number 8 (Decent work and economic growth) and goal number 9 (Industry, innovation, and infrastructure). We have refined the SDG Reporting and enhanced it by adding more facts about Geberit's contribution.

MATERIALITY ANALYSIS

The selection of material topics was developed further based on the input from the panel. This process saw material topics of the GRI Standards complemented by freely chosen topics that are relevant to Geberit. 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).

KEY TOPICS CIRCULAR ECONOMY AND DIGITALISATION

As part of the European vision for a resource-saving circular economy, efforts are being made to identify and, where possible, gradually implement options in the area of closed material cycles. This includes the search for further high-quality plastic regrunulates and options for closing internal material cycles and making production waste useful for others as secondary materials. We have included the circular economy aspect in the resource conservation strategy module and have now set ourselves the goal of improving resource efficiency in ceramic production (kg ceramic waste/kg ceramic) by 10% by 2021.

Digitalisation is a topic that mainly affects Geberit in the area of market cultivation and customer relationship management. Digital tools are playing an increasingly important role here. Tools such as the Geberit Pro app for sanitary engineers have become indispensable in everyday life. In order to respond to the needs of end users as effectively as possible, various digital tools were recently launched or further developed, including an "inspiration app" for end users and a 3D planning tool, the latter of which provides a creative platform for end users to design their future bathroom. Geberit just recently further expanded the Digital team at Group level, with the aim of developing and launching digital tools more efficiently in future according to the needs of the respective target groups. This also includes the interdisciplinary planning method BIM (Building Information Modelling), which is relevant for the optimisation of the entire planning and building process as well as from a sustainability perspective.

SUSTAINABILITY COMMUNICATION

When it comes to its annual reporting activities, Geberit has for years been consistently focusing on online reporting featuring comprehensive reporting on sustainability. This contains different information categories: easy-to-understand highlights, summary results for shareholders in the business and financial review, comprehensive GRI reporting as well as key performance indicators. We deduce from the panel's feedback that reporting in all its different forms can be more actively communicated to the outside world.

Geberit gratefully takes up the suggestion that it show the "courage to leave gaps". As many topics are material, we try to more comprehensively describe the most material topics, whereas material topics where there is little need for action are presented in a concise manner.

With the twelve modules of the sustainability strategy, Geberit sets itself pragmatic goals and consistently reports on the achievement of objectives. The focus is on continuous improvement, such as the continuous improvement of the environmental impact. In addition to the two existing long-term goals with regard to CO₂ emissions and occupational safety, two new goals with regard to resource efficiency and water consumption were defined for ceramic production.

FINAL REMARKS

Geberit thanks all of the panel members for their work. The next stakeholder panel is planned for 2020.

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 provide 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 decades-long commitment to sustainability and is a leader in this area, setting standards for customers, employees, suppliers and other partners. Various awards and rankings serve to confirm Geberit's role as a leader in sustainability in various stakeholder groups' perceptions.

Supplementary to the established → **Sustainability strategy** based on the GRI Standards, the → **Materiality analysis** carried out prioritises the key topics for Geberit and simultaneously highlights the areas in which added value for stakeholders is created: resource-efficient and sustainable systems for water management in buildings, water-saving and sustainable products, environmentally friendly and resource-efficient production, procurement and logistics with high environmental and ethical standards as well as good and safe working conditions for the 11,630 employees worldwide. Social responsibility is realised among other things within the scope of global social projects relating to the core competencies of water and sanitary facilities, and is intensified through memberships such as that with the non-profit organisation Swiss Water Partnership aimed at promoting international dialogue on water. There is also a long-term partnership with the Swiss development organisation Helvetas.

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 → **external Stakeholder Panel** which was conducted for the fourth time in September 2018, 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**. The major economic, social and environmental effects of Geberit's operations also lie in these four areas.

Geberit combats risks posed by increasing regulation and changing framework conditions with an effective → **compliance system** that focuses on compliance in the 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 systems are used in both renovation projects and new buildings.

The product area Sanitary Systems comprises all sanitary installation technology plus the broad range of flushing systems for toilets and is divided into the four product lines Installation Systems, Cisterns and Mechanisms, Faucets and Flushing Systems, and Waste Fittings and Traps. The product area Piping Systems comprises all piping technology found in buildings for drinking water, heating, gas and other media and is divided into the product lines Building Drainage Systems and Supply Systems. The product area Sanitary Ceramics comprises the product lines Bathroom Ceramics and Ceramics Complementary Products.

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

For 2018 sales by product area and product line, see → **Business Report > Business and financial year > Financial Year 2018 > Sales**.

GRI 102-3 LOCATION OF HEADQUARTERS

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

GRI 102-4 COUNTRIES WITH BUSINESS OPERATIONS

Geberit has its own representatives in 49 countries. The products are sold in 117 countries throughout the world. The company has 30 specialised production companies in 14 different countries close to the most important sales markets and a central logistics centre in 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 33**.

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 sales by markets and regions as well as by product areas and product lines, see → **Business Report > Business and financial review > Financial Year 2018 > Sales**.

GRI 102-7 SCALE OF THE REPORTING ORGANISATION

The Geberit Group's market capitalisation reached CHF 14.2 billion at the end of 2018 (previous year CHF 16.3 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 2018, sales amounted to CHF 3,081 million (previous year CHF 2,908 million).

At the end of 2018, the Group had 11,630 employees (previous year 11,709 employees). For the number of business sites, see → **GRI 102-4**.

GRI 102-8 COMPOSITION OF THE WORKFORCE

At the end of 2018, the Geberit Group employed 11,630 staff worldwide, which is 79 employees or 0.7% fewer than in the previous year. The drop is due to a cut in production. In addition to synergies and efficiency-enhancing measures, the main reason for this was the termination of individual employment relationships – which mostly took place in the final quarter of 2018 – as part of the closure of two ceramics plants in France in the previous year. Specific activities at various sales companies had the reverse effect, however.

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 structural changes in the reporting year, 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 OHSAS 18001 (occupational health and safety) that is valid until the end of 2021. At the end of the reporting year, all production plants were certified in accordance with ISO 9001 (quality) and ISO 14001 (environment). The Geberit Safety System was implemented worldwide in 2018 and all of our production plants will be certified according to the new occupational safety standard ISO 45001 by the end of 2019. Five German plants are also certified according to ISO 50001 (energy).

In the environmental area, the company remains committed to its ambitious goals of improving the relative environmental impact and relative CO₂ emissions by 5% annually. In addition, a long-term CO₂ target was developed in 2016 that is compatible with the two-degree target set out in the Paris Agreement (science-based). It comprises a reduction of absolute CO₂ emissions (Scopes 1 and 2) by 6% between 2015 and 2021 to under 240,000 tonnes (based on organic growth).

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

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

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 2007, Geberit has voluntarily applied the comprehensive guidelines of the Global Reporting Initiative (GRI) for sustainability reporting and has thereby made an active contribution towards ensuring transparency and comparability in this reporting. Geberit has 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), which was updated in 2015, and the → **Geberit Code of Conduct for Employees**, updated in 2014 and implemented in 2015, serve as the applicable guidelines.

Other specific guidelines that are important to Geberit are:

- → **Geberit policy on occupational health and safety, environment and energy**
- → **Geberit Code of Conduct 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

Geberit responded to the introduction of the EU's General Data Protection Regulation (GDPR) in the reporting year and incorporated the topic of data protection into its Compliance Programme. Numerous measures for implementation of the GDPR were carried out under the leadership of the legal department, see → **GRI 418**.

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. Action on compliance focuses 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 2018 > Compliance**.

Conformity with the Code of Conduct for Employees is subject to controls each year. All companies receive over 50 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 Group Executive Board and are published in accordance with the guidelines of the Global Reporting Initiative (GRI) in this report.

The Board of Directors and Group Executive Board are available at any time to address the concerns of stakeholders.

Employees who openly address irregularities which represent breaches of applicable law, ethical standards or the Code of Conduct are acting correctly and in accordance with the Geberit Code of Conduct. As a general rule, employees should seek a personal meeting with their supervisor. The Geberit Integrity Line is available to all employees as a whistleblower hotline. The service is intended to enable employees to anonymously report cases such as sexual harassment or when a corrupt payment is being covered up. The Integrity Line is operated by an external company with experience in this area, and is available around the clock seven days a week. In the reporting year, the Integrity Line recorded one significant incident, which was subsequently investigated. Since 2017, an Integrity Line has also been available to suppliers for anonymously reporting irregularities in the procurement process. 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 seven Group divisions:

- CEO Division
- Sales Europe
- Sales International
- Marketing & Brands
- Operations
- Product Management & Innovation
- Finance

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

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

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

The way in which the topic of sustainability is approached has been further developed regularly within the company. For over 20 years, Geberit has had an Environment and Sustainability department, which has been reporting directly to the CEO for around 15 years. In recent years, this department has coordinated the further development of the sustainability strategy and related activities, although the responsibility for planning and implementation lies within the individual areas themselves.

GRI 102-21 CONSULTATION PROCESS BETWEEN STAKEHOLDERS AND THE BOARD

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

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

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

At the end of 2018, the Board of Directors comprised six non-executive members – one woman and five men. Albert M. Baehny is Chairman of the Board of Directors. All of the committees formed by the Board of Directors are comprised exclusively of independent members. For further details, see → **Business Report > Corporate Governance > Board of Directors**.

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, together with the Board of Directors, the Group Executive Board pursues a long-term perspective. The Board of Directors and Group Executive Board have defined and adopted key mission statements and principles such as the Geberit Compass and the Geberit Code of Conduct, see → **GRI 102-16**. The → **Sustainability strategy** is examined and approved by the Group Executive Board and the Board of Directors, see → **GRI 102-29**.

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

Internal business processes are designed to ensure continuous improvement and innovation. These values are closely associated with the Geberit brand. At the same time, stakeholder concerns are taken seriously, and the Group Executive Board and Board of Directors receive feedback and input for the continued development of the sustainability strategy as part of the → **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, together with the Board of Directors, the Group Executive Board pursues a long-term perspective, thus enabling the company to demonstrate its performance clearly in areas including sustainability. There is no formal procedure for assessing the performance of the Board of Directors from an integrated sustainability perspective. As part of the annual review of the sustainability strategy, findings are discussed and areas where action is needed are determined, see → **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 Group Executive Board and the Board of Directors. Results and the achievement of objectives are submitted to the Group Executive Board for verification at least once annually. This also comprises the → **Communication on Progress UN Global Compact** and the Geberit Compliance Report, including the audit results with respect to the Code of Conduct. Key figures on occupational safety are presented quarterly to the Group Executive Board and on a regular basis to the Board of Directors.

In 2018, Geberit consulted an → **external Stakeholder Panel** for the fourth time. Its mandate consisted of providing feedback on the sustainability strategy and sustainability communication, as well as the associated risks and opportunities. This input is used for the strategic review and continued development of the company. The next stakeholder panel is planned for 2020.

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 Group Executive Board and Board of Directors, which take place on a regular basis.

For an overview of the Geberit compliance topics, see → **Business Report > Business and financial review > Financial Year 2018 > Compliance.**

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

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

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.

GRI 102-33 PROCEDURE 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. Only a very small number of matters were submitted directly to the Board of Directors outside the General Meeting in 2018. It proved possible to discuss and to settle these matters directly with the individuals concerned. There are no significant matters outstanding at the present time.

GRI 102-35 REMUNERATION POLICIES FOR THE HIGHEST GOVERNANCE BODIES

Geberit publishes a detailed annual Remuneration Report, which discloses the precise points of its remuneration policy, see → **Business Report > Remuneration Report**.

GRI 102-36 PROCESS FOR DETERMINING REMUNERATION

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

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 22.0 in Switzerland, 7.1 in Germany, 5.0 in Austria and 4.9 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) was 3.6 in Switzerland, 6.0 in Germany, 0.3 in Austria and 0.5 in Italy.

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, competitors, associations, non-government organisations and the general public. Details on stakeholder engagement can be found under → **GRI 102-43**.

GRI 102-41 COLLECTIVE BARGAINING AGREEMENTS

There are currently 9,008 employees (corresponding to 75% of the workforce) who are covered by collective agreements (e.g. collective labour agreements, wage agreements). In Germany, Austria, Switzerland, France, Italy, Ukraine, Finland and Sweden, over 90% of employees are subject to a collective labour or wage agreement. There are no collective agreements with employees in place in the USA and China.

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 fourth time in September 2018. Its mandate consisted of providing feedback on the sustainability strategy and sustainability communication and also discussing the materiality analysis. The results are presented in the → **Panel Statement**. 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 2020.

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

Engagement of stakeholders according to stakeholder group:

CUSTOMERS:

- More than 800 technical advisors working in the field are in daily contact with plumbers, sanitary engineers and architects.
- During the reporting year, around 35,000 professionals were provided with basic and further training in products, tools and software tools at the 29 Geberit Information Centres in Europe and overseas.
- Invitation of around 700 architects, interior designers and other market partners to visit an exhibition on the design pioneer Victor Papanek and the presentation of innovative Geberit bathroom solutions at the prestigious Vitra Design Museum in Weil am Rhein (DE).
- Around 90,000 additional customers became more familiar with Geberit know-how and products at external training events, many of which were organised in cooperation with local trading partners.
- The mobile AquaClean lounges offer the opportunity for end users to try out a shower toilet for themselves.
- The Geberit On Tour mobile exhibition was held for the eighth time in 2018, with specially fitted-out mobile showrooms visiting local and regional wholesalers and offering plumbers the opportunity to assess Geberit innovations and solutions directly on site.
- For trade fairs and customer surveys, see → **Business Report > Business and financial review > Financial Year 2018 > Customers**.

SHAREHOLDERS AND ANALYSTS:

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

MEDIA:

- Regular conference calls, bilateral meetings 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 all European countries, during which a member of the Group Executive Board and the Head Corporate HR meet with the delegates.
- Training and feedback opportunities on topics regarding the Code of Conduct.
- Group-wide Geberit Integrity Line to enable all employees across the world to report irregularities anonymously.
- Regular employee survey with all employees of the Geberit Group.

NEIGHBOURS, MUNICIPALITIES AND AUTHORITIES:

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

RESEARCH INSTITUTES:

- Partner of the → **research platform NEST** (Next Evolution in Sustainable Building Technologies) at Empa in Dübendorf (CH).
- Cooperation on technological trends and developments directly related to sanitary technology with EAWAG Dübendorf, HSR Rapperswil, ZHAW Winterthur, ETH Zurich, Empa (CH), HFT Stuttgart, University of Applied Sciences Düsseldorf (DE), Tongji University (CN) and others.

SUPPLIERS:

- Initial contact within the scope of the assessment procedure and implementation of the Code of Conduct for Suppliers, see → **Chapter 10.2 Operations > Procurement**.
- Regular discussions between buyers and suppliers on site.
- On-site audits (quality, environment, occupational safety) carried out by Geberit and external partners.
- Since 2017, Integrity Line for suppliers for anonymously reporting irregularities in the procurement process.
- Cooperation with manufacturers of infrastructure facilities, e.g. for the retrofitting of tunnel kilns for ceramic production.

TRANSPORT COMPANIES:

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

ASSOCIATIONS:

- Significant participation in the founding of a new platform for the European sanitary industry – the European Bathroom Forum (EBF) – and launch of a new European water label for sanitary products.
- Collaboration with FECS (European Sanitaryware Producers Federation) on a new voluntary European standard for assessing the sustainability of ceramic sanitary appliances (EN 16578).
- Involvement in various → **associations and organisations** with participation in corresponding management bodies and programmes.

NON-GOVERNMENT ORGANISATIONS 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**.

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 2018 > Employees**.
- Best-in-class approach to occupational health and safety, see → **GRI 403**.
- Implementation of social projects, see → **Business Report > Business and financial review > Financial Year 2018 > Social Responsibility**.
- Expansion of the portfolio of water-saving products, see → **Water footprint**.
- Circular economy, see → **GRI 301**.
- Long-term CO₂ target compatible with the two-degree target set out in the Paris Agreement (science-based), see → **Management approach CO₂ and other emissions**.
- Holistic solutions for products and systems in front of and behind the wall, see → **Business Report > Business and financial review > Financial Year 2018 > Innovation**.
- Customer training, see → **Business Report > Business and financial review > Financial Year 2018 > Customers**.
- Transparency of the remuneration system, see → **Business Report > Remuneration Report**.

7. REPORTING PRACTICE

GRI 102-45 BASIS OF CONSOLIDATION

In general, the report covers the entire Geberit Group and the 2018 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 33.**

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). For the present report, Geberit is implementing the GRI Standards for the first time. 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 already presented in compact form within the → **Sustainability strategy**. Also of a material nature are the principles of the UN Global Compact that Geberit has committed itself to uphold and that are presented in the → **Communication on Progress UN Global Compact**.

An initial internal materiality analysis was developed in 2014 as part of workshops with members of the Group Executive Board and later approved by the Group Executive Board. The results were then reviewed and amended slightly by an external stakeholder panel. As part of the integration of Sanitec, an initial review was carried out in 2015. There were no major changes in the material topics. A further review 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. 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 discussed by an external stakeholder panel in 2018. 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 social, environmental and economic 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.
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 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.
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.
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

For the sake of simplicity, the term “sales” is used in this report even when net sales are meant.

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 subsequent 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.

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

2018 reporting year.

GRI 102-51 DATE OF MOST RECENT REPORT

The → **last report** for 2017 has been available online since March 2018. 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 of Environment and Sustainability
Geberit International AG
Schachenstrasse 77, CH-8645 Jona
Tel: +41 55 221 63 56
sustainability@geberit.com

GRI 102-54 COMPLIANCE WITH GRI STANDARDS

The report has been compiled in accordance with the GRI Standards: option “Comprehensive”, see → **formal 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** examined the selection of material aspects (see → **GRI 102-46** and → **GRI 102-47**), 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 OHSAS 18001 (occupational health and safety) that is valid until 2021. All Geberit production plants are certified to ISO 9001 and ISO 14001. The Geberit Safety System was implemented worldwide in 2018 and all of our production plants will be certified according to the new occupational safety standard ISO 45001 by the end of 2019.
- In 2015, all Geberit companies implemented the European Energy Efficiency Directive 2012/27/EU, with five German production plants currently certified to ISO 50001. Another review of implementation of the Directive is due in 2019.
- On-site audits (quality, environment, occupational safety) of suppliers are carried out by Geberit and certified third-party specialists, see → **Chapter 10.2 Operations > Procurement**.

8. PEOPLE

8.1 EMPLOYEES

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

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

Committed, well-trained employees are a key prerequisite to the company's future success. With this in mind, efforts continued in 2018 to position Geberit on the job market as a progressive employer with an open corporate culture and international development opportunities at the interface between craft, engineering and sales. The new look given to the company's employer brand was put into action in job advertisements in print and, above all, digital media. In general, focus is switching more to digital media, with the use of videos and other footage playing an increasingly prominent role. For example, the company launched a new video during the reporting year to promote apprenticeships. Other videos for target groups in the sales and engineering sectors are to follow. In addition, Geberit intensified its campus recruitment activities in 2018 by appearing at trade fairs and increasing its digital presence, working here in close collaboration with a number of renowned universities.

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**.

Employees enjoy attractive employment conditions. In 2018, salaries and social benefits amounted to CHF 744 million (previous year CHF 747 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 9.0% (previous year 9.0%). Including natural departures, it was 10.6% (previous year 10.9%). 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 5.6% or 122 women made use of this in 2018. 72 women or around 59% returned to Geberit following their maternity leave.

99% of all permanently employed men are entitled to paid paternity leave, and 3.6% or 254 men made use of this in 2018. 253 men or almost 100% returned to Geberit following their paternity leave.

OCCUPATIONAL HEALTH AND SAFETY (GRI 403)

MANAGEMENT APPROACH OCCUPATIONAL HEALTH AND SAFETY

The occupational health and safety of employees is of major importance. Geberit wants to gradually get nearer to the target of having healthy employees within an accident-free company. Each of the 30 production plants and logistics has a safety manager. The sites Rapperswil-Jona (CH) and Pfullendorf (DE) also have an appointed health manager. Since the beginning of 2017, the Geberit Safety Team – a team of experts from all production areas – has also been playing an active role in addressing the issue of occupational health and safety.

Using 2015 as the reference year, the aim is to halve the number of accidents by 2025. By then, the AFR (Accident Frequency Rate) is to be reduced to a value of 5.5 (accidents per million working hours) and the ASR (Accident Severity Rate) to 90 (number of days lost per million working hours). The key figures are reviewed on a monthly basis at the production plants 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 at the end of the year. 29 of the 30 production plants are certified in accordance with OHSAS 18001. All plants will implement the new ISO 45001 standard for occupational health and safety by the end of 2019.

The Geberit Safety System (GSS) defines occupational health and safety principles as well as 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. The focus in the reporting year was placed on the consistent implementation of the two processes "Risk assessment of workplaces" and "Safe handling of quartz dust", which

were introduced in 2017. A comprehensive awareness programme was also launched at four of the ten ceramics plants. This includes an extensive analysis of the occupational safety level, workshops with the management and executive staff, and the introduction of awareness-oriented site visits. The software-based solution for capturing and systematically analysing accident data implemented in 2017 was rolled out at nine production sites, the aim being to create a sound, comprehensive stock of data and a more efficient process.

As part of its Group-wide efforts to support employees' health and well-being, Geberit also offers its employees precautionary healthcare opportunities through various offers and activities. These include, for example, sports facilities, anti-smoking trainings, health check-ups, massage services, dietary and health tips, presentations on health-related issues and workshops on targeted and correct relaxation. A comprehensive vitality programme is established at the sites in Jona (CH), Pfullendorf (DE), Pottenbrunn (AT), Ruše (SI), Kolo and Wloclawek (PL), which represent around 40% of the workforce. The focus is placed on promoting personal vitality strategies with an attractive range of offers in the five fields of action exercise, nutrition, mental fitness, energy and vitality. Furthermore, reintegration counselling is offered, which aims to get people back to work as soon as possible in the event of long-term illness. Managers are specifically trained in this respect. Examples of individual support include counselling in Rapperswil-Jona (CH) to assist with problems ranging from on-the-job pressure, partnership and family problems to debt issues, and the telephone helpline created in the USA to discuss problems at work in complete confidentiality. For objectives and measures concerning occupational health and safety, see also → **Sustainability strategy**.

EMPLOYEE REPRESENTATIVES IN HEALTH AND SAFETY COMMITTEES (GRI 403-1)

84.4% of all employees worldwide are represented through an occupational health and safety panel or safety committee at their site, in which employer and employee representatives can discuss occupational health and safety issues. The occupational health and safety panels are carried out on behalf of the General Management and involve all levels of the organisation as well as various specialist roles and areas (including company physicians, works council, occupational safety specialists, representatives of occupational health and safety unions).

ACCIDENTS, ILLNESSES AND DAYS LOST (GRI 403-2)

The Group-wide absenteeism rate based on regular working hours for the reporting year was 4.89% (previous year 4.76%). Illness-related absences accounted for 4.77% of this rate (previous year 4.62%) and 0.12% was related to occupational accidents (previous year 0.14%). The statistics show only those occupational accidents that occur during working hours or business travel and lead to lost working time of one working day or more. A total of 191 accidents were recorded (previous year 205 accidents), equivalent to 3,584 lost working days due to occupational accidents (previous year 4,065 lost working days). A standard definition of severe accidents has now been drawn up for the entire Group. Two accidents occurred according to this definition. There were no fatal accidents.

The accident frequency rate (AFR) and the accident severity rate (ASR) are recorded in a standardised manner. These rates are calculated as the number of accidents or the number of lost working days per one million hours worked. The accident frequency rate (AFR) fell by 5.8% to 9.7 in 2018 (previous year 10.3) and the accident severity rate (ASR) by 10.9% to 181.5 (previous year 203.8). Geberit thus moved closer to meeting its target.

All key figures concerning the absenteeism rate by region can be found under → **Key figures sustainability > Employees and society**.

WORK ACTIVITIES WITH SPECIAL HEALTH RISKS (GRI 403-3)

There are certain operational activities at Geberit, particularly in ceramic production, involving an increased risk of silicosis (dust disease). The risks lie primarily in the handling of raw materials, glazing and further processing (e.g. grinding). 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. The employees also regularly undergo occupational medical examinations (including X-rays and lung checks). Geberit makes substantial efforts towards either avoiding the exposure of employees to these risks (e.g. through the installation of glazing robots) or minimising this exposure (e.g. through the use of special extraction devices, dust masks or the provision of training in correct behaviour at the workplace). This topic is 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.

TRADE UNION AGREEMENTS ON HEALTH AND SAFETY (GRI 403-4)

Geberit attaches great importance to a high level of health and safety for its employees. To this end, it cooperates with authorities, trade unions and employers' liability insurance associations on a country-specific basis. Written agreements exist at the majority of production and sales companies with parties such as trade unions and employee representatives. These normally cover topics such as personal protective equipment, complaints procedures, regular inspections, education and further training and the right to refuse unsafe work.

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.

Young people can start their careers at Geberit with a commercial, industrial or technical apprenticeship. The aim is to impart all the skills that are required for apprentices to pursue their chosen careers in a professional, independent and responsible manner.

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

A standard Performance assessment, Development and Compensation (PDC) process has been in place since 2012. PDC is about reinforcing the performance culture, increasing transparency, and recognising and promoting talent more effectively in order to make the organisation future-proof. Except for the employees who work directly in production at the plants, all employees have been incorporated into the PDC process.

For further information, see → **Business Report > Business and financial review > Financial Year 2018 > Employees**.

SCOPE OF TRAINING AND EDUCATION (GRI 404-1)

In the reporting year, employees across the Group attended on average 13.7 hours of internal and external education and further training (previous year 11.1 hours). More training at the ceramics plants was the primary contributor to this increase. The above-average increase among men is attributable to the fact that the share of men at the ceramics plants is very high. 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 issues investigated in project work as part of the programme are geared towards strategic tasks of relevance to Geberit and provide the decision-makers involved with concrete bases for action. During the reporting year, part of the programme was developed and carried out for the first time in collaboration with the University of St. Gallen (CH). The Potentials programme is intended to help fill at least half of all vacant managerial positions with internal candidates. In 2018, this was achieved for 57% of all Group management vacancies (previous year 76%).

In 2018, the ceramics plants in Germany, Poland and Ukraine saw the implementation of an initiative aimed at improving leadership skills at various hierarchical levels. This initiative was planned at Group level, adapted to local requirements and put into practice in multi-day workshops involving local coaches.

During the reporting year, a programme targeting the development of managerial staff was implemented within the sales organisations in the European countries. The aim of these courses was to strengthen the leadership skills of regional sales managers on one hand and, on the other, to standardise the role of these managers in order to drive sales as a whole.

All apprentices are essentially required to work at several sites during their training. As a global company, Geberit promotes the internationalisation of employees. Experience abroad and the transfer of know-how are an advantage for both employees and the company. Therefore, apprentices have the option of working abroad for a period of six months on completion of their apprenticeship. There were also 101 internships and 27 diploma placements offered in 2018.

For further information, see → **Business Report > Business and financial review > Financial Year 2018 > 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. Just under 80% of all employees received appraisal interviews in 2018 at which development opportunities were also identified and discussed. As part of the standardised global Performance assessment, Development and Compensation process (PDC), employees receive a performance assessment and/or agreement of objectives at least once a year.

DIVERSITY AND EQUAL OPPORTUNITY (GRI 405)

MANAGEMENT APPROACH DIVERSITY AND EQUAL OPPORTUNITY

In its Code of Conduct, Geberit sets store on promoting diversity and creating a culture that enables all employees to contribute their full potential to the company. The company strives for diversity and promotes equal opportunities irrespective of gender, ethnic origin, skin colour, age, religion and nationality.

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

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 2018 was 24% (previous year 23%), and for senior management this figure was 8.6% (previous year 8.4%). The six-member Board of Directors has one female member. No further data on minority group membership is currently being collected as Geberit and its stakeholders do not consider this to be relevant. For key figures on diversity in terms of gender and age structure, see → **Key figures sustainability > Employees and society**.

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 core labour standards. Geberit does not tolerate either discrimination or workplace bullying on the basis of race, gender, religion, creed, nationality, disability, age, sexual orientation, physical or mental handicap, marital status, political views or other characteristics protected by law. Geberit aims to ensure a safe working environment for its

employees. All forms of workplace violence, including threats, threatening gestures, intimidation, attacks and similar forms of behaviour are forbidden. Compliance with the Code is verified annually as part of a Group-wide survey. The Geberit Integrity Line is available to all employees as a whistleblower hotline, see → **GRI 102-17**.

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. 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 was one case of discrimination and one case of bullying in 2018, both of which have not yet been settled. There were also two cases of sexual harassment. Both cases have been investigated: one resulted in termination of employment and in the other case an internal commission concluded that the accusation was unjustified.

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 2018.

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. 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 event 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 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 2018, the Internal Audit Department audited a total of 27 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) were updated in 2015 and made accessible to the relevant employees (Purchasing, 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 2018.

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.

E-learning courses represent an efficient way to train staff on antitrust legislation, an issue that is particularly sensitive for Geberit. A training event on antitrust legislation was held in the Polish market. Antitrust legislation audits were carried out by the legal department in cooperation with the Internal Audit Department in the Adriatic sales region as well as in Finland, Norway and Switzerland in the reporting year. No significant breaches were revealed.

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

The proceedings with the Swedish competition authorities, which have been ongoing since 2015, were discontinued in early June 2018. There was no evidence of anti-competitive behaviour or the disclosure of sensitive information by the Geberit company.

The appeal proceedings mentioned in last year's report from the former "bathroom antitrust proceedings" were concluded in 2018 with a ruling against Geberit. The resulting fine has already been paid.

Based on the annual survey of all Geberit Group companies, there were no other proceedings due to unlawful conduct.

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 (see → **GRI 201**) Geberit's aim is to ensure that sales companies, production plants, logistics and management companies function well as units which enjoy a high degree of autonomy. A high level of acceptance among the local workforce is a fundamental part of this, thanks in part to an attractive pay structure and the involvement of local know-how at the management level.

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 selecting employees and determining their assignment in the company, Geberit attaches great importance to qualifications appropriate to the task description. In accordance with their qualifications, the majority of Geberit employees at the production sites and sales companies are paid well above the minimum wage range. Stability and a high level of motivation among employees are important to Geberit.

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

Geberit has no personnel policy or employment practices providing for the preferential treatment of persons from local vicinities in connection with the hiring of members of management boards for the respective country organisations. However, Geberit would like to establish organisations at its production and sales sites that function on a local basis, which is why it often integrates locally appointed managers. For example, the sales companies in India and China are both headed by managing directors who have been recruited locally.

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 this in several respects: through the contribution to better sanitary standards, a durable, resource-efficient sanitary infrastructure, through know-how transfer in the sanitary industry, via impetus for the economy in regional economic areas, and through orders with suppliers. There is no management approach to indirect economic impacts in the narrower sense. Instead, the company works with the stakeholders concerned to identify the best solutions in each case.

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 28,100 million cubic metres of water in comparison with traditional flushing systems. In 2018 alone, the water saved amounted to 2,880 million cubic metres. This is more than half of the annual consumption of all German households.

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

Geberit lends impetus to the sanitary industry with → **innovation** and new products that are sold and implemented worldwide by wholesalers, plumbers and sanitary engineers. In 2018 alone, around 35,000 professionals were provided with training on Geberit products, tools and software tools at 29 Geberit information centres in Europe and overseas, see → **Business Report > Business and financial review > Financial Year 2018 > Customers**.

Geberit employed 247 apprentices at the end of 2018 (previous year 235). The transfer rate to a permanent employment relationship was 89%. All apprentices are essentially required to work at several sites during their training. Experience abroad and the transfer of know-how are beneficial, especially for young employees.

The indirect economic impact on suppliers and transport companies is also significant. The Group's cost of materials in 2018 amounted to CHF 920 million (previous year CHF 847 million). The Group has business relations with around 1,830 suppliers here. 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 2018. There were likewise no such cases arising 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 2018. There were likewise no such cases arising 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 employee protection and human rights. In addition, internal audits with compliance reviews take place at all companies of the Geberit Group, see also → **GRI 419**.

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

The upholding of human rights is subject to a survey at all Geberit Group companies each year as part of reporting on the Code of Conduct. The topic of human rights as part of compliance is also a component of the audit programme for the periodic inspections of the production, sales and management companies by the Internal Audit Department. In 2018, the Internal Audit Department audited a total of 27 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 serves as an important basis for this, presenting and explaining the compliance organisation and Code of Conduct on a dedicated page. In parallel to this, management have been requested by means of a circular letter to ensure that all employees without intranet access receive the same information via a suitable channel.

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

In 2018, there was no investment agreement in countries or areas that pose a special risk in terms of human rights violations. The Geberit Compliance System was extended to the companies of the former Sanitec in 2015 (only European sites).

Suppliers are fundamentally required by contractual agreement to comply with the special → **Geberit Code of Conduct for Suppliers** that contains provisions for the protection of human rights.

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 4.1 million (previous year CHF 3.3 million) were made during the reporting year. In addition, Geberit employees contributed 1,380 hours of charitable work (previous year 2,280 hours). Geberit also supports facilities for disabled persons and long-term unemployed, where simple assembly and packaging work in the amount of around CHF 8.1 million was carried out in 2018 (previous year CHF 6.9 million).

The focus was on the following projects and partnerships in 2018:

- Implementation of a → **social project** in Morocco with apprentices: eight Geberit apprentices and their two coaches renovated the sanitary facilities at several schools near Marrakesh in the autumn of 2018.
- The partnership with Helvetas on projects relating to clean drinking water and sanitary facilities, plus supporting the new Helvetas campaign for clean drinking water and latrines with a substantial contribution.
- Participation in the charitable organisation Swiss Water Partnership to promote international dialogue on the topic of water.
- Implementation of the project Change of Perspective, in which two Swiss plumbers travelled to Nepal and worked together with two Nepalese colleagues for one week. This project is set to continue in 2019.
- Newly launched skill-sharing programme that took two Geberit employees to Mozambique, where they shared their knowledge with future trainers in a Helvetas development project. A further skill-sharing duo travelled to Nepal to develop a simple process enabling the local manufacturers to check the quality of ceramic filters. These are used for treating raw water so that it can subsequently be used as drinking water.
- Various local initiatives and collection campaigns in China, India, the USA, Poland, the UK and Switzerland to round off the Geberit Group's social engagement.

9. PLANET

Geberit has long stood for a high level of environmental awareness and been committed to environmentally friendly, resource-efficient production as well as the development of water-saving and sustainable products. Systematic, Group-wide environmental management takes centre stage here. This is the remit of Corporate Environment and Sustainability. 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.

each product more environmentally friendly than its predecessor throughout the entire product life cycle, see → **Chapter 10.1 Products and innovation**. Environmental criteria are considered in all decision-making processes. These processes are continuously being optimised so that a proven high standard is achieved which often greatly exceeds legal requirements. Geberit's environmental principles are defined in the → **Code of Conduct**.

The Geberit Group has a → **Group certificate** in accordance with ISO 9001 (quality), ISO 14001 (environment) and OHSAS 18001 (occupational health and safety) that is valid until the end of 2021. Out of 30 production plants, all were certified to ISO 9001 and ISO 14001, 29 to OHSAS 18001 and five to ISO 50001 (energy) at the end of 2018. The Geberit Safety System was implemented worldwide in 2018 and all production plants will be certified according to the new occupational safety standard ISO 45001 by the end of 2019.

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 2018, as in the previous year, the basic data from the internationally recognised Ecoinvent database (version 3.1) and the latest version of the method of ecological scarcity (version 2013) were used. The calculation was based on the national electricity mix.

The absolute environmental impact fell by 4.4% and CO₂ emissions by 4.7%. The environmental impact per sales (currency-adjusted) dropped by 7.3%. This figure is above the long-term target of 5% per year. This progress is founded largely on continuous improvements in efficiency at the energy-intensive ceramics plants. Since the acquisition of Sanitec in 2015, the absolute environmental impact has been reduced by 11.6% and eco-efficiency improved by more than 20%.

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 920 million is a significant production factor for Geberit. At around 12,900 TJ (previous year 13,000 TJ) – based on basic data from Ecoinvent (version 3.1) – the consumption of grey energy associated with purchased materials (including mineral raw materials of the ceramic plants and raw materials of the plant in Ozorków (PL)) is 4.5 times the entire energy consumption of the production plants themselves. This emphasises the importance of treating raw materials with care. The resource-efficient use of raw materials is determined as early as the product development process as part of eco-design workshops, see → **Chapter 10.1 Products and innovation > Product management and innovation**.

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 circular concept has played an important role at Geberit for many years. Geberit products have a very long service life thanks to the high-quality materials used, are often backwards-compatible, any plastics used are clearly labelled and spare parts are available for up to 25 years. Other steps include the search for further high-quality plastic regranulates and options for closing internal material cycles and making production waste useful for others as secondary materials. This is particularly relevant in ceramic production, where Geberit's latest objective is to improve resource efficiency (kg ceramic waste/kg ceramic) by 10% by 2021.

MATERIALS USED (GRI 301-1)

The use of materials depends on the various manufacturing processes: 17 plants for processing plastic and metal, ten plants for manufacturing sanitary ceramics, and three other plants for processing acrylic as well as aluminium and glass (in the case of shower partition walls). The range of manufacturing technologies used thus includes the areas of injection moulding, blow moulding, extrusion, metal-forming and thermo-forming, assembly and ceramic production.

The most important materials for production are plastic and metal raw materials, mineral raw materials and various semi-finished products and finished products. A total of 409,573 tonnes of materials were used in 2018 (previous year 414,637 tonnes). Besides the mineral raw materials from the former Sanitec Group, these amounts include the materials from the plant in Ozorków (PL). Detailed key figures on the use of materials can be found at → **Key figures sustainability > Environment**.

In 2017, the implementation of a software-based solution for managing hazardous substances began. This solution was rolled out at nine production sites in 2018. Roll-out at a further six sites is planned for 2019. The aim here is to implement a standardised process in all production plants, improve efficiency in the management of hazardous operating and auxiliary materials, and scale down the use of hazardous substances in the long term.

PERCENTAGE OF RECYCLED MATERIAL (GRI 301-2)

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

Internal sources:

In terms of the raw material plastic, recycled material is primarily generated internally and is ground on site or via a decentralised mill and fed back into the process. The proportion fluctuates depending on the manufacturing process. For blow moulding it is around 35%, for injection moulding around 15%, depending on product class, and for pipe extrusion around 3%. This corresponds to a total of around 9,000 tonnes.

Raw materials are also recycled internally and fed back into the process in ceramic production. The recycling rate for the ceramic slip is around 10%, while this figure is 20 to 40% for the glaze.

External sources:

The share of recycled material in purchased metals is relatively high. This data originates from the Wuppertal Institute for Climate, Environment and Energy. Extrapolated, the raw material metal purchased contains around 35,600 tonnes of recycled material.

With plastics, virgin material is primarily used. The search for suitable, high-quality regranulate from external plastic waste is an integral part of Geberit's procurement strategy. In terms of the material ABS, a suitable alternative made of 100% recycled material was found. This alternative is based on high-quality plastic waste from the electronics industry (e.g. used computer cases). According to the supplier, the manufacture of this regranulate consumes over 80% less energy compared to the manufacture of a tonne of new petrochemical-based plastic, while releasing around three tonnes less CO₂ into the atmosphere. In 2018, some 900 tonnes of ABS regranulate were used for various components in exposed and concealed cisterns. Thanks to an intelligent redesign, half of the material used for the flush valve 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.

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

In 2018, around 37,500 tonnes of packaging material including the former Sanitec were used, of which over 50% was collected and recycled by Geberit or by financed contractual partners. The rest is disposed of and recycled on a country-specific basis.

ENERGY (GRI 302)

MANAGEMENT APPROACH ENERGY

With a share of 96.6%, the consumption of energy in the form of electricity, combustibles and fuels represents Geberit's greatest environmental impact. A Software introduced in 2012 permits monthly monitoring of water and energy consumption, as well as the Group-wide calculation of environmental impact and CO₂ emissions. In addition, a systematic energy monitoring and an energy master plan are being implemented in the most energy-intensive plants to manage and plan energy consumption. This is based on the three pillars energy saving, increased energy efficiency and the targeted expansion of the share of renewable energy sources. Targets were also defined for the share of renewable energy sources as part of the development of a long-term CO₂ target that is compatible with the two-degree target set out in the Paris Agreement (science-based). By 2021, the share of renewable energy sources should account for 45% for electricity and 10% for combustibles.

At present, the 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, and these companies will be 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 and solid combustibles, as well as the fuels diesel, gasoline, liquefied petroleum gas (LPG) and natural gas (CNG). The indirect energy carriers (Scope 2) include electricity and district heating.

Energy consumption decreased by 4.6% in the reporting year and is now 790.3 GWh. Since the acquisition of Sanitec in 2015, it has been possible to reduce energy consumption by 13.3%, making a significant contribution to reductions in the environmental impact.

Combustibles (primarily from ceramic production), including district heating, still account for the greatest share of energy consumption at 67.8%, followed by electricity with 28.4% and fuels with 3.8%.

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). This plant was fed by 8.1 GWh of regionally produced biogas in 2018. The electricity generated by the plant (3.1 GWh) is fed into the transmission grid and the resulting heat (3.9 GWh) can be used in production, thereby reducing the use of natural gas. In total, renewable energy sources accounted for 5.2% 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 2018. However, this contribution is not included in the energy balance as the energy produced is managed by the regional energy supplier. Overall, the share of purchased green electricity was increased by 3 GWh to 50 GWh in 2018 – meaning that renewable sources of energy accounted for 40.6% 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 2018, purchased materials resulted in grey energy consumption of around 12,900 TJ.

Logistics services are provided by external transport service providers. A logistics calculator developed by Geberit is used for monitoring purposes. Compared to the previous year, the logistics calculator was expanded to include three locations from the former Sanitec. In the reporting year, the largest transport service providers handled 505.9 million tonne-kilometres (previous year 415.1 million tonne-kilometres). This gave rise to energy consumption of 917.8 TJ (previous year 854.7 TJ). The increase in transport services and energy consumption was mainly caused by the increase in locations included as well as the rise in sales and the related expansion in transport volumes.

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. Business flights resulted in energy consumption of 22.1 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 have also introduced a more refined system of monitoring. At Group level, sales constitute a key indicator alongside environmental impact and CO₂ emissions. With this in mind, energy consumption per sales improved by 7.5% 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
- Increasing the capacity utilisation and efficiency of production equipment
- The optimisation of cooling systems through the use of natural ambient cold (free cooling, ground water)
- The improved use of waste heat available internally (heat recovery)
- The careful use of compressed air
- The insulation of buildings

Concrete examples which show the reduction in energy consumption in production:

- Demolition and safe disposal of plant and infrastructure in Wesel, Haldensleben and Pfullendorf (DE) and Bromölla (SE) that were obsolete and no longer required, as well as handover of the old plant in Slavuta (UA) to the state. A new factory building was completed in Pfullendorf (DE), Langenfeld (DE) and Ozorków (PL), as well as new buildings for logistics and technology in Slavuta (UA).
- Number of injection moulding machines with energy-efficient drive technology increased from 156 to 174.
- 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. Implementation of first fully electrically driven production line.
- Three further tunnel kilns for ceramic production were retrofitted with state-of-the-art burner technology. A total of eleven state-of-the-art tunnel kilns have now been retrofitted and the project is now concluded. Savings of more than 20% natural gas per kiln, which corresponds to some 27 GWh of natural gas and approximately 6,500 tonnes of CO₂ every year.

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. By integrating the distribution of the Mapress range, customers now receive their entire sanitary technology order in a single truck delivery. This not only reduces the number of empty kilometres, it also increases truck capacity utilisation and reduces CO₂ emissions. The share of transport services handled by Euro 5 trucks was 33% and the share handled by state-of-the-art Euro 6 vehicles 64%.
- Where possible, Geberit takes the opportunity to shift truck traffic to rail. From Pfullendorf, almost 100% of shipments to Hamburg (ocean freight), 80% of shipments to Italy, 67% of shipments to Turkey, and 15% of shipments to Switzerland are conducted by rail. The percentage of rail consignments from Italy to Pfullendorf is 50%.
- 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 is being successively increased. In addition, the use of long trucks (with a length of up to 25 metres and a total weight of up to 60 tonnes) in Scandinavia increased load volumes and the number of transported pallets per truck by around 40%.

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 are released per cubic metre for the conveyance, processing and distribution of water and the subsequent treatment of the unpolluted waste water in a waste water treatment plant. The → **Water footprint** calculated for Geberit shows that nearly 100% of water consumption is attributable to the usage phase. The water volume saved owing to Geberit products is enormous: according to one model calculation, all dual-flush and flush-stop cisterns installed since 1998 have so far saved around 28,100 million cubic metres of water in comparison with traditional flushing systems. These water savings go hand-in-hand with substantial energy savings.

Direct energy savings when using the products are made possible thanks to systematically improved energy efficiency. Current examples include:

- The Geberit energy retaining valve ERV uses a patented 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 stands out due to its sophisticated product concept and elegant design. The innovative WhirlSpray and heating-on-demand technology considerably reduces energy consumption compared to its predecessor.
- The → **Geberit urinal system** comprises urinals with electronic flush controls but also with completely waterless operation. The central elements are the two rimless urinal ceramics Preda and Selva, which were developed by Geberit. Thanks to the low consumption of resources and the option of a control system supplied with electricity by an autonomous energy source, the urinals satisfy the most stringent requirements for green building and economic operation. For this purpose, a proprietary environmental and cost calculator was developed for various sales companies, see → www.geberit.de > **Products > Geberit urinal systems > Urinal system sustainability calculator**.
- The modular → **Geberit tap system** is the ultimate in sophisticated installation technology, different energy concepts and elegant tap housings for wall-mounted and deck-mounted taps. The taps can be mounted quickly and flawlessly. The mixer, valves, electronics and power supply are stored in a function box, which is mounted under the washbasin where it is protected from moisture. The product boasts both optimal user-friendliness and ease of installation as well as minimal water and energy consumption.

WATER (GRI 303)

MANAGEMENT APPROACH WATER

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. According to one model calculation, all dual-flush and flush-stop cisterns installed since 1998 have so far saved around 28,100 million cubic metres of water in comparison with traditional flushing systems. In 2018 alone, the water saved amounted to 2,880 million cubic metres. This is more than half of the annual consumption of all German households.

The corporate eco-balance shows a similar picture. Here, the environmental impact caused by water consumption and subsequent waste water treatment also accounts for only a minor share of the company's overall impact (1.1%). Despite this, Geberit also aims to serve as a role model with respect to its own water consumption and to further optimise 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 latest goal in this area is to reduce consumption (l water/kg ceramic) by 5% by 2021.

Since 2016, Geberit has been publishing its detailed water balance as part of the CDP's Water Program.

For the development of water-saving products and Geberit's commitment beyond product development, see → **Chapter 10.1 Products and innovation**.

WATER CONSUMPTION (GRI 303-1)

Water consumption dropped compared to the previous year by 8.6% to 1,032,501 m³ (previous year 1,129,893 m³). Above all, the manufacture of ceramic sanitary appliances requires a great deal of water, both for preparing the ceramic slip and glaze and for cleaning the moulds and systems. In 2018, it was possible to reduce water consumption in ceramic production by 5.5% to 6.6 l/kg of ceramic.

Water consumption can be categorised into drinking water (26%), well water (50%), lake and river water (23%) and rain water (1%). Key figures concerning water consumption by source can be found at → **Key figures sustainability > Environment**.

AFFECTED SOURCES OF WATER (GRI 303-2)

The water consumption of Geberit production plants does not place a considerable burden on water sources as defined in the GRI guidelines.

RECLAIMED AND RECYCLED WATER (GRI 303-3)

Throughout the Group, two processes are primarily responsible for much of the water requirements:

- Relatively large quantities of water are used in ceramic production. Around 5 to 10% of the water used is recycled internally, corresponding to around 81,500 m³ per year.
- Newly developed products are tested at the Geberit sanitary laboratory in Rapperswil-Jona (CH). The tests required 116,052 m³ of water. Only around 3% or 3,435 m³ of this is fresh water. The remaining 97% was reused in a closed-circuit system.

CO₂ AND OTHER EMISSIONS (GRI 305)

MANAGEMENT APPROACH CO₂ AND OTHER EMISSIONS

Production emissions are recorded and analysed in detail as part of the corporate eco-balance. CO₂ emissions are particularly important to Geberit → **Other air emissions** (NO_x, SO₂, hydrocarbons etc.) are also recorded and calculated, but have a comparatively minor impact on the environment. Under the current → **CO₂ strategy** the aim is to reduce emissions per 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 (science-based). Within this context, Geberit plans to reduce its absolute CO₂ emissions (Scopes 1 and 2) by 6% between 2015 and 2021 to under 240,000 tonnes (based on organic growth). This target was already achieved at the end of 2018. Specific goals for the share of renewable energy sources were also established: 45% for electricity and 10% for combustibles.

A CO₂ footprint across the entire value chain has been calculated since 2012. This carbon footprint covers the provision of raw materials, combustibles and fuels, the manufacturing of products at Geberit, logistics, use and disposal. With regard to the former Sanitec, only mineral raw materials and raw materials from the plant in Ozorków (PL) are taken into account. An analysis revealed that product use (69.4%) and the provision of raw materials (16.2%) are by far the largest sources of CO₂ emissions. During product use, the provision of water, treatment of unpolluted waste water and generation of hot water play a central role. Production by Geberit accounts for only 5.6% of total CO₂ emissions. Similarly, transport (1.4%), the provision of combustibles and fuels (1.0%) and the disposal (6.4%) of the products also cause only few emissions.

The measures for implementing the CO₂ strategy are based on the three pillars energy saving, increased energy efficiency and targeted expansion of the share of renewable energy sources, see also → **GRI 302**.

The calculation of greenhouse gas emissions is based on the internationally recognised Ecoinvent database (version 3.1), with the IPCC 2013 factors used, production-related process emissions included and the national electricity mix taken into account. The seven leading substances (CO₂ fossil, CH₄, N₂O, HFC, PFC, SF₆ and NF₃) are used for the calculation of the greenhouse gas emissions and shown as a sum parameter according to IPCC (CO₂ equivalents or simply CO₂).

DIRECT GREENHOUSE GAS EMISSIONS (SCOPE 1) (GRI 305-1) AND INDIRECT, ENERGY-RELATED GREENHOUSE GAS EMISSIONS (SCOPE 2) (GRI 305-2)

In 2018, CO₂ emissions amounted to 231,484 tonnes (previous year 242,796 tonnes), corresponding to a decrease of 4.7%. CO₂ emissions per sales (currency-adjusted) fell by 7.5%, meaning that Geberit exceeded its target of 5% per year.

At 48.4%, combustibles are the largest source of CO₂, followed by electricity at 48.1% and fuels at 3.4%, as well as process emissions and district heating at 0.1% in total. The purchase of 50 GWh of green electricity in Pfullendorf and Weilheim (DE), Kolo (PL), Bromölla and Mörrum (SE), Givisiez (CH) and Daishan (CN) meant that it was possible to reduce CO₂ emissions by around 24,900 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 665,087 tonnes (previous year 667,065 tonnes).
- The provision of combustibles and fuels, which accounted for 33,530 tonnes from combustibles and 5,691 tonnes from fuels in 2018.
- CO₂ emissions of power generation from the upstream chain are included in → **GRI 305-1**.
- Logistics (see → **GRI 302-2**) gave rise to CO₂ emissions of 55,802 tonnes in 2018 (previous year 52,075 tonnes). The increase was mainly caused by additional locations included as well as the rise in sales and the related expansion in transport volumes. Since 2015, Geberit has managed to improve the eco-efficiency of its logistics operations (environmental impact per tkm) by more than 30%.
- Business travel by air, at 1,588 tonnes of CO₂ emissions (previous year 1,626 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 currency-adjusted sales decreased by 7.5%. This figure is above the target of 5% per year. Since the acquisition of Sanitec in 2015, the CO₂ emissions per sales have fallen by more than 20%.

REDUCTION OF GREENHOUSE GAS EMISSIONS (GRI 305-5)

In 2018, Geberit purchased another 3 GWh of certified green electricity, bringing the total to 50 GWh. Overall, renewable energy sources thus accounted for 40.6% of electricity (previous year 39.0%). According to the CO₂ strategy, the share of renewable energy sources is to be expanded by 3 GWh annually so that it reaches 45% by 2021.

For combustibles, the share of renewable energy sources should be increased to 10% by 2021. The block heating station in Pfullendorf (DE), which was commissioned in 2012 and which was fed by 8.1 GWh of regionally generated biogas in 2018, makes a key contribution. In addition, 6.4 GWh of wooden pellets were burned and 13.3 GWh of district heating were obtained from a paper mill. This brought the share of renewable energies for district heating and combustibles to 5.2% in total in 2018 (previous year 5.3%).

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 CO₂ emissions can also be saved by consistently applying eco-design principles in new product development. One concrete example is the flush valve type 240 for cisterns. Half of the material used is made of high-quality ABS regranulate. Indirectly, this means that almost 500 tonnes of CO₂ can be saved annually, corresponding to savings of about 1 GWh of average European electricity.

Geberit also promotes awareness among all employees for the promotion of environmentally friendly behaviour. New employees receive training on the subject of sustainability at Geberit as part of their job orientation programme. In the largest plants, this is also tailored to the target group of production employees. There are also local initiatives, e.g. tree planting work, forestry projects, environmental competitions and environmental newsletters.

All targets and measures for improving the carbon footprint are disclosed in detail as part of the company's participation in the Carbon Disclosure Project (CDP).

EMISSIONS OF OZONE-DEPLETING SUBSTANCES (GRI 305-6)

Emissions of ozone-depleting substances, measured in CFC11 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 on 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 WATER AND WASTE (GRI 306)

MANAGEMENT APPROACH WASTE WATER AND WASTE

According to the corporate eco-balance, waste disposal accounted for just 1.8% of the overall environmental impact. The reduction and safe handling of waste water and waste is promoted at the plants within the scope of the environmental management system according to ISO 14001. Waste is sorted so that as much as possible is recycled, and as little as possible has to be incinerated or sent to landfill sites.

As part of a resource-saving circular economy, efforts are being made to generate secondary material for other processes from waste. In both the Kolo and Wloclawek ceramic plants in Poland, for example, gypsum waste from ceramic production, which had previously been disposed of as waste to landfills, is now being used as secondary material in the cement industry since the end of 2016. This reduces waste quantities in landfills by over 6,000 tonnes per year. Geberit's latest goal is to improve resource efficiency (kg ceramic waste/kg ceramic) in ceramic production by 10%.

DISCHARGE OF WASTE WATER (GRI 306-1)

The 2018 figure for waste water was 808,158 m³ (previous year 811,769 m³). At 72%, process waste water from the production of sanitary ceramics accounted for the largest share of the total. Other important categories are domestic waste water (25%), which passes into the communal waste water treatment plant or is pretreated and fed into receiving waters, and other waste water (3%), which is pretreated and fed to a

communal waste water treatment plant. Waste water was not directly reused by third-party companies. Geberit does not engage in the unplanned discharge of waste water. All resulting process waste water and domestic waste water is treated. Key figures on waste water can be found at → **Key figures sustainability > Environment**.

VOLUME OF WASTE (GRI 306-2)

The total waste quantity in 2018 was 84,074 tonnes (previous year 81,953 tonnes).

74.8% of waste was channelled to external recycling processes (previous year 72.0%). The measures focused on the further separation of waste and the reduction of mixed waste and hazardous waste, as well as the utilisation as secondary material. Resource efficiency in ceramic production declined slightly by 2% to 0.51 kg ceramic waste/kg ceramic.

Key figures concerning waste by category are provided at → **Key figures sustainability > Environment**.

SPILLS OF HAZARDOUS SUBSTANCES (GRI 306-3)

There were no spills of chemicals in the reporting period.

TRANSPORT OF HAZARDOUS WASTE (GRI 306-4)

In 2018, 777 tonnes of hazardous waste (previous year 896 tonnes) were disposed of by incineration and 588 tonnes of hazardous waste (previous year 599 tonnes) were recycled. At Geberit, all waste is disposed of and recycled by licensed disposal companies.

WATER BODIES AFFECTED BY WASTE WATER DISCHARGES (GRI 306-5)

This indicator is not relevant to Geberit as no bodies of water are affected by significant water discharge from Geberit facilities as defined in the GRI Standards.

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 is achieved by means of consistent compliance with all applicable laws, internationally recognised guidelines and industry standards. With many of the initiatives that it implements, Geberit goes above and beyond legal and official requirements. Reviewing and ensuring compliance with the law is a mandatory element of ISO 14001 certification, and is monitored as part of the annual Group-wide survey on compliance with the Code of Conduct at all companies, see → **GRI 419**.

SANCTIONS DUE TO NON-COMPLIANCE WITH ENVIRONMENTAL LAWS AND REGULATIONS (GRI 307-1)

During the reporting year, a significant incident occurred when historical contamination was discovered at a ceramics plant. In a joint operation with the authorities, Geberit instigated measures to dispose of the contaminated waste fully and correctly.

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 2018 > 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. 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, 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 becoming increasingly important and can also be used directly for green building standards such as LEED. These show relevant, comparable and verified environmental data on products in a transparent manner. Since the last report, four more Environmental Product Declarations (EPDs) have been created for discharge pipes.

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 played a key role in establishing the European Bathroom Forum (EBF). One of the first tasks was the launch of a new European water label as a voluntary and flexible instrument to support customers in the selection of resource-efficient products. This aims to help achieve the EU goals for resource efficiency. In addition, Geberit collaborated with FECS (European Sanitaryware Producers Federation) to draw up a voluntary European standard for assessing the sustainability of ceramic sanitary appliances (EN 16578).

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 (TurboFlush) and a minimum flush volume (4/2 l).
- Ongoing optimisation of the ceramic product range helps reduce the number of different products, while cutting down on resource usage in manufacture, storage and distribution.
- Expansion of the range of rimless WC pans helps to simplify cleaning and cut down on cleaning agents.
- Thanks to an intelligent redesign, the fill valve type 333 for cisterns is both flow-optimised and extremely quiet. It uses 15% less materials in the manufacturing process, with 20% of the plastic in the valve made up of regrunulate.
- Geberit's new SuperTube technology in combination with Geberit Sovent saves both space and resources in discharge systems installed in high-rise buildings. Taking the Lobby 33 reference project (a 30-storey high-rise building in Mexico) as an example, it was calculated that the new technology saved over 2,000 metres of pipes corresponding to more than 3 tonnes of material.

For more examples of Geberit's resource-efficient products, see → **GRI 302**.

QUALITY

MANAGEMENT APPROACH QUALITY

See → **GRI 416**.

PRODUCT COMPLIANCE

MANAGEMENT APPROACH PRODUCT COMPLIANCE

See → **GRI 416** and → **GRI 417**.

SANCTIONS DUE TO NON-COMPLIANCE WITH PRODUCT LIABILITY REGULATIONS

In 2018, no sanctions were imposed in connection with Geberit products and services due to non-compliance with product liability regulations.

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 sales.

The raw materials and semi-finished products primarily come from suppliers in Western Europe (79.1% of procurement value). The share of the procurement volume from Eastern Europe amounts to 10.3%, that from Asia 8.5%, from America 1.8% and from Africa 0.3%. Owing to the upstream purchasing in the supply chain and high level of in-house production as well as the very high share of Western European suppliers, the general risk profile of the supply chain is relatively low. The active pursuit of a dual source strategy – i.e. the procurement of a resource from two providers – serves additionally to reduce dependencies.

In 2018, Geberit procured raw materials (28.5%), semi-finished products (42.6%) and finished products (28.9%) with a procurement value of CHF 920 million (previous year CHF 847 million) from some 1,830 suppliers around the globe.

MANAGEMENT APPROACH PROCUREMENT

Geberit's suppliers are obligated to maintain comprehensive standards. The basis for the cooperation is the → **Code of Conduct for Suppliers**, that was amended in 2016 and translated into a further 13 languages. The Code is aligned with the principles of the UN Global Compact and is binding for every new supplier. It comprises specific guidelines on quality and meeting environmental, labour law and social requirements and sets out compliance with human rights. Upon request by Geberit, the supplier must prepare corresponding records in order to demonstrate compliance with the standards of the Code and make these available at any time. Should the supplier fail to comply with the regulations set out in this Code, then corrective measures are taken wherever possible. Failure to comply on the part of the supplier is regarded as a serious obstacle to the continuation of the business relationship. If the supplier does not correct this non-compliance, Geberit can terminate the cooperation.

When evaluating suppliers, Geberit strives to achieve the greatest possible degree of transparency. All new and existing partners are thus assessed by means of standardised processes and according to the same criteria: company as a whole, quality, sustainability, price, procurement chain, delivery reliability, production and technology. As a rule, the selection of suppliers is required to include a quality audit covering clarification on environmental and occupational safety issues. Where an audit reveals inconsistencies in these criteria, an additional, in-depth audit is conducted.

Supplier management has integrated a risk management approach on environmental and occupational safety that is based on the division of suppliers into risk classes – depending on the production location (country) and type of production process. In 2017, material groups that had been added due to the acquisition of Sanitec were subjected to systematic auditing and included in risk management. In addition, the classification of existing material groups into certain risk categories was reviewed. In the reporting year, 179 existing suppliers were identified in the highest risk category which corresponds to around 8% of the procurement value of Geberit. A systematic planning and performance of audits is conducted for these suppliers. To ensure neutrality and the expertise required for the audits, Geberit also works with an external partner. This procedure has been carried out for years and has proven effective, and makes an important contribution towards enhancing credibility in supplier management. Any shortcomings exposed by audits give rise to sanctions. As a rule, a deadline is imposed for remedying the situation.

For further information, see → **Business Report > Business and financial review > Financial Year 2018 > 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. No cases were reported in the reporting year.

SUSTAINABILITY-RELATED IMPACTS IN THE SUPPLY CHAIN (GRI 308-2 / GRI 414-2)

By the end of 2018, a total of 1,470 suppliers (previous year 1,379) had signed the Code of Conduct for Suppliers. This equates to over 90% of the total procurement value. Among the top 200 suppliers, the share of companies that have signed is 98%.

In 2018, five third-party audits were carried out at suppliers in China and Ukraine. The results showed that the majority of occupational safety and environmental standards are complied with. Appropriate corrective measures are agreed in cases of non-compliance.

Only in a few justified exceptional cases are there plans to impose complete regulations on the second tier and third tier in the supply chain by getting them to sign a Code of Conduct, as this would result in a disproportionately high level of additional administration with little added benefit. Geberit pursues a pragmatic yet effective approach. When auditing suppliers, an analysis of the most important second tier suppliers is included in the risk analysis and the audit investigations on site. At the end of the day, Geberit's goal is modern supplier management, where the relationship with the supplier is actively managed and sustainability risks in the supply chain are jointly analysed.

PRODUCTION

MANAGEMENT APPROACH PRODUCTION

See → **Business Report > Business and financial review > Financial Year 2018 > Production.**

LOGISTICS

MANAGEMENT APPROACH LOGISTICS

Group logistics is being further standardised and harmonised. The logistics centre in Pfullendorf is the hub for almost all Geberit sanitary technology products. With a view to future growth and the continued optimisation of existing logistics processes, the decision was made in 2014 to further expand the capacities of this centre. The commissioning of the new buildings and infrastructures, which also include a storage area for long goods (pipes of up to six metres in length), was carried out as planned in the first quarter of 2017. The distribution of the Mapress pipe range, which had been operated separately at the production site in Langenfeld (DE), was subsequently relocated to Pfullendorf in the second quarter of 2017. As a result, the distribution of Geberit's sanitary technology is now coordinated globally in Pfullendorf and handled there for all markets. Man and technology work hand in hand in the new logistics centre. Touchscreens, glove scanners, integrated voice control systems and built-in lift tables as well as lifting devices make the work efficient, safe and ergonomic. The new building brought about a further optimisation of logistics processes.

The logistics infrastructure of the ceramic business comprises 13 distribution sites of varying sizes across Europe. The integration of the ceramics business into Group logistics continued in 2018. The Geberit Logistics Operation System (GLOS) was successfully introduced. 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 2018 > 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 Performance 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 2018.**

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

- 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 22.**

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 periodically published by the World Economic Forum (WEF), water scarcity was classified as one of the four highest risks in terms of impact, according to the 2019 Global Risk Report. 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-intensive and energy-intensive process that has become a part of Geberit production. This increases the company's exposure to CO₂ regulations, meaning that their future development must be carefully monitored. However, these risks are currently still low – only one ceramic plant in Sweden pays CO₂ taxes. With the definition of a long-term CO₂ target in 2016 that is compatible with the two-degree target set out in the Paris Agreement (science-based), an increasingly detailed understanding is becoming established within the company regarding CO₂ emissions. The goal is to reduce absolute CO₂ emissions (Scopes 1 and 2) by 6% between 2015 and 2021 to under 240,000 tonnes (based on organic growth). This target was already achieved at the end of 2018.

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. By the end of 2018, eleven tunnel kilns for ceramic production had been equipped with state-of-the-art burner technology, bringing the scheduled retrofitting project to a conclusion. Each kiln can bring about energy savings of over 20%.

As far as corporate risks are concerned, the Audit Committee of the Board of Directors introduced a comprehensive system for the monitoring and management of the risks associated with the company's business activities, including the risk category CO₂ emissions, see → **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, amongst others, in Switzerland and the USA. For further details on pension and benefit plans, see → **Financials > Consolidated financial statements Geberit Group > Notes > Note 3 > Retirement benefit plans** 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 0.08 million.
- Contributions received to support training and part-time employment prior to retirement: CHF 0.52 million.
- Various other subsidies: CHF 0.2 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. This was presented and explained in the Group-wide employee magazine, which is published in six languages.

In order to guarantee compliance with the requirements of the Code of Conduct, Geberit has established an effective compliance system that focuses on the following six key topics: antitrust legislation, corruption, product liability, data protection, employee rights and environmental protection. In practice, the system comprises various elements such as guidelines, continuous training, job orientation for new employees, e-learning campaigns, info circulars, compliance-related audits, annual reporting on the Code of Conduct and the Geberit Integrity Line – a whistleblower hotline for employees. A separate Integrity Line has been available for suppliers since 2017.

As only very few companies work with agents, there is no significant risk exposure in this area. Nevertheless, a → **Code of Conduct for business partners** was drawn up in 2016 based on the Geberit Code of Conduct and communicated to the agents by the managing directors of the local sales companies.

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 Corporate Environment and Sustainability.

As part of the annual reporting on the Code of Conduct for Employees, compliance with the requirements set out there is subject to controls. All companies receive over 50 questions on the 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 direc-

tors of the individual companies on the topics mentioned in the Code of Conduct. The respective information is verified. The findings from the survey and audits form the basis for the annual Compliance Report submitted to the Group Executive Board and are published in the annual report.

With respect to measures and objectives in the Code of Conduct, see also → **Sustainability strategy**.

SANCTIONS DUE TO NON-COMPLIANCE (GRI 419-1)

One significant incident relating to historical contamination occurred during the financial year, see also → **GRI 307-1**.

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 35,000 professionals were provided with education and further training on Geberit products, tools and software tools at 29 Geberit Information Centres in Europe and overseas. Furthermore, Geberit gave support to plumbers, architects and sanitary engineers via webinars on fire protection and sound insulation, drinking water hygiene and other issues. Around 90,000 customers became more familiar with Geberit know-how and products at external events, some of which were organised in cooperation with market partners.

Geberit's product portfolio comprises more than 40,000 sales products, a range that calls for extensive know-how on the procurement, assembly and functionality of each product. This knowledge is essential in order to hone the specialist skills of the employees and prepare them for the challenges posed by the market, as well as to stand out as a company with qualified specialist personnel. In order to ensure that this know-how is kept up-to-date, Geberit has developed the Geberit Campus – an international learning platform for employees that can be used in every market. The Campus enables Geberit to centrally collect and provide know-how. Furthermore, interactive e-learning courses and seminars are offered at the Geberit Information Centres. Geberit products and areas of expertise such as fire protection and sound insulation are focal points of knowledge transfer.

For further information, see → **Business Report > Business and financial review > Financial Year 2018 > 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 Quality Management is responsible for ensuring that suitable framework conditions promote a quality culture throughout the company, and that all employees act in a quality-conscious and independent manner.

Products undergo a defined 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, Quality Management is responsible for defining, arranging and monitoring all necessary inspections to ensure that these requirements are met. A clear organisational distinction is drawn between Product Development and Quality Management. In addition, many products are also examined by external authorisation bodies.

Following market launch, an efficient handling of complaints with integrated error analysis, the initiation of sustained corrective measures and the continuous development of concepts for customer support takes place in cooperation with Sales, Production and Development. Geberit has achieved a high standard in the processing of complaints, and reacts directly and in a solution-oriented manner in each individual case.

Product Development and Quality Management are responsible for customer health and safety.

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 use and disposal. Among other things, quality management includes an FMEA (Failure Mode and Effects Analysis) as a precautionary measure to prevent errors and increase the technical reliability of products. Eco-design workshops are held in the course of product development in order to optimise the use of suitable and ecological materials. If products or their use involve an increased risk to health or safety, Geberit's technical editorial staff ensures that this is communicated appropriately to customers, see → **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.

The older shower toilet models Geberit AquaClean 8000plus and Geberit Balena 8000 were liable to develop a leakage if a certain nozzle cleaner was used over a prolonged period. In the worst case, this could have led to a smouldering fire. Three such cases of smouldering fires occurred in 2017 that caused only material damage. Comprehensive measures were implemented in 2018 to rule out this risk for all other owners of the corresponding shower toilet models. Sales of the nozzle cleaner that caused the problem were discontinued immediately. In addition, appropriate market information was promptly drawn up and sent to all wholesalers, plumbers and, to the extent known, potentially affected end users. Owing to the large number of devices concerned, not only the local Geberit companies and their service providers but also external service providers had to be called on for the required service assignments. The assignments were largely concluded by the end of 2018. Apart from the aforementioned incidents, there were no further damage cases.

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.

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

Corporate Marketing is responsible for the labelling of products and services. Conveying product and application information in accordance with laws, standards and target groups is one of the main tasks of the Technical Documentation department that forms part of Corporate Marketing. A comprehensive portfolio of various document types and publication channels is available for this purpose. In the area of assembly and installation, Geberit focuses on multicultural and generally understandable images comprising detailed illustrations and guiding symbols. On top of this, more far-reaching information is provided for the plumber, architect and engineer target groups via various handbooks and skills brochures. In addition, product and safety data sheets are available for all products and target groups.

The end user target group is becoming more and more important in the conveying of product information, as Geberit is addressing end users with more and more products. Geberit ensures safe handling and correct labelling by means of detailed operating documentation based on the prevailing standards and laws.

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.

Geberit has joined forces with the European Bathroom Forum (EBF) founded in 2017 to work on a new European water label that is to be used for a wide range of sanitary products. This is an all-encompassing, voluntary and flexible instrument launched by the sanitary industry to support EU goals on resource efficiency.

NON-COMPLIANCE WITH PRODUCT INFORMATION AND LABELLING REQUIREMENTS (GRI 417-2)

In 2018, there were no significant violations of applicable laws or voluntary codes.

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. Geberit further expanded personnel and skills within the Digital team at Group level, with the aim of developing and launching digital tools more efficiently in future according to the needs of the respective target groups.

The reporting year saw the launch and further development of various digital tools designed to respond to the needs of end users as effectively as possible. An "inspiration app" for end users, which was already piloted in the previous year, is now in use in Switzerland and France. A 3D planning tool was also developed, providing a creative platform for end users to design their future bathroom. Meanwhile, a new CRM system piloted in the United Kingdom allows Geberit to tailor its offer to the requirements of potential end users who are interested in sanitary products.

Geberit set up its online catalogue for craftsmen on a new high-performance platform. Information relating to products and spare parts will now be 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 building site.

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. For a number of years now, Geberit has been providing BIM users with support in the form of product data and calculation modules. During the reporting year, a specialised in-house team of BIM experts that was established in the previous year laid the groundwork for future BIM data processing.

DATA PROTECTION (GRI 418)

MANAGEMENT APPROACH DATA PROTECTION

When the EU's General Data Protection Regulation (GDPR) came into force in 2018, data protection also became a more important issue for Geberit, with the topic incorporated into the Geberit Compliance Programme.

Comprehensive measures for implementation of the GDPR were carried out in the reporting year under the leadership of the Group's legal department. As well as ensuring that appropriate technical and organisational measures were in place to safeguard personal data and properly document the processes in which such data is processed, Geberit also issued data privacy policies and established processes. In addition, an

external data protection officer was appointed for the entire Group, and has already conducted audits at numerous Group companies in Switzerland, Austria, Poland, the Benelux Countries, the United Kingdom and Sweden. From now on, these audits will take place on a continuous basis. Moreover, internal data protection coordinators were nominated and trained in all companies subject to the GDPR. Data privacy statements were produced or revised for websites, apps, and other such media.

COMPLAINTS CONCERNING VIOLATIONS OF CUSTOMER DATA PRIVACY (GRI 418-1)

In the reporting year, there were no known justified complaints concerning violations of customer data privacy.

KEY FIGURES ENVIRONMENT

ENVIRONMENTAL IMPACT

Environmental impact	2017 UBP	2018 UBP	Deviation %
Electricity	101,507	97,762	-3.7
Combustibles	104,971	98,070	-6.6
Fuels	15,580	16,532	6.1
Disposal	4,156	3,844	-7.5
Solvents	1,288	1,165	-9.5
Water and waste water	2,521	2,489	-1.3
Total environmental impact	230,023	219,862	-4.4

UBP = Ecopoints in million UBP in accordance with the Swiss Ecological Scarcity Method (version 2013)

MATERIAL USAGE

Material usage	2017 Metric tons	2018 Metric tons	Deviation %
Raw material plastics	72,776	73,276	0.7
Raw material metal	62,816	66,010	5.1
Raw material mineral	182,047	176,211	-3.2
Other raw materials	3,918	3,457	-11.8
Semi-finished products	46,140	43,168	-6.4
Finished products	46,940	47,451	1.1
Total material usage	414,637	409,573	-1.2

ENERGY CONSUMPTION

Energy consumption	Unit	2017	2018	Deviation %
Electricity	GWh	227.4	224.1	-1.5
District heating	GWh	13.2	13.3	1.4
Combustibles				
Natural gas	m ³	45,589,538	43,076,216	-5.5
Biogas	m ³	869,343	809,171	-6.9
Liquified petroleum gas (LPG)	Metric tons	6,209.0	5,635.0	-9.2
Diesel for electricity generation	l	49,993	36,019	-28.0
Heating oil extra light	Metric tons	16.1	7.6	-53.0
Solid fuels	Metric tons	1,958.7	1,307.1	-33.3
Fuels				
Gasoline	l	169,288	242,845	43.5
Diesel	l	2,454,316	2,557,879	4.2
Liquified petroleum gas (LPG)	kg	160,568	165,684	3.2
Natural gas (CNG)	kg	8,005	4,847	-39.4

	2017 TJ	2018 TJ	Deviation %
Energy consumption			
Electricity	818.6	806.7	-1.5
District heating	47.3	48.0	1.4
Combustibles	2,015.3	1,882.9	-6.4
Natural gas	1,659.5	1,567.9	-5.5
Biogas	31.6	29.5	-6.9
Liquified petroleum gas (LPG)	287.5	260.9	-9.2
Diesel for electricity generation	1.8	1.3	-28.0
Heating oil extra light	0.7	0.3	-53.0
Solid fuels	34.2	23.0	-33.3
Fuels (gasoline, diesel, LPG, CNG)	101.4	107.4	6.0
Total energy consumption	2,982.6	2,845.0	-4.6

ELECTRICITY MIX

Electricity mix 2018	GWh	Renewable %	Fossil %	Nuclear %	Others %
Europe	159.7	24.3	54.8	19.5	1.4
USA	6.6	9.6	70.3	19.4	0.7
China	5.9	19.1	78.8	2.1	0.0
India	1.8	16.4	81.8	1.8	0.0
Green electricity	50.1	100.0	0.0	0.0	0.0
Total electricity mix	224.1	40.6	43.8	14.6	1.0

Electricity mix 2017	GWh	Renewable %	Fossil %	Nuclear %	Others %
Europe	166.0	23.8	54.7	20.2	1.3
USA	6.7	9.7	70.2	19.4	0.7
China	5.9	19.1	78.8	2.1	0.0
India	1.7	16.4	81.8	1.8	0.0
Green electricity	47.1	100.0	0.0	0.0	0.0
Total electricity mix	227.4	39.0	44.6	15.4	1.0

WATER AND WASTE WATER

Water	2017 m ³	2018 m ³	Deviation %
Drinking water	313,114	271,311	-13.4
Well water	539,477	517,658	-4.0
River and lake water	267,948	232,096	-13.4
Rain water	9,354	11,436	22.3
Total water	1,129,893	1,032,501	-8.6

Waste water	2017 m ³	2018 m ³	Deviation %
Domestic waste water	201,903	201,427	-0.2
Process water ceramic	585,566	583,883	-0.3
Other waste water	24,300	22,846	-6.0
Total waste water	811,769	808,156	-0.4

EMISSIONS

CO₂ emissions	2017 Metric tons	2018 Metric tons	Deviation %
from combustibles (Scope 1)	118,975	111,291	-6.5
from fuels (Scope 1)	7,466	7,927	6.2
from process emissions (Scope 1)	542	229	-57.8
from electricity (Scope 2)	115,752	111,973	-3.3
from district heating (Scope 2)	61	64	3.9
Total CO₂ emissions	242,796	231,484	-4.7

Calculation of CO₂ emissions according to IPCC 2013

Air emissions		2017 Kilogram	2018 Kilogram	Deviation %
NO _x	direct	59,751	55,858	-6.5
	indirect	156,009	151,373	-3.0
	Total NO_x	215,760	207,231	-4.0
SO ₂	direct	1,549	1,468	-5.2
	indirect	302,954	293,364	-3.2
	Total SO₂	304,503	294,832	-3.2
NMVOC	direct	83,151	84,086	1.1
	indirect	20,135	19,471	-3.3
	Total NMVOC	103,286	103,557	0.3
Dust (PM10)	direct	2,142	1,578	-26.4
	indirect	32,685	31,720	-3.0
	Total dust	34,827	33,298	-4.4
CFC11 equivalents	direct	0.4	0.4	5.4
	indirect	9.3	9.0	-3.7
	Total CFC11 equivalents	9.7	9.4	-3.1

Calculation based on Ecoinvent data version 3.1

WASTE

Waste	2017 Metric tons	2018 Metric tons	Deviation %
to incineration	1,432	1,434	0.2
to inert waste landfill	19,726	18,082	-8.3
to mixed waste landfill	882	933	5.8
to external recycling	58,418	62,260	6.6
to hazardous waste incineration	896	777	-13.4
to hazardous waste recycling	599	588	-1.8
Total waste	81,953	84,074	2.6

KEY FIGURES EMPLOYEES AND SOCIETY

WORKFORCE

Workforce as of December 31, 2018	2017	Share %	2018	Share %
Germany	3,329	28.4	3,282	28.2
Poland	1,603	13.7	1,655	14.2
Switzerland	1,362	11.6	1,395	12.0
Ukraine	638	5.4	660	5.7
Austria	551	4.7	557	4.8
China	565	4.8	530	4.6
Italy	509	4.4	520	4.5
France	539	4.6	431	3.7
Others	2,613	22.4	2,600	22.3
Total	11,709	100.0	11,630	100.0
Production	7,291	62.3	7,103	61.1
Marketing and sales	2,844	24.3	2,928	25.2
Administration	936	8.0	932	8.0
Research and development	403	3.4	420	3.6
Apprentices	235	2.0	247	2.1
Total	11,709	100.0	11,630	100.0
Permanent	9,181	78.4	9,625	82.8
Temporary	2,528	21.6	2,005	17.2
Total	11,709	100.0	11,630	100.0
Full-time	11,146	95.2	11,071	95.2
Part-time	563	4.8	559	4.8
Total	11,709	100.0	11,630	100.0
Management	202	1.7	207	1.8
Employees	11,507	98.3	11,423	98.2
Total	11,709	100.0	11,630	100.0

Information in full-time equivalents

DIVERSITY

Diversity as of December 31, 2018		Management %	Employees %	Total %
Proportion of female employees		8.6	24	24
Age structure	> 45 years	80.2	40	41
	30 - 45 years	19.8	43	42
	< 30 years	0.0	17	17

Diversity as of December 31, 2017		Management %	Employees %	Total %
Proportion of female employees		8.4	24	23
Age structure	> 45 years	78.2	40	40
	30 - 45 years	21.3	42	42
	< 30 years	0.5	18	18

FLUCTUATION

Fluctuation excl. natural departures		2016	Rate %	2017	Rate %	2018	Rate %
Age group	> 45 years	432	9.7	240	5.6	259	6.0
	30 - 45 years	504	12.5	379	9.8	393	9.9
	< 30 years	135	14.0	203	21.6	190	18.7
Gender	Male	670	9.4	631	9.1	634	8.9
	Female	401	17.4	191	8.8	208	9.5
Region	Germany	70	2.6	97	3.6	153	5.7
	Poland	100	14.6	183	25.5	73	8.1
	Switzerland	81	6.6	71	5.7	113	8.9
	Ukraine	512	57.9	160	26.2	116	18.9
	Austria	35	6.9	48	9.5	44	8.3
	China	18	7.3	20	7.9	21	8.7
	Italy	12	2.9	13	3.0	2	0.4
	France	50	7.9	60	11.2	121	25.9
	Others	193	9.1	170	7.9	199	9.1
	Total fluctuation excl. natural departures		1,071	11.3	822	9.0	842

Fluctuation incl. natural departures		2016	Rate %	2017	Rate %	2018	Rate %
Age group	> 45 years	558	12.5	402	9.4	404	9.3
	30 - 45 years	507	12.5	380	9.8	396	9.9
	< 30 years	137	14.2	204	21.7	190	18.7
Gender	Male	758	10.6	757	10.9	732	10.2
	Female	444	19.2	231	10.7	258	11.8
Region	Germany	129	4.7	155	5.8	220	8.2
	Poland	103	15.0	195	27.2	76	8.4
	Switzerland	100	8.2	88	7.1	133	10.5
	Ukraine	515	58.2	160	26.2	116	18.9
	Austria	37	7.3	51	10.1	54	10.2
	China	20	8.1	23	9.1	32	13.2
	Italy	14	3.4	14	3.3	2	0.4
	France	67	10.6	90	16.8	139	29.8
	Others	217	10.2	212	9.9	218	10.0
	Total fluctuation incl. natural departures		1,202	12.7	988	10.9	990

Information in headcounts
Natural departures includes retirements

TRAINING AND EDUCATION

Training and education	Hours per employee	2017	2018	Deviation %
Women		11.2	11.8	5.4
Men		11.1	14.3	28.8
Management		8.9	9.0	1.1
Other employees		11.1	13.8	24.3
Training and education group		11.1	13.7	23.4

PERSONNEL EXPENSES

Personnel expenses	2017 MCHF	2018 MCHF	Deviation %
Wages and salaries	537.2	561.3	4.5
Pension contributions	30.1	36.9	22.6
Other social benefits	97.8	107.6	10.0
Other personnel expenses	81.7	38.2	-53.2
Total personnel expenses	746.8	744.0	-0.4

SOCIAL ENGAGEMENT

Social engagement	Unit	2017	2018	Deviation %
Donations and contributions	MCHF	3.3	4.1	24.2
Orders to social institutions	MCHF	6.9	8.1	17.4
Charitable work	Hours	2,260	1,380	-38.9

HEALTH AND SAFETY

Health and safety	2017	2018	Deviation %
Number of occupational accidents	205	191	-6.8
Accident frequency rate (AFR)	10.3	9.7	-5.8
Lost days due to occupational accidents	4,065	3,584	-11.8
Accident severity rate (ASR)	203.8	181.5	-10.9

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 2018	Illness %	Accident %	Total %
Europe	5.07	0.11	5.18
Asia	1.46	0.05	1.51
USA	4.31	0.77	5.08
Others	0.86	0.00	0.86
Absenteeism rate group	4.77	0.12	4.89

Absenteeism rate per region 2017	Illness %	Accident %	Total %
Europe	4.88	0.15	5.02
Asia	2.44	0.05	2.49
USA	2.26	0.08	2.34
Others	0.61	0.00	0.61
Absenteeism rate group	4.62	0.14	4.76

Absenteeism rate based on regular working hours

IMPRINT

OVERALL RESPONSIBILITY/EDITORIAL:

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TEXT:

Geberit AG, Rapperswil-Jona;
sustainserv, Zurich and Boston

CONCEPT, DESIGN AND TECHNICAL REALISATION:

EQS Group AG, München

PHOTOS

Ben Huggler, Till Gmür, Nina Athola, Herbert Wannhoff, Marius Guffarth (Imagestories); **Richard Bieler, Joel Kabunyi Ngige** (Insight „Visit from Kenya“); **TwentySeven Hotel** (Insight „Six-star establishment“); **Gionatta Xerra, Janine Müller, Ylva Haglund, Purdie Proudman, Qiang Lu, Nacho Uribe Salazar, expomobilia, Viktoria Lunchenkova** (Insight „Visitor magnet“); **Papermill Media** (Insight „Famous namesake“); **Stefan Schmid, Ben Huggler, Thomas Lbsen, Studio Liddell** (Insight „A champion in drywall constriction“); **Ben Huggler** (Insight „Clean energy“); **Shutterstock** (Insight „Successful business year 2017“); **Ben Huggler** (Insight „One strong brand“); **Ben Huggler, Stefan Thurmman, Elberfeld Creations, Studio Liddell, Michael Suter** (Insight „Five new products“); **Ben Huggler** (Insight „Put through ist paces“); **Petra Wolfensberger** (Insight „Approved“); **Carlos Crespo, Containerwerk** (Insight „Microliving“); **Joel Lim** (Insight „Innovative vs. conventional“); **Tom van Hoof** (Insight „Our main man in Morocco“); **Julian Weyer, Claus Norman Moeller** (Insight „Clever laboratories“); **James Lanchbury** (Insight „A feast for the senses“); **Duncan Lamont** (Insight „Accolade“); **Jonathan Haglund, Peter Brøgger, Valeria Trivi Engel, Fabienne Wild** (Insight „Customer-oriented“); **Shutterstock, Alex Muchnik, Stefan Thurmman** (Insight „Award-winning“); **Peter Christofferson** (Insight „An investment in the future“); **Tim Van de Velde** (Insight „An impressive conversion“); **Carlos Crespo** (Insight „Emergency shower with no hidden dangers“); **Shutterstock** (Insight „Strong earnings growth“); **Geberit International AG** (Insight „In one place“); **Christian Buchauer** (Insight „Focusing on experience“); **Marijke Cools** (Insight „Total dedication“); **Michael Suter** (Insight „Digital measuring method“); **Norbert Miguletz** (Insight „Social Design“); **Ben Huggler, Corinne Stehli** (Insight „On the home straight“); **Fabiano Caputo, Roberto Conte, Mahmut Ceylan, Nirva Narli** (Insight „Works of art made of wire mesh“); **Bowie Verschuuren, Christian Brandstätter** (Insight „A temporary theatre“); **Amir Amido Zamane** (Insight „A unique assignment“); **Karolina Koeberg** (Insight „Assignment in Kruger National Park“); **Charlotte Simpson, PlayOffVideo, Qiang Lu, Xiayi Guo, John Pavlish** (Insight „In focus“); **Shutterstock** (Insight „Zeros and ones“); **Ben Huggler, Herbert Wannhoff** (Insight „Cleverly invested“); **Michael Suter** (Insight „Pure nature“)

VIDEOS

Till Gmür (Imagestories); **Simon Nagel** (Insight „Up close and personal“); **Till Gmür** (Insight „The billion mark has been reached“); **Schokolade Filmproduktion GmbH** (Insight „Precise craftsmanship“); **Kunde & Co.** (Insight „Young talent“);

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.