

Geberit Group 2011

Annual Report

Everybody's talking about it – Geberit is doing it

Geberit strives for the most target-group-oriented communication possible on all levels. In order to meet this objective in reporting on the course of business and financial results as well, Geberit is issuing four different publications this year for the first time:

- **Complete Annual Report**
- **Summary Report**
- **Annual chronicle**
- **Brochure with the most important facts and figures**

The actual **Annual Report 2011** was planned as an online publication from the very beginning (www.geberit.com/annualreport). It allows readers to individually configure the extensive content themselves and meets the highest information requirements as a result of interactive financial tables and analysis tools. A printed version as in previous years will be dispensed with entirely in the future.

Geberit will continue to publish a **Summary Report**, only in a slightly expanded form. On 20 pages, it gives a compact overview of the course of business as well as the most important financial analyses. This short report is available in printed as well as electronic form and is addressed to readers who would like to obtain a comprehensive picture in a short period of time. It is also sent to all shareholders with the invitation to the General Meeting.

Geberit will continue to publish the small brochure **Facts & Figures**. It contains the most important facts and performance figures of the past year and is intended for readers who are looking for key information at a glance.

For shareholders and investors who are interested in the day-to-day business at the company, Geberit publishes a generously **illustrated chronicle** every year. This chronicle and Facts & Figures are published in printed form and distributed at special investor and shareholder events and as needed.



Complete Annual Report



Summary Report



Annual chronicle

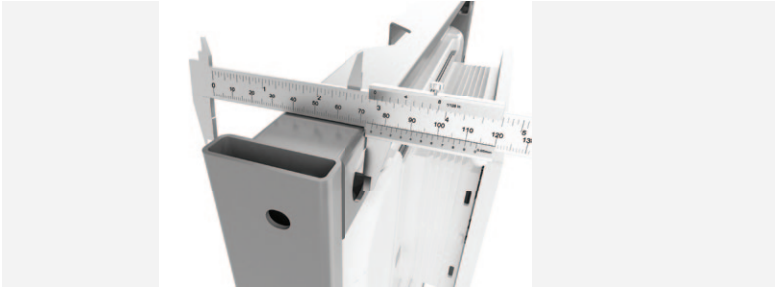


Facts & Figures

Busi- ness Report

Geberit Group 2011

Highlights business year 2011



A cistern for Down Under

In many regions of Australia, joists and girders with a depth of 3 inches are used in residential construction. In order for water-saving flushing technology to be applied to walls with this internal dimension, the narrowest Geberit cistern up to now had to be slimmed down by another couple of millimeters.



Fresh air, always

Nobody likes bad odors in the WC area. Geberit DuoFresh goes straight to the source of the problem: The air in the WC ceramic appliance is directly suctioned out through the flush water inlet, purified through active carbon and released back into the room. This is up to 20 times more energy-efficient than opening a window.



Flat and even

With the paradigm shift from simple bathrooms to stylish wellness areas, the actuator plate for the toilet flush has also become a design object. This is why the German industrial designer Christoph Behling was brought in to work on the surface-even Geberit Sigma60, which is well conceived down to the smallest detail.



13,500 customer contacts

Plumbers favor products that they are familiar with. This makes it difficult for innovations to become accepted. Unless they are introduced to the specialists personally. "Geberit on tour" was on the road in 8 countries, set up its exhibition stand 450 times and thereby made the personal acquaintance of 13,500 plumbers.



Winners sought and found

"Geberit Challenge" looked for the best plumbers in nine countries. Around 800 candidates accepted the challenge. The winners were found after a series of skills competitions in front of a large audience. The experts reacted enthusiastically: The sanitary sector had never before experienced such a spectacle!

Highlights business year 2011



Award-winning

At record speed, Geberit transformed its logistics from a mere appendage of the production plants to a core competence in its own right. The results speak for themselves: Higher product availability, shorter processing times, reduced logistics costs year-for-year and being awarded the German Logistics Prize 2011.



An opera house on the Pearl River

The building shell of the new opera house in the southern Chinese city of Guangzhou resembles two enormous river pebbles. The world-renowned architect Zaha Hadid designed the buildings on the banks of the Pearl River. She opted for Geberit Pluvia to ensure safe drainage of the 20,000 m² roof area.



HafenCity on the Elbe River

In the old harbor district of Hamburg, a new neighborhood is being built. The Übersee quarter is nearly complete, with living and working space for thousands of people. In order to be safe from storm floods, the quarter stands on a man-made base and the discharge pipes from Geberit are equipped with flood valves.

Highlights financial year 2011

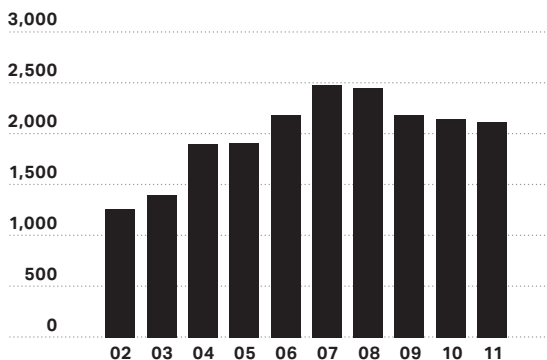
Sales

+9.5%

Currency adjusted sales growth
in 2011

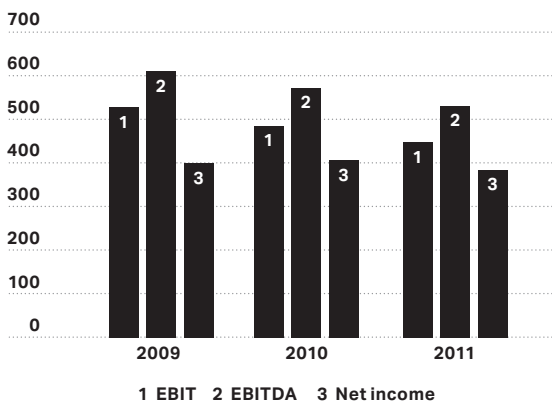
Sales development 2002 – 2011

(in CHF million)



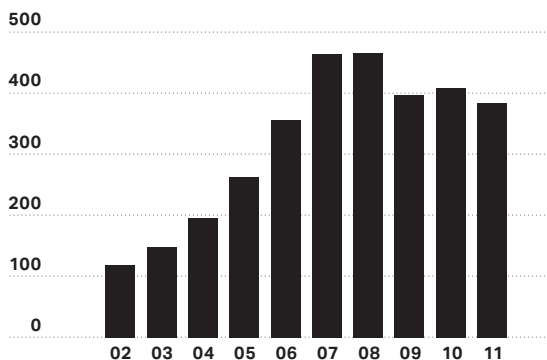
EBIT, EBITDA, Net income 2009 – 2011

(in CHF million)



Net income development 2002 – 2011

(in CHF million)



Operating cashflow margin (EBITDA margin)

25.1%

Above mid-term target corridor
of 23 to 25%

Free cashflow

(in CHF)

386.0 mio.

22% below prior year's record level

Highlights financial year 2011

Earnings per share

(in CHF)

9.82

-4.8% versus prior year

Payout ratio

63.7%

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

Expenditures for property, plant and equipment

(in CHF)

92.6 mio.

+15% versus prior year

R&D expenditures

(in CHF)

48.4 mio.

+4.2 million versus prior year

Sales

(in CHF)

≈ 230 mio.

negative currency effects

Operating profit (EBIT)

(in CHF)

≈ 55 mio.

negative currency effects

Geberit key figures

2007 – 2011

		2011	2010	2009	2008	2007
Sales	MCHF	2,122.6	2,146.9	2,181.2	2,455.1	2,486.8
Change on previous year	%	-1.1	-1.6	-11.2	-1.3	+13.9
Operating profit (EBIT)	MCHF	449.2	486.2	526.7	563.4	553.8
Margin	%	21.2	22.6	24.1	22.9	22.3
Net income	MCHF	384.0	406.8	397.5	466.3	463.3
Margin	%	18.1	18.9	18.2	19.0	18.6
Operating cashflow (EBITDA)	MCHF	532.0	573.7	611.0	649.1	637.9
Margin	%	25.1	26.7	28.0	26.4	25.7
Free cashflow	MCHF	386.0	493.8	349.7	407.9	362.7
Margin	%	18.2	23.0	16.0	16.6	14.6
Financial result, net	MCHF	-7.3	-14.3	-13.5	5.4	-11.4
Capital expenditures	MCHF	92.6	80.5	106.4	152.5	103.5
Research and development expenses	MCHF	48.4	44.2	45.6	46.0	48.1
In % of sales	%	2.3	2.1	2.1	1.9	1.9
Earnings per share¹	CHF	9.82	10.32	10.18	11.90	11.67
Earnings per share, adjusted ²	CHF	9.82	10.32	10.18	11.90	11.67
Number of employees	31.12.	6,004	5,820	5,608	5,697	5,344
Annual average		5,992	5,793	5,634	5,684	5,360
Sales per employee	TCHF	354.2	370.6	387.1	431.9	464.0
		31.12.2011	31.12.2010	31.12.2009	31.12.2008	31.12.2007
Total assets	MCHF	2,122.7	2,171.2	2,212.2	2,054.1	2,298.3
Liquid funds and marketable securities	MCHF	542.0	586.6	406.5	302.6	450.1
Net working capital	MCHF	114.1	108.5	180.9	156.5	168.7
Property, plant and equipment	MCHF	516.2	514.3	576.2	555.5	529.3
Goodwill and intangible assets	MCHF	645.2	658.8	753.1	756.2	828.8
Total debt	MCHF	75.6	73.4	110.9	152.3	273.9
Equity	MCHF	1,419.5	1,520.9	1,509.2	1,311.9	1,404.4
Equity ratio	%	66.9	70.0	68.2	63.9	61.1
Gearing	%	-32.9	-33.7	-19.6	-11.5	-12.5

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

² Adjusted for amortization of goodwill.

Geberit key figures

2002 – 2006

		2006	2005	2004	2003	2002
Sales	MCHF	2,183.5	1,922.9	1,906.8	1,403.9	1,273.0
Change on previous year	%	+13.6	+0.8	+35.8	+10.3	+9.3
Operating profit (EBIT)	MCHF	482.2	366.9	305.5	206.4	186.3
Margin	%	22.1	19.1	16.0	14.7	14.6
Net income	MCHF	355.0	262.5	194.4	147.0	118.1
Margin	%	16.3	13.7	10.2	10.5	9.3
Operating cashflow (EBITDA)	MCHF	569.1	455.9	453.4	329.8	295.7
Margin	%	26.1	23.7	23.8	23.5	23.2
Free cashflow	MCHF	355.5	290.2	273.4	206.0	200.1
Margin	%	16.3	15.1	14.3	14.7	15.7
Financial result, net	MCHF	-16.3	-17.2	-30.0	-23.4	-23.0
Capital expenditures	MCHF	81.3	79.5	87.8	69.8	59.6
Research and development expenses	MCHF	44.3	43.5	43.4	35.7	30.1
In % of sales	%	2.0	2.3	2.3	2.5	2.4
Earnings per share¹	CHF	8.86	6.41	4.73	3.63	2.92
Earnings per share, adjusted ²	CHF	8.86	6.47	6.04	4.37	3.64
Number of employees	31.12.	5,269	5,162	5,516	4,412	4,436
Annual average		5,199	5,237	5,469	4,419	4,307
Sales per employee	TCHF	420.0	367.2	348.7	317.7	295.6
		31.12.2006	31.12.2005	31.12.2004	31.12.2003	31.12.2002
Total assets	MCHF	2,010.7	1,946.6	1,937.1	1,507.8	1,500.2
Liquid funds and marketable securities	MCHF	182.4	180.0	81.6	181.3	137.5
Net working capital	MCHF	131.9	120.8	130.9	77.6	85.0
Property, plant and equipment	MCHF	533.9	528.3	538.8	490.9	492.0
Goodwill and intangible assets	MCHF	825.1	812.4	878.8	469.7	510.3
Total debt	MCHF	323.1	393.4	535.3	297.2	432.0
Equity	MCHF	1,065.9	958.0	816.8	739.0	630.2
Equity ratio	%	53.0	49.2	42.2	49.0	42.0
Gearing	%	13.2	22.3	55.5	15.7	46.7

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

² Adjusted for amortization of goodwill.

Care in the square

Geberit has always lived up to its responsibilities. With innovative water management, comprehensive know-how and a strong focus on sustainability. That's what "Care in the square" means to us.



Geberit creates sustainable quality of life. With innovative water management, comprehensive know-how and a strong focus on sustainability – across all products, sectors and processes.

It's an approach that really pays off. For the environment and society, as well as for customers, partners, employees and shareholders. The four short features in this annual report illustrate how Geberit turns sustainability thinking into sustainable business success.

For example, with products for green building, a market of the future. Or with ethically aware training and outstanding logistics. And with every drop of water saved by Geberit products worldwide.

That's what "Care in the square" means to us.

Sustainability: Stories

Geberit is already offering products for the emerging green building market.

Water is becoming scarcer across the globe. Geberit has always taken its responsibilities seriously – with water-saving products.

Geberit has completely rethought and centralized its existing logistics operations – saving energy, time and money.

Know-how is key. That's why Geberit is systematically training young people using an innovative concept.

Green building – future market

There is massive growth in the emerging green building market. Geberit already has a range of certified products for this market – making it the supplier of choice for large building companies.



Sustainable building, also known as green building, has long been more than just a passing trend. It is a global phenomenon, attracting a growing number of investors around the world – and for a good reason: While the impact on the environment is minimized, investors benefit from a long time horizon, low operating costs and the premium price these high-grade buildings achieve.

For a property to obtain the “Green Building” certification, it must undergo a comprehensive sustainability evaluation: high energy efficiency, resource-conserving materials, use of the existing infrastructure, durable and versatile products – just some of the factors that contribute to compliance with sustainable building standards and the award of the quality seal.

Geberit is serving this growth market with appropriate products: for example, the water-saving dual-flush and flush-stop technologies. In 2011 alone, these helped save around 1,700 million cubic meters of water, equivalent to more than half the annual water consumption of all German households.

We are continuing to invest in research and development to strengthen our position as a leading provider of sustainable solutions. This means we are well prepared for whatever challenges the future brings and for healthy and sustainable growth of the company. And that will prove its worth, not least for our shareholders.



“Sustainable building will become accepted as the standard.”

Jean-Claude Maissen is a fund manager with CS REF PropertyPlus and Credit Suisse Real Estate Green Property. CS REF Green Property is the first Swiss real estate fund that invests in sustainable projects and properties in Switzerland.

Sustainable building

- **Ecologically and economically valuable**
- **Premium prices and returns**
- **High value maintenance**
- **All-round flexibility**
- **Lower maintenance costs**

Green building – future market



Green superblock – Le Monolithe in Lyon (FR) is one of the most impressive urban development projects. It has green building certification and uses 80% renewable energy.



Sheer elegance – International fashion company Diesel has moved into new headquarters in Breganze (IT). The smooth façade of the office complex conceals a comprehensive system of sustainable building maintenance technology.



Sustainability on the rise – The Uptown Tower in Zug (CH) is an urban residential and business complex planned and built in accordance with the strict sustainability criteria of the Credit Suisse Real Estate Fund Green Property.



Water-saving luxury hotel – Efficient use of water is built into every aspect of the five-star Hotel Shangri-La in Vancouver (CA) – just one of the reasons the luxury hotel has been awarded LEED Silver certification.



Glass stalactite – Since autumn 2011, the Prime Tower has been setting new standards – as the tallest skyscraper in Switzerland and with regard to sustainability. The aim is to obtain the internationally recognized sustainability certification LEED Gold.

Water as a resource

Water is becoming scarcer across the globe. As a company with worldwide operations, Geberit has always taken its responsibilities seriously – with water-saving products.



Population growth and rising living standards are putting increasing pressure on the world's water resources. Political bodies, organizations and companies are all called on to focus their efforts on this crucial question: How do we save water?

Geberit lives up to its responsibilities and has long been seeking answers to this question in an effort that embraces all business units, as part of a corporate strategy that is based on sustainability. For example, in our commitment to clean drinking water and our partnership with the Swiss aid organization Helvetas, demonstrating that our social responsibility reaches beyond our core business.

A prime example of the effectiveness of our focus on sustainability is provided by durable products that save water throughout their life cycle. In the coming years, we will continue to develop innovations that guarantee efficient and careful use of the key resource of water.

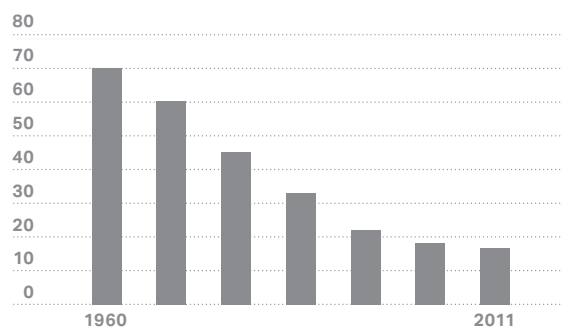
This is what underpins and underwrites our success. Sustainable products are not only future oriented – they also ensure the future success of the company.

“As consumption increases, the attention of investors and consumers will increasingly turn to the subject of water conservation.”

Peter Stolz, Head of Quality, Safety and Environment at Steiner AG, a leading general contractor in the Swiss construction industry

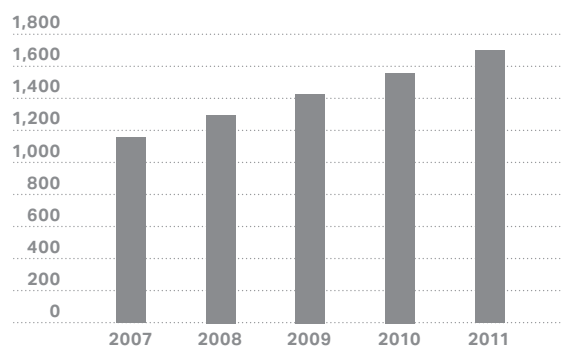
Reduction of water flush volumes since 1960

Liters per person per day



Water-saving through Geberit products 2007–2011

(in m³ million)



Annual savings from Geberit's worldwide "fleet of cisterns" using dual-flush and flush-stop technology, compared with traditional 9-liter flushing systems

Water as a resource



Certified – the Sigma 12 cm concealed cistern (UP320) is one of our water-saving products which bears the European WELL (Water Efficiency Label) certification.



Design prize – Geberit's Monolith sanitary module for WCs is a sophisticated, highly versatile alternative to traditional exposed cisterns which saves water with dual-flush technology – winner of the "iF product design award" for 2010.



Efficient – Pneumatic urinal flushing control is one of many Geberit products designed to ensure efficiency in water usage.



Hygienic – The touch-free, dual-flush (Mambo) mechanism of Geberit's Sigma 12 cm concealed cistern (UP320) ensures hygiene in public sanitary facilities while saving water.



Responsible – The touch-free 185/186 lavatory taps combine cutting-edge technology with attractive design, ensuring sparing use of water.

Logistics as a core competence

Logistics must be able to satisfy individual needs – fulfilling diverse customer requirements, while maintaining efficiency for the company. That's why Geberit has completely rethought and centralized its existing logistics operations.



The centrally organized distribution of goods is beneficial to all concerned, customers in particular. That was the thinking behind a decision, taken about six years ago, to upgrade the logistics know-how of the Geberit Group in line with today's requirements. A concept was developed with the aim to show how future logistics systems could increase the efficiency of various processes.

This master plan led to a radical restructuring of Group logistics. Of all the measures adopted, the centerpiece is the new logistics center at Pfullendorf (DE) in the heart of Europe.

The reorganized transport management system ensures streamlined, consolidated product deliveries to Geberit customers. That makes for maximum efficiency, but also greatly reduces CO₂ emissions – benefitting the environment, our customers and Geberit itself.

Systematic implementation of continuous-flow manufacturing or lean production can greatly increase productivity. Logistics controlling ensures transparency in every part of the supply chain. Those are two further aspects which contributed to our logistics concept receiving the highly regarded German Logistics Prize for 2011.

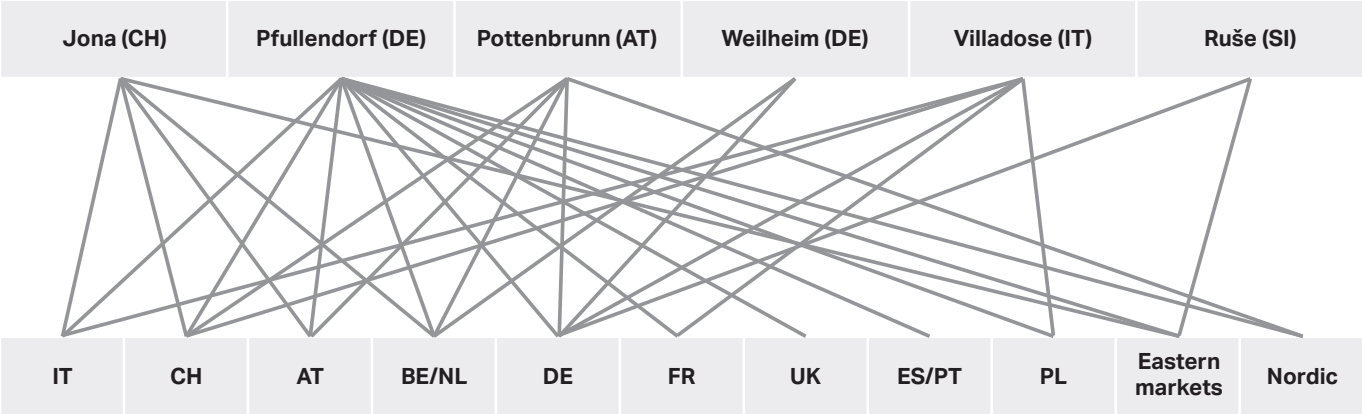
A groundbreaking example of the way innovative strength and efforts to increase efficiency can pay off for Geberit and its customers – while also caring for the environment.



Geberit is the 2011 winner of the renowned Logistics Prize of the German Logistics Association (BVL). The aim of the association, which has more than 10,000 members, is to promote an integrated approach to logistics in all branches of industry and science.

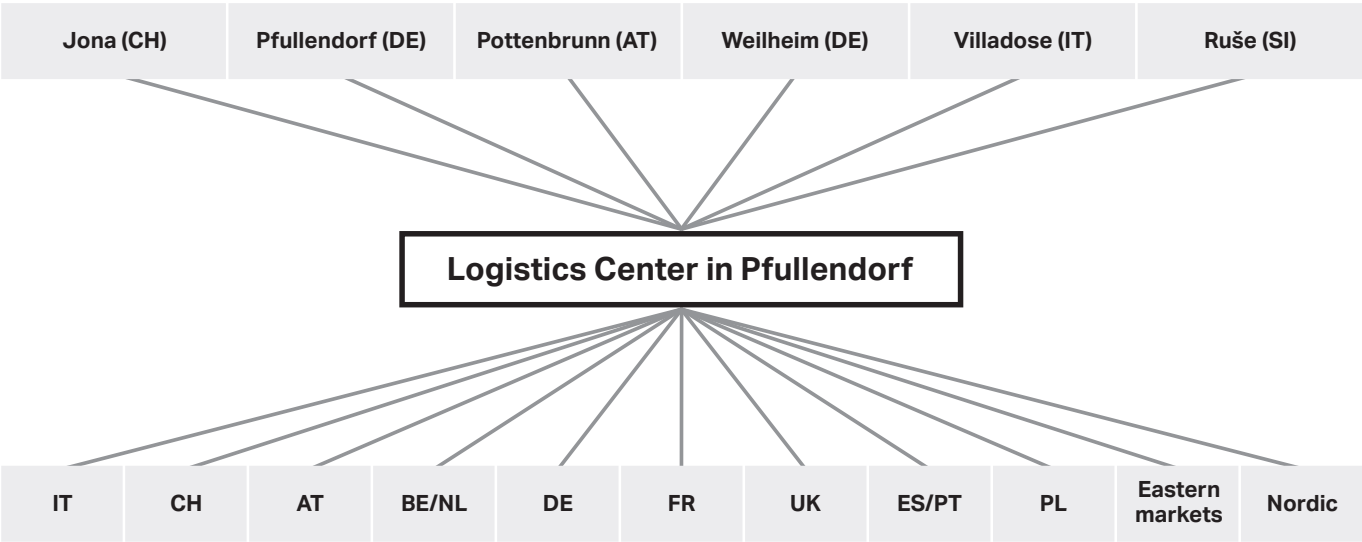
Logistics as a core competence

Multiple deliveries to markets



One order generates multiple deliveries to the customer.

2010: Deliveries to the markets via the Central Warehouse in Pfullendorf



Pfullendorf (DE) as central intersection for Geberit European distribution.

Training as a success factor

Know-how is a key factor in the success of any company. That's why Geberit is systematically training young people using an innovative concept.



Knowledge creates value – when it is applied. That's why hands-on learning is at the heart of Geberit's innovative training concept.

Geberit passes on specialist knowledge to trainees and accompanies them every step of the way to successful completion of their training. In Geberit's training concept, a strong awareness of social and environmental issues is just as important as professional competence and nurturing individual potential.

One way we do this is through an open learning culture. Certain days or weeks are set aside for exchanges which give trainees an opportunity to get to know their colleagues in other Group companies or to take part in one of our social-aid projects in developing regions, where trainees are regularly on hand to gain experience in the field. Since 2008, for example, young people from Geberit were in action in Ecuador, India and Serbia.

These experiences teach them to take responsibility for their own actions – in the fine detail of product installation as well as the global context of the company's operations.



“The project in India was a truly memorable experience. It made me realize just how prosperous our society is – without our being aware of it. I now see things we take for granted in everyday life, such as clean running water, in a completely different light.”

Christoph Zimmerer, apprentice industrial mechanic at Geberit Pfullendorf (DE), doing a combined course in mechanical engineering.

Development project in Serbia – all-round assistance for reconstruction

Kraljevo, a city with a population of about 100,000, is in the center of Serbia. The earthquake in November 2010 affected many schools. In June 2011, Geberit sent a team of eleven – nine of them trainees from Germany, Austria and Switzerland – to Kraljevo with the task of completely renewing the sanitary facilities. Geberit undertook all the planning, financing and realization of the project.

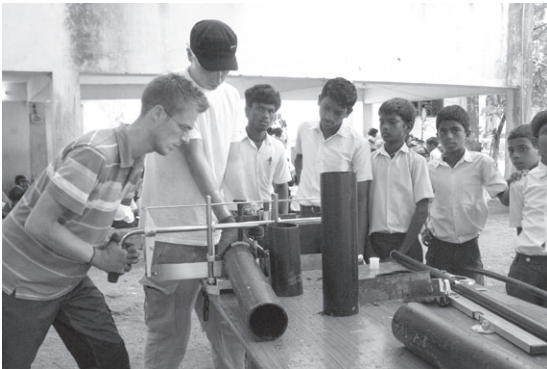
Training as a success factor



Frugality – The Indian pupils and Geberit employees are served the same frugal midday meal at the school.



Learning new things – A Geberit trainee shows that success in her commercial diploma course is not all she is capable of – she is also open to learning something completely new.



Enthusiasm – Two Geberit trainees experience at first hand the joy of Indian children at the Pentakatha school.



Team spirit – The Geberit trainees and their supervisors worked hand in hand for two weeks in Serbia.



Integrity – Trust based on integrity is one of the values that Geberit epitomizes. People in developing countries – like this local plumber in Colegio Pomasqui, Ecuador – also trust in Geberit.

Editorial

2011 was a year full of challenges and a global economic situation that confronted us with great uncertainties. This situation was compounded by various factors, such as raw material prices marked by high volatility and the slowly developing building sector in many markets. Finally, as a Swiss company, we also suffered from the strong Swiss Franc. Nevertheless, Geberit was very successful in maintaining its position in 2011 as well.

Geberit Group sales for 2011 as a whole amounted to CHF 2,122.6 million. In Swiss Francs, this resulted in a minus of 1.1% in comparison with prior year figures. When calculated in local currencies, however, on a long-term basis an above-average increase in sales of 9.5% was achieved. Operating profit (EBIT) dropped by 7.6% to CHF 449.2 million. This decline was mainly due to the strong Swiss Franc. Calculated with prior year's exchange rates an increase in operating profit would have been posted. An EBIT margin of 21.2% was reached (prior year 22.6%). Net income decreased in comparison to the operating results slightly disproportionately by 5.6%, to CHF 384.0 million, with a return on sales of 18.1% (prior year 18.9%). Earnings per share dropped by 4.8% to CHF 9.82. While free cashflow did not reach the record figure of the prior year, it still remained at a high level of CHF 386.0 million.

In addition to the successful business development, 2011 was also characterized by exceptional activities, for example the introduction of new products such as Geberit DuoFresh, a concealed cistern with integrated → **odor extraction**, an → **actuator plate** that can be installed surface-even in the wall and an → **extra-thin concealed cistern** for the specific requirements of the Australian market, where the walls of the houses are thin. Furthermore, we have used a new branding to make our appeal to architects and end users more emotional and more professional. The focus of Geberit market activities is concentrating increasingly on these customer groups. Our most important customer, however, is and remains the plumber himself. Two initiatives were launched for this target group in the year under review which contribute to a stronger emotional bond. "Geberit on tour" is a mobile exhibition that made it possible for plumbers to experience more closely and more directly the advantages of Geberit products at more than 450 events in eight countries. The "Geberit Challenge" was carried out in nine countries in 2011. To the accompaniment of great media attention, the best teams of plumbers in each country were selected at professional competitions involving theoretical and practical tasks. In November 2011, Geberit was awarded the → **German Logistics Prize** in Berlin. With this renowned prize, which is considered one of the most important awards in the world in its sector, we were honored for the successful, radical restructuring of our logistics in Europe.

The Board of Directors intends to maintain an attractive distribution policy. For this reason the Board decided to propose a distribution of CHF 6.30 to the General Meeting, an increase of 5.0% over the prior year. The payout ratio of 63.7% would thus lie in the upper range of the increased payout corridor of 50 to 70% of net income that had been newly defined in the prior year. The distribution will once again, as in the prior year, take place in the form of a tax-exempt payment to shareholders taken from reserves from capital contribution. Also continuing is the share buyback program begun in January 2011, by means of which additional liquid funds are flowing back to the shareholders.

The generational change in the Board of Directors started last year will be concluded at the General Meeting of 2012. As replacements for Randolph Hanslin and Robert Heberlein, both Members of long standing who have reached retirement age, → **Jeff Song** and → **Jørgen Tang-Jensen** will each be proposed for a three-year term of

office in the supervisory body. The Board of Directors is convinced that the two nominees will enhance the international orientation of the body, in order, that Geberit may establish itself even better in Asia as an important market of the future. In addition, well-founded know-how, in both the B2B and the B2C business, and particularly in the construction industry, will be brought into the Board of Directors. The current Member of the Board of Directors, Susanne Ruoff, is a candidate for re-election for another three years.

We credit the gratifying results in 2011 to the outstanding commitment, the high motivation and the skills of our employees in 41 countries. At this point, we wish to express our thanks and appreciation for their exemplary performance. We would again like to devote special thanks to our customers in the commercial and trade sectors for their solidarity and the constructive collaboration. Last but not least, we also wish to express our gratitude, esteemed shareholders, for your continued confidence in our company.

It is our intention to continue the determined pursuit of our successful path in the new year and to continue to provide good results. In doing so, we continue to anticipate exacerbated economic and political conditions. It is our objective, not only in the construction markets that are still healthy, but also in those that are shrinking, to provide convincing market performances and to continue to gain market shares. The focus in this connection will be on the concerted marketing of the products newly introduced in recent years, on various organic growth initiatives and on the very promising shower toilet business. The Geberit Group is well equipped to achieve the ambitious goals that have been set. With the performance capability of our competent and motivated managers and employees, our effective, efficient and market-oriented organization and the continued faithful cooperation we have with our market partners, we look to the future with confidence.



Albert M. Baehny
Chairman and CEO



Robert F. Spoerry
Lead Director and
Vice Chairman

Geberit share information

Share price performance in the year under review

The challenging market environment impacted the price of the Geberit share throughout the trading year. Beginning the year at CHF 216.20 the share price hovered around the level of CHF 200 for the first half of the year. Mainly external factors, such as concerns over the European debt crisis and associated turbulence on the currency front, were responsible for the price correcting considerably downwards in the third quarter. A mild recovery followed, however, so that the Geberit share ended the year at CHF 181.00. Despite convincing performance in operating business activities, this corresponds to a disproportionate decline of 16.3% in comparison to the relevant indices. The Swiss Performance Index (SPI) fell by 7.7% over the same period. Viewed over the past five years, the Geberit share suffered an annual average loss in value of 0.7% (SPI: -5.1%). The Geberit Group's market capitalization reached CHF 7,212 million at the end of 2011.

Geberit shares are listed on the SIX Swiss Exchange, Zurich, but may also be traded in the over-the-counter markets on the Frankfurt, Stuttgart and Berlin stock exchanges.

At the end of 2011, the free float as defined by SIX was 100%.

Distribution

Given a normal market environment, Geberit can achieve solid free cashflows, which are used to pay back debts, applied toward 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, offers investors security. Surplus liquid funds are distributed to shareholders. Geberit continued this shareholder-friendly distribution policy last year as well.

Over the last five years, more than CHF 1.5 billion has been paid out to shareholders in the form of distributions or share buybacks. During the same period, the price of Geberit shares has fallen slightly from CHF 187.80 at the end of 2006 to CHF 181.00 at the end of 2011.

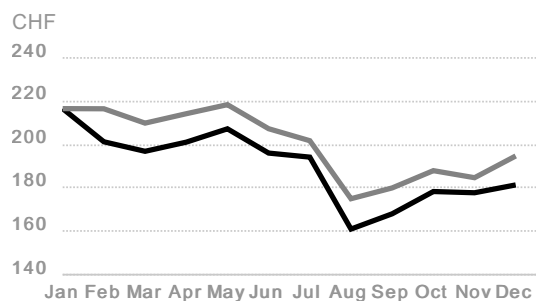
The Board of Directors will propose a distribution of CHF 6.30 to the General Meeting of Geberit AG on April 4, 2012, an increase of 5.0% over that of 2010. As such, the shareholder-friendly distribution policy will be continued. As in the prior year, the distribution will be paid out entirely in the form of a tax-exempt payment from reserves from capital contribution. The payout ratio of 63.7% of net income is in the upper range of the 50% to 70% corridor, which was increased by the Board of Directors as a result of the reassessment of the use of liquid funds at the beginning of 2011.

Subject to the shareholders' approval, the distribution will be paid on April 13, 2012.

The Board of Directors of Geberit AG has decided to initiate a share buyback program in 2011 and 2012. Shares amounting to a total of a maximum of 5% of the share capital recorded in the Commercial Register are being repurchased via a separate trading line, less withholding tax, and cancelled by means of a capital reduction. As of December 31, 2011, a total of 1,026,000 shares, corresponding to 50.0% of the entire program, had been bought back for the sum of CHF 192.5 million. The expected buyback volume is around CHF 380 million.

The General Meeting of April 19, 2011, approved a capital reduction in the amount of the shares repurchased as part of the 2006 share buyback program. The

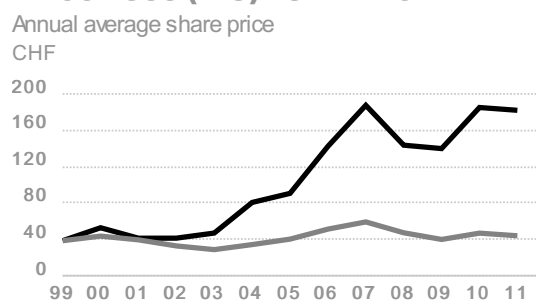
Share price development 01.01. - 31.12.2011



— Geberit share
— Swiss Performance Index (SPI); indexed

Source: Bloomberg

Share price development 22.06.1999 (IPO) - 31.12.2011



— Geberit share
— Swiss Performance Index (SPI); indexed

Based on the 1:10 stock split implemented on May 8, 2007
Source: Bloomberg

Distribution paid (CHF per share)

	2011	2010	2009	2008	2007
Dividend	-	6.40*	5.40	5.20	4.00
Capital redemption	6.00	-	-	-	-
Total	6.00	6.40	5.40	5.20	4.00

* Inclusive special dividend of CHF 1.00

Total distribution to shareholders (CHF million)

	2011	2010	2009	2008	2007	Total
Distribution	236	253	211	207	159	1,066
Share buyback	193	-	-	311	-	504
Total	429	253	211	518	159	1,570

1,391,000 shares repurchased in that program, corresponding to 3.4% of the share capital, were cancelled as of July 6, 2011.

Communication

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

CEO Albert M. Baehny, CFO Roland Iff and Head Corporate Communications Roman Sidler are in charge of the ongoing communication with shareholders, the capital market and the general public. Contact details may also be found on the Internet 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 under
[→ corporate.communications@geberit.com](mailto:corporate.communications@geberit.com).

Extensive share information can be found under
[→ www.geberit.com](http://www.geberit.com) > **investors** > **share information**.

Major data relating to the Geberit share (as of December 31, 2011)

Registered shareholders	18,395
Capital stock (CHF)	3,984,701
Number of registered shares of CHF 0.10 each	39,847,005
Registered shares	26,254,849
Treasury stock:	
- Treasury shares	274,551
- Share buyback program	1,026,000
Total treasury stock	1,300,551
Stock exchange	SIX Swiss Exchange
Swiss securities Identification number	3017040
ISIN code	CH-0030170408
Telekurs	GEBN
Reuters	GEBN.VX

Key figures (CHF per share)

	2011	2010
Net income	9.82	10.32
Net cashflow	12.65	13.53
Equity	36.31	38.58
Distribution	6.30 ¹	6.00

¹ Subject to approval of the General Meeting 2012

Time schedule	2012
General Meeting	April 04
Dividend payment	April 13
Interim report first quarter	April 26
Half-year results	August 14
Interim report third quarter	October 30

	2013
First Information 2012	January 15
Results full year 2012	March 12
General Meeting	April 04
Dividend payment	April 11
Interim report first quarter	April 30

(Subject to minor changes)

Management structure

as of December 31, 2011

Board of Directors

Chairman Albert M. Baehny	Vice Chairman and Lead Director Robert F. Spoerry
-------------------------------------	---

CEO Division	Sales Europe	Sales International	Products	Finance
Chief Executive Officer Albert M. Baehny	Member Executive Board Sales Europe Karl Spachmann	Member Executive Board Sales International William J. Christensen	Member Executive Board Sales Products Michael Reinhard	Member Executive Board Sales Finance Roland Iff
Human Resources Roland Held	Germany Christian Buhl	North America Andreas Nowak	Accredited Test Laboratory Markus Tanner	Controlling Beat Gresser
Communications Roman Sidler	Italy Giorgio Castiglioni	Far East / Pacific Ron Kwan	Quality Siegfried Stehlin a.i.	Treasury Thomas Wenger
Marketing Philip Bucher	Switzerland Hanspeter Tinner	China Edward Qiao	Purchasing Adriaan 't Gilde	Internal Audit Martin Reiner
Strategic Planning Albert M. Baehny a.i.	Austria Clemens Rapp	Singapore Eugene Foo	Logistics Gerd Hailfinger	Information Technology Eric van den Berg
Environment / Sustainability Roland Högger	Netherlands Menno Portengen	Australia Christian Stauber	Technology / Innovation Felix Klaiber	Legal Services Albrecht Riebel
Shower toilet Martin Baumüller	Belgium Paul Forier	Middle East / Africa Christian Steinberg	Products Sanitary Systems Egon Renfordt-Sasse	Service, Finance and Holding Companies Werner Frei / Jürgen Haas
	Nordic Countries Lars Risager		Installation Systems Mario von Ballmoos	
	France Patrick Jouvét		Cisterns and Mechanisms Marcel Heierli	
	United Kingdom Mark Larden		Faucets and Flushing Systems Daniel Raissle	
	Poland Andrzej Dobrut		Waste Fittings and Traps Thomas Kiffmeyer	
	Czech Republic Vladimir Sedlacko		Shower toilet Armin Gierer	
	Slovakia Vladimir Sedlacko		Product Development Appliance Engineering Hansjörg Rohr	
	Hungary Tamás Köszeghy		Project Manager Pool Rolf Kuster	
	Adriatic region Miran Medved		Product Development Sanitary Systems Erwin Schibig	
	Spain David Mayolas		Production Sanitary Systems Holger Kirsch	
	Portugal José Seabra		Production Lichtenstein (DE) Thomas Schweikart / Hartmut Müller	
	OEM Tobias Beck		Production Weilheim (DE) Holger Kirsch	

Management structure

as of December 31, 2011

CEO Division	Sales Europe	Sales International	Products	Finance
			Production Ruše (SI) Matjaz Lesjak	
			Production Matrei (AT) Josef Rapp	
			Production Pfullendorf (DE) Robert Lernbecher	
			Products Piping Systems Martin Ziegler	
			Building Drainage Systems Sandro à Porta	
			Supply Systems Michael Schüpbach	
			Project Manager Pool Martin Ziegler	
			Product Development Piping Systems Remy Stoll	
			Production Piping Systems Michael Reinhard	
			Production Rapperswil-Jona (CH) Bruno Bünzli	
			Production Pottenbrunn (AT) Helmut Schwarzl	
			Production Givisiez (CH) Michel Pittet	
			Production Villadose (IT) Rainer Prügl	
			Production Langenfeld (DE) Ulrich Wagner	
			Production Plants China Christian Steiger	
			Production Plants USA Andreas Nowak	

Business and financial review

The Geberit Group successfully closed out a challenging year by significantly outperforming portions of the relevant market environment. In local currencies, sales growth was considerably above medium-term goals. This gratifying development was, however, diminished in Swiss Francs as a result of negative currency effects. As announced, earnings did not equal those of the previous year but operating margins did continue to exceed the medium-term target range. Raw material prices – which increased primarily during the first half of the year –, organic growth initiatives, stepped-up marketing activities and the strong Swiss Franc were among the causes of the slightly diminished results. At the same time, however, the Company's position as the leading provider of sanitary technology was solidified and additional market share was attained.

Market environment

Positive development in the construction sector in many markets and regions

Despite difficult economic and political conditions, the construction sector proved to be quite robust in markets relevant to Geberit during the year under review.

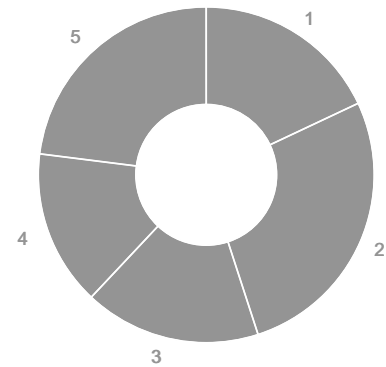
Euroconstruct estimates in November 2011 show that the development of construction volumes in Europe was flat for 2011 as a whole. Renovation business, from which Geberit earns approximately two-thirds of its sales, recovered over the previous year; new construction, on the other hand, was again down slightly. New construction volume is today about 25% below the record levels achieved prior to the crisis, while the considerably more crisis-resistant renovation segment again reached the same level as in 2007. The development of European construction markets varied greatly, with noticeable dips in the United Kingdom/Ireland, Italy and the Iberian Peninsula as well as respectable growth rates in the Nordic and Benelux Countries, Switzerland, Austria and France. Building construction in Germany, Geberit's largest market, increased by 3.6%. Of the total 2011 European construction volume of EUR 1,303 billion, 77% was in building construction, which is Geberit's target market. Of this figure, residential construction made up 45% and non-residential construction accounted for 32%. Against the background of these industry figures, Geberit expects to have again significantly outperformed some of the competition in the year under review.

The gross domestic product (GDP) in the US increased by 1.7%, reflecting slower economic growth than in 2010 (+3.0%). Investments in building construction declined by 3.3% compared to the previous year; no significant recovery – and therefore no return to the long-term average – took place. The number of permits for new, private dwellings increased by only 1.2% in the year under review, while permits for single-family houses dropped off by 7.5%. The number of private dwellings completed was 10.7% lower than in the prior year. In non-residential construction, it was primarily the office, hotel, school/university, production building and public safety areas that declined in relation to the prior year, whereas commercial construction (businesses/restaurants/warehouses) increased. The volume of investment in the area of health care/hospitals remained nearly unchanged.

The Far East/Pacific region was again the growth engine of the global economy in 2011. The gross domestic product in Asia (including India) grew by approximately 7%. Nevertheless, preliminary signs of a slow-down were noticeable toward the end of 2011. Growth in the construction industry continued at a strong pace (approx. +6%); China and India again posted the highest growth. In China, state economic-stimulus packages continued to spur construction activity, particularly in the areas of infrastructure and commercial building, but residential construction also benefited from government investments in communal buildings. The rapid increase in prices – mainly in the upscale housing market – could, however, indicate a potential risk of overheating, which has thus far been held off only in part by countermeasures introduced by the government (restrictions on foreign investors, capital guidelines for the purchase of second homes).

Total construction output Europe 2011

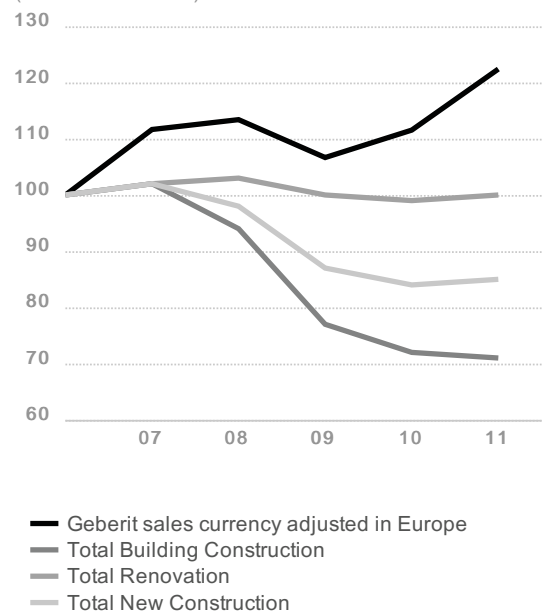
(EUR 1,303 billion)



- 1 Residential – New (18%)
- 2 Residential – Renovation (27%)
- 3 Non-residential – New (17%)
- 4 Non-residential – Renovation (15%)
- 5 Civil engineering (23%)

Construction output and Geberit sales in Europe 2007–2011

(Index: 2006 = 100)



Source: 72nd Euroconstruct Conference, Paris, November 2011; Geberit

Sales

Above-average sales growth in local currencies

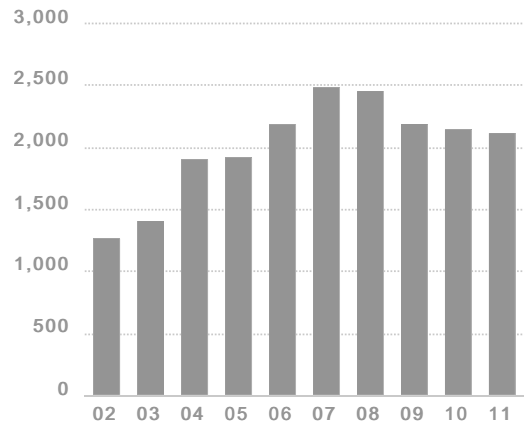
The Geberit Group's cumulative sales were CHF 2,122.6 million for 2011 as a whole (prior year CHF 2,146.9 million). As a result of negative developments in exchange rates, this resulted in a 1.1% decline in Swiss Francs compared to the prior year. Calculated in local currencies, however, the sales growth was 9.5%, an above-average increase in comparison to the long-term sales development.

The decline in sales in Swiss Francs included a negative foreign-currency effect of 10.6%, which was only partly balanced out by a positive price effect of 1.8% and a positive volume effect of 7.7%.

Despite a slow down in sales growth since 2008, the sales trend remains positive in the medium term. Average growth has been 6.2% annually over the past ten years.

Sales development 2002 – 2011

(in CHF million)

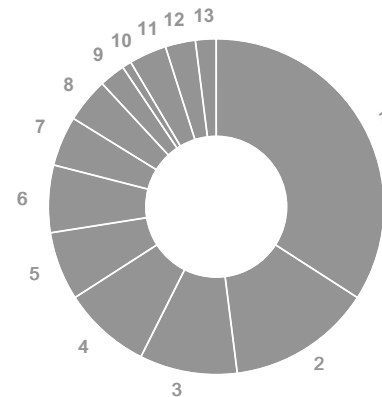


Generally positive performance in the markets and regions

The following sales by markets and regions relate to changes in local currency.

European sales increased by 9.5%. The upturn, which had already started in the previous year, continued in most European markets. Double-digit growth was posted in the United Kingdom/Ireland (+26.2%), Austria (+15.3%), France (+12.6%), Germany (+12.3%), the Nordic Countries (+11.6%), Central/Eastern Europe (+10.3%) and the Benelux Countries (+10.2%). Also showing increases were Italy (+2.9%) and Switzerland (+1.4%). The only European market that continued to register a drop in sales was the Iberian Peninsula (-9.5%). America (+10.2%), Far East/Pacific (+10.0%) and Middle East/Africa (+7.5%) also grew in 2011, under sometimes extremely challenging conditions.

2011 sales by markets/regions



- 1 Germany (34.1%)
- 2 Switzerland (13.9%)
- 3 Italy (9.4%)
- 4 Benelux (8.5%)
- 5 Central/Eastern Europe (6.6%)
- 6 Austria (6.5%)
- 7 Nordic Countries (4.8%)
- 8 France (4.3%)
- 9 United Kingdom/Ireland (2.5%)
- 10 Iberian Peninsula (0.9%)
- 11 America (3.6%)
- 12 Far East/Pacific (2.9%)
- 13 Middle East/Africa (2.0%)

Stronger growth in Piping Systems

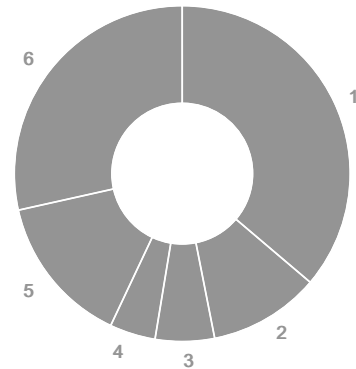
In Swiss Francs the **Sanitary Systems** product area fell by 3.7% to CHF 1,209.0 million. In local currencies, on the other hand, growth reached 7.0%.

Sales from the most important product line, **Installation Systems**, which accounted for a 36.2% share of Group sales, increased by 6.9% in local currencies. As in prior years, drywall elements and the attractive, designer actuator plates were primarily responsible for this growth. Sales in the **Cisterns and Mechanisms** product line increased by 7.3%, thus accounting for 10.7% of total sales. Strong growth in sales of the AquaClean shower toilet and newly introduced Monolith toilet modules boosted overall sales. By contrast, and primarily due to weak OEM business in the Far East/Pacific region, filling and flush valves as well as business in traditional exposed cisterns stagnated (as a consequence of the conversion to concealed solutions Geberit has been pushing for years). The **Faucets and Flushing Systems** product line increased by 7.2%, resulting in a 5.7% share of total sales. This product range benefited from the gratifying development of business in the US subsidiary Chicago Faucets, which increased despite the challenging market environment. Also positive in this area was the sales development in urinal flush controls. The **Waste Fittings & Traps** product line held its own in the framework of the development of the entire product area. Shower drains posted high, double-digit growth, to which the recently launched wall drain for floor-even showers contributed significantly. Sales in this product line increased by 6.4% and the share of Group sales was 4.4%.

Sales in the **Piping Systems** product area increased by 2.5% to CHF 913.6 million; the increase was as much as 13.1% in local currencies. The trend of increased growth in the Piping Systems product area thus held through the whole year. Product sales in this area benefited from business in new construction, which increased in many major markets compared to previous years.

After currency adjustments the **Building Drainage Systems** product line grew by 12.6%. The contribution to total sales was 14.5%. In this product line, the Pluvia roof drainage system and Silent-PP line were especially notable among the overall gratifying results with high double-digit growth rates. Sales in the **Supply Systems** product line were equally successful, posting growth of 13.4%. In this area the Mapress product range in stainless steel, carbon steel and copper delivered impressive growth rates. The contribution of this product line, which is the second largest measured by Group sales, climbed to 28.5%.

2011 sales by product areas and product lines



Sanitary Systems (57.0%)

- 1 Installation Systems (36.2%)
- 2 Cisterns and Mechanisms (10.7%)
- 3 Faucets and Flushing Systems (5.7%)
- 4 Waste Fittings and Traps (4.4%)

Piping Systems (43.0%)

- 5 Building Drainage Systems (14.5%)
- 6 Supply Systems (28.5%)

Results

Substantial negative foreign currency effects in the income statement

The strong Swiss Franc continued to exert its influence in 2011 compared to all major currencies of the Group. On the whole, currency fluctuations precipitated a sales loss of approximately CHF 230 million. By far the greatest effect was felt in conversions from Euros. In 2011, Geberit generated 69% of its sales in the Eurozone. 5% of all sales were invoiced in US Dollars and 3% in British Pounds. The cumulative currency effects narrowed sales development by 10.6%. Operating profit (EBIT) was reduced by about CHF 55 million as a result of the strong Swiss Franc.

Further negative effects on consolidated results were prevented with an efficient, natural hedging strategy, according to which costs were accrued at the same ratio in the currencies in which sales were earned. This strategy was very nearly perfect, especially in Euros and US Dollars. However, the disproportionately high – in comparison to sales – costs in Swiss Francs yielded smaller deviations. Consequently, currency losses resulted primarily from conversion effects (currency translation effects) and only to a small degree from transaction effects.

In terms of a sensitivity analysis, the following adaptations can be assumed if the Swiss Franc is 10% stronger:

- Sales: -7% bis -9%
- EBIT: -9% bis -11%
- EBIT margin: approx. -0.5 percentage points

For additional information on the management of currency risks, refer to → **Financial Statements of the Geberit Group, Notes to the Consolidated Financial Statements, 4. Risk Assessment and Management, Management of Currency Risks** and → **Financial Statements of the Geberit Group, Notes to the Consolidated Financial Statements, 16. Derivative Financial Instruments**.

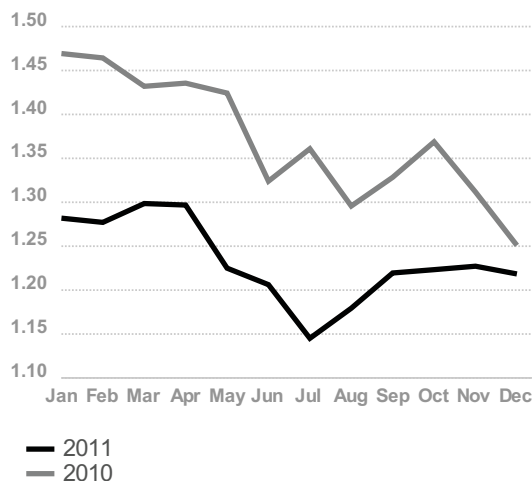
Operating profitability maintained at a high level

The Geberit Group again closed out 2011 with operating results at a high level despite slightly declining sales and considerably negative foreign-currency effects and effects from raw-material prices. Consistent cost management and further optimized processes helped to keep operating costs in check.

Operating cashflow (EBITDA) decreased by 7.3% compared with the prior year, to CHF 532.0 million. Despite a challenging environment, the EBITDA margin reached 25.1% (prior year 26.7%), exceeding the target range for the medium term. The average EBITDA growth of 7.4% has markedly exceeded the corresponding rise in sales (6.2%) over the last decade. The operating profit (EBIT) dropped by 7.6% to CHF 449.2 million. The EBIT margin reached 21.2% (prior year 22.6%). Compared to the operating results, net income fell by a marginal 5.6% to CHF 384.0 million with a return on sales of 18.1% (prior year 18.9%). Earnings per share declined by 4.8% to CHF 9.82.

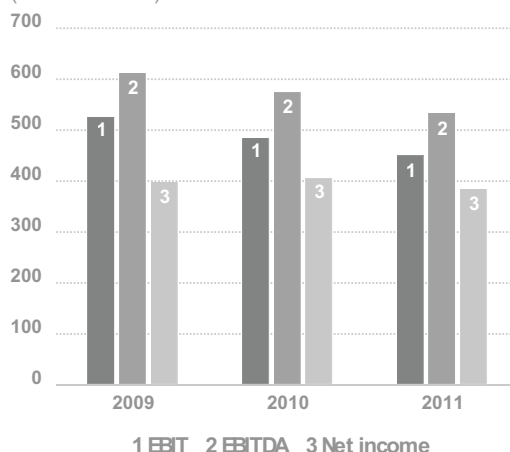
EUR/CHF-Exchange rates 2010/2011

(Period-end exchange rates)



EBIT, EBITDA, Net income 2009 – 2011

(in CHF million)



Higher materials prices negatively impact operating expenses

Customer bonuses and cash discounts increased by 3.3% to CHF 255.0 million; viewed as a percentage of sales, they increased from 11.5% to 12.0%. This increase can be attributed to strong sales development in local currency.

Total operating expenses in 2011 rose by 0.3% to CHF 1,418.4 million, or from 65.9% to 66.8% as a percentage of sales. As in prior years, all expense items benefited from positive foreign currency effects and thus offset a portion of the drop in sales caused by the negative currency development. Strict cost management and continued process optimization also had a reductive effect. After a significant increase in the first half of the year, the situation on the raw-materials markets eased slightly in the second half of the year – but remained on a high level. Accordingly, the cost of materials for the entire year increased by 2.6% to CHF 587.9 million; at a 27.7% proportion of sales, this was exactly one percentage point over the value for the prior year. In comparing the cost of materials to sales, substantial sales price reductions in the Swiss market as a reaction to the strong Swiss Franc had a negative effect. Personnel expenses decreased by 2.6% to CHF 435.6 million, corresponding to 20.5% of sales compared to 20.8% in the prior year. After currency adjustments, however, these expenses showed an increase despite optimized processes in production and logistics, which is a consequence of capacity adjustments in the plants to accommodate the sales growth, growth initiatives in various markets and collectively agreed salary adjustments. Depreciation lessened by 6.0% to CHF 76.9 million. This decline, however, can be attributed exclusively to the extraordinary currency situation. On the other hand, the consistently high investment volume of the previous years and extraordinary effects had an augmenting effect. The amortization of intangible assets rose from CHF 5.7 million to CHF 5.9 million. Other operating expenses increased by 1.9% to CHF 312.1 million. The major causes of this increase were newly intensified marketing activities, the effects of the organic growth initiatives, as well as surging costs for energy and indirect materials resulting from the volume growth.

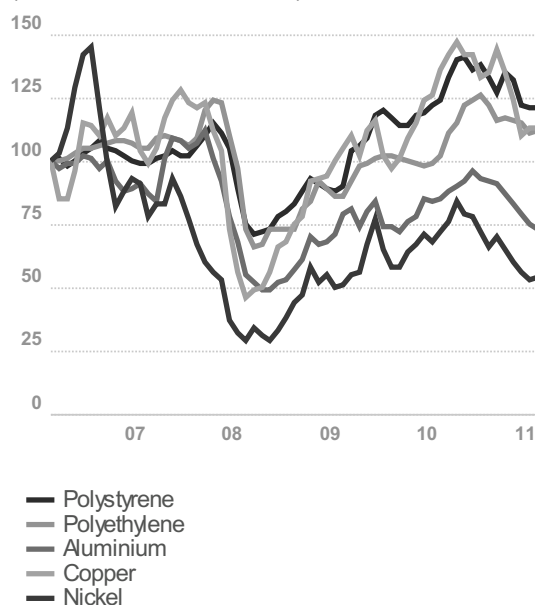
The financial result was negative as in the prior year; the amount, however, shrank considerably as a result of lower currency losses and reduced interest expenses. Tax expenses declined by CHF 7.2 million to CHF 57.9 million, resulting in a tax rate of 13.1% (prior year 13.8%).

Free cashflow did not reach record value of prior year

Lower operating cashflow (EBITDA) led to a drop of 7.3% in net cashflow to CHF 494.7 million. Based on this figure, free cashflow also fell by 21.8% to CHF 386.0 million, as a consequence of increased investments in property, plant and equipment, but primarily because of negative effects from the change in net working capital (positive one-time effects in the prior year). Nevertheless, this is still the third-highest free cashflow ever achieved in the history of Geberit. The free cashflow was largely used to pay distributions of CHF 236.0 million to shareholders and to repurchase shares totaling CHF 192.5 million in the scope of the ongoing share buyback program.

Raw material price development

(Index December 2006 = 100)



Financial structure

Strong financial base

Free cashflow during the year under review was again substantial and continued to bolster the Geberit Group's very healthy financial foundation.

Total assets fell slightly from CHF 2,171.2 million to CHF 2,122.7 million. The strong Swiss Franc had a damping effect on most balance sheet items.

Cash reserves decreased, which can be attributed in part to the fact that bonds were acquired in considerable volume as liquidity reserves in 2011. Furthermore, own shares were repurchased. In addition to liquid funds and marketable securities of CHF 542.0 million (prior year CHF 586.6 million), the Group had access to undrawn operating credit facilities of CHF 195.7 million. Debt remained practically unchanged at CHF 75.6 million (prior year CHF 73.4 million). At the end of 2011, this resulted in a positive net cash level in terms of net debt of CHF -466.4 million (prior year CHF -513.2 million).

Net working capital grew by CHF 5.6 million to CHF 114.1 million. Property, plant and equipment increased slightly from CHF 514.3 million to CHF 516.2 million; goodwill and intangible assets decreased from CHF 658.8 million to CHF 645.2 million.

As a result of the net cash level cited above, gearing (net debt/equity) was essentially unchanged at -32.9% (prior year -33.7%). The equity ratio fell slightly but still reached a very solid 66.9% (prior year 70.0%). In terms of average equity, the return on equity (ROE) for the year under review was 26.0% (prior year 27.0%). Average invested operating capital, comprising net working capital, property, plant and equipment as well as goodwill and intangible assets, amounted to CHF 1,327.6 million at the end of 2011 (prior year CHF 1,450.5 million). The return on invested operating capital (ROIC) amounted to 28.8% (prior year 28.7%). For details on the calculation of gearing, ROE and ROIC, see → **Financial Statements of the Geberit Group, Notes to the Consolidated Financial Statements, 5. Capital Management.**

As of December 31, 2011, the Geberit Group held 1,300,551 own shares in treasury, which corresponded to 3.3% of the shares entered in the Commercial Register. Of these, 1,026,000 shares (2.6% of the shares entered in the Commercial Register) were obtained from the share buyback program started at the beginning of 2011. On July 6, 2011, as a result of a resolution of the General Meeting of April 19, 2011, capital in the amount of 1,391,000 shares (3.4% of the shares entered in the Commercial Register) from the 2006 share buyback program was retired. The remaining treasury shares numbering approximately 275,000 are mainly earmarked for share participation plans.

Debt (in CHF million)

	12/11	12/10	12/09
Long-term debt	10.8	70.1	82.0
Total debt	75.6	73.4	110.9
Liquid funds and marketable securities	542.0	586.6	406.5
Net debt	-466.4	-513.2	-295.6

Investments

Increased investment volume

In 2011, investments in property, plant and equipment and intangible assets amounted to CHF 92.6 million, which is CHF 12.1 million or 15.0% above the level of the prior year. As a percentage of sales, the investment ratio in the year under review was 4.4% (prior year 3.7%). The strong Swiss Franc had a diminishing effect on the total investment volume when converting investment amounts from the Eurozone. As in the prior year, all planned, larger investment projects were carried out despite uncertain prospects.

In 2011, 50% of all investments, or CHF 45.8 million, was required for expanding the infrastructure. The Geberit Group used some CHF 10 million of that total for the procurement of tools and equipment for newly developed products. 30%, or CHF 28.1 million, was invested in the ongoing renewal of property, plant and equipment, while 20%, or CHF 18.7 million, was used for rationalization investments regarding property, plant and equipment.

The bulk of investments went toward the procurement of tools and molds for new products and toward machinery. Sizable investments were also made in the conversion and expansion as well as the new construction of buildings. Among other things, parts of the headquarters in Rapperswil-Jona were modernized (including the Geberit AquaClean production insourcing project), the project for the new construction of a production plant in India was begun, and the plant in Matrei, Austria was expanded with a production hall.

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

	2011	2010	2009	2008	2007
	92.6	80.5	106.4	152.5	103.5
In % of sales	4.4	3.7	4.9	6.2	4.2

Sustainability

Sustainability in practice – Group-wide

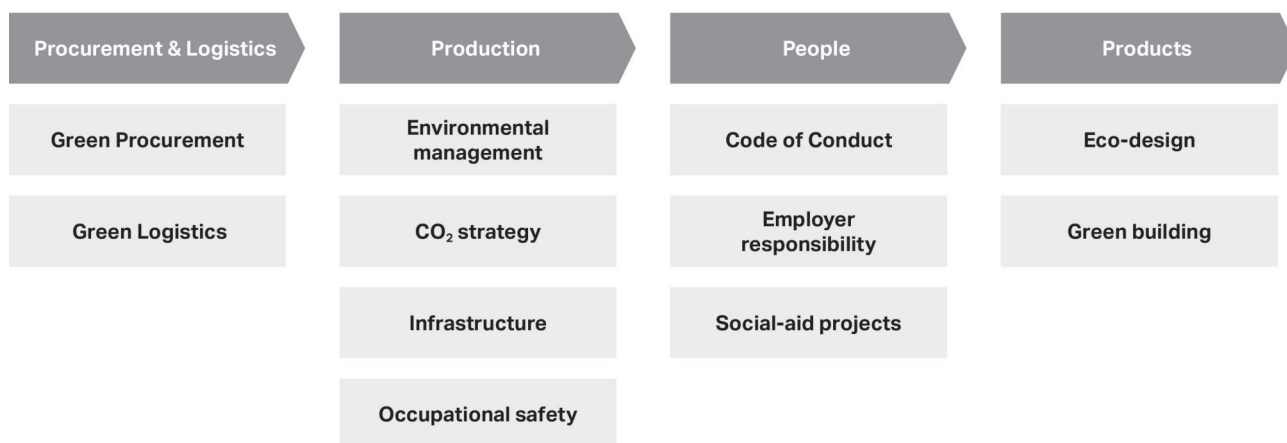
As the European market leader in the sanitary industry, Geberit stands for conserving water, the efficient use of resources and green building. The Group has been proving for decades that long-term business success is compatible with environmentally friendly and socially responsible action. Sustainable business management helps cut costs and minimize risks at the same time. Geberit aims to be a role model and set standards for customers, suppliers and other partners. This includes water-saving, sustainable products; safe, environmentally friendly and resource-efficient production; procurement and logistics with high environmental and ethical standards as well as good working conditions for the more than 6,000 committed, competent employees worldwide. Geberit's corporate responsibility is realized in the scope of global social-aid projects relating to its core competency of water and is intensified through a long-term partnership with the Swiss development organization Helvetas.

With its Millennium Development Goals of 2000, the United Nations intend by 2015 to halve the number of people who do not have access to clean drinking water and sanitary installations. This demonstrates the great importance of the topic of water to world health, world nutrition and peacekeeping. Increasing world population, migration, urbanization, climate change and natural catastrophes can lead to regions that are currently well supplied with water becoming problem regions in the future. These global trends will have a significant impact on the sanitary technology of the future: Water-saving, resource-efficient products are becoming increasingly important. With the successful launch in 2011 of the product-classification system WELL (Water Efficiency Label), the European sanitary industry determined that improved information for consumers is important to achieving broad acceptance. WELL is an information and orientation aid for conscious purchasing decisions with respect to the responsible handling of water. Six Geberit products have already been classified in the highest efficiency categories.

Green building has long been more than just a trend. It is a global development in which Geberit is placing its faith with appropriate products. The Company is already supplying water-saving and energy-saving, low-noise and durable products that meet sustainable construction standards. In this way, Geberit is positioning itself as the leading system provider of sanitary solutions in green building. This is plain to see in numerous → **reference buildings** in which Geberit products are installed: Le Monolith in Lyon (FR) is part of one of the most impressive urban-development projects in Europe. 80% of the energy consumed in the building comes from renewable energy sources. Geberit Mapress Carbon Steel pipes were used for the connections between the solar collectors and the water heating system. They guarantee long-term resistance to corrosion, can be quickly and safely connected to each other and are exceptionally well suited for closed hot-water circuits. The 126-meter-tall Prime Tower recently built in Zurich (CH) required special installations, especially considering the strict requirements with respect to waste water, acoustic insulation and the hydraulics in the roof drainage system. Various Geberit products contributed to convincingly meeting these challenges: the Pluvia roof drainage system and the GIS installation system, the electronic urinal flush controls and washbasin taps, as well as the PE- and Silent-db20 piping systems.

Geberit's positioning as a sustainable company is playing an ever more important role in various stakeholders' expectations, as demonstrated by a series of → **awards**. The consistent implementation of the sustainability strategy is an essential guideline for the development of all internal organizational units. The strategy focuses on individual sustainability modules. Among these are → **green procurement**, → **green logistics** and → **environmental management in production**, → **occupational safety** and → **eco-design in product development** as well as → **social-aid projects**. Each module contains a clear objective, derived measures and quantified key figures for effective monitoring. Overall, objectives were achieved to a great extent in 2011. For more information, see the → **sustainability strategy**.

Sustainability strategy landscape 2011



Geberit is committed to internationally recognized principles of sustainability and since 2008 has been a member of the United Nations Global Compact, a global agreement between businesses and the UN designed to make globalization more socially and environmentally friendly. → **Communication on progress** regarding measures in the areas of human rights, labor practices, environmental protection and combating corruption is submitted annually. Geberit is also a member of the local Swiss network of the UN Global Compact. The formal anchoring of the subject of sustainability is reinforced by the → **Code of Conduct for Employees**, the → **Code of Conduct for Suppliers** and a Code of Conduct for transport service providers. Compliance with the directives is ensured by continuously improved compliance processes. In addition, an extensive system for the control and management of all risks involved in entrepreneurial activities is in place throughout the Group (refer to → **Corporate Governance, 3. Board of directors, article "Information and control instruments vis-à-vis the Group Executive Board"**).

A performance review of sustainability is published annually in accordance with the guidelines of the Global Reporting Initiative (GRI). All aspects of the directives can be found in the → **Sustainability Performance Report**. The information disclosed in the scope of the report fulfills the maximum transparency grade A set out in the GRI directives, which has been verified and confirmed by GRI (refer to the → **GRI-Statement**). Based on this transparent approach, for instance, in the year under review, Geberit won the highest rating in the Swiss Annual Report Ranking of the University of Applied Sciences Northwestern Switzerland, which has a strong focus on sustainability reporting.

Geberit's performance was honored with numerous awards in 2011, among them the → **Marketing Prize of the Swiss Marketing Association (GfM)** and the → **German Logistics Prize** for its radical restructuring of logistics and the development of logistics to a core competency. In addition, the Company was awarded the highest honor, → **Most Innovative Brand Award** at the Plus X Awards, a German prize for innovation of products in the areas of technology, sports and lifestyle, as well as various awards for individual products in the Sanitary product group.

The efforts in terms of sustainable corporate management are also being rewarded on the capital market. At the end of 2011, more than 10% of Geberit stock was held by sustainability-conscious investors. Geberit is well represented in the continuously growing sector of sustainability stock indices and sustainability funds. Thus Geberit shares are listed in the STOXX Europe Sustainability Index as well as the FTSE4Good Index (Europe/Global). In addition, renowned sustainability funds hold Geberit shares in their portfolios. Geberit's objective is to continue to play a significant role in the constantly growing investment segments Sustainability and Water.

Customers

Focus on customer orientation

Geberit desires to generate primarily organic sales growth in order to ensure the Group's long-term success. A prerequisite for this is to increase market penetration in the existing markets and to develop new markets in a targeted manner. Against this background, great importance is attached to the optimization of market cultivation. Customer orientation is therefore the focus of the Company's integrated, sustainable corporate philosophy.

Around 500 technical advisors working in the field are in contact on a daily basis with plumbers, planners and architects, in particular. During the year under review, around 30,000 customers were provided with education and further training in Geberit systems and software tools in the 25 information centers in Europe and overseas. Additionally, external training sessions held by local sales companies in cooperation with partners in a variety of settings offered a special opportunity for educational measures. As a result of these measures, a further approximately 70,000 customers came into contact with Geberit know-how and products during the past year.

Geberit's most important target group is and remains plumbers. The existing, proven market-cultivation activities such as customer visits, training, making technical documentation available etc., were successfully continued. In addition, investments were made during the year under review in forming a stronger emotional bond to plumbers. To this end, two new series of events were carried out: "Geberit on tour" and the "Geberit Challenge" plumbers' contest.

"Geberit on tour" is a mobile exhibition that made it possible in 2011 for plumbers to experience the advantages of Geberit products even more up close and personal at more than 450 events in eight countries. After its sweeping success in the Netherlands in 2010, the "Geberit Challenge" traveled to eight additional countries in the year under review: Germany, Austria, Switzerland, France, Sweden, Norway, Finland and the United Kingdom. Garnering much media attention, the best team of plumbers in each of these countries was named based on professional competitions made up of theoretical and practical challenges. The grand prize was an exclusive trip to Dubai.

Thanks to the extensive campaigns of recent years, the Geberit brand is also becoming ever more recognized among end users. The target groups of these end user-oriented marketing activities are above all people interested in the topics of better living and interior design, as well as architects and interior designers. In the year under review, print and online campaigns reached over 40 million end users.

Trade fairs again served as good platforms for maintaining customer contacts and communicating Geberit's innovative strength in 2011. The most important were the biennial ISH in Frankfurt (DE) (Europe's largest sector trade fair), Batibouw in Brussels (BE), Mosbuild in Moscow (RU), Wohnen&Interieur in Vienna (AT), Fiera Termoidraulica in Padova (IT), Kitchen & Bath China in Shanghai (CN), and the Kitchen & Bath Industry Show in Las Vegas (US).

Facts and emotions in communications with customers

It is less the technical facts than the emotional aspects that count in communications with end users and architects, as opposed to information addressed to plumbers and planners. A branding project with the goal of evolving the Geberit brand was therefore

initiated at the beginning of 2010. The new brand image integrates two different worlds: a more emotional one for the target group of architects and end users, and a more technically oriented one for that of plumbers and planners. Both worlds are based on the five central Geberit values – know-how, innovation, partnership, reliability and quality of life – as well as the same design principles. Communications are to be more self-aware, as befits a market leader, in the future. The implementation of the visual aspect of the branding project was undertaken in the second half of 2010; its global launch in Geberit markets and companies took place during the course of 2011.

As a result of the sustainable overall concept and decisive action on the market over the past years, Geberit was awarded the → **Swiss Marketing Prize by the Swiss Marketing Association (GfM)**. Also acknowledged was the fact that the Company is an industry leader in the area of sustainability and consistently unites long-term economical growth with environmentally friendly and socially responsible action.

A high degree of customer satisfaction in the individual regional markets is central to Geberit's success. For instance, a survey of a total of 700 plumbers, planners and wholesalers on this topic was carried out in Germany in the year under review. Compared with the competition, it was determined that Geberit is the industry benchmark in all aspects – and above all in the important areas of corporate image and customer service – and exhibits many outstanding strengths in the area of familiarity to end customers. More than 80% of the customers and partners surveyed indicated very high satisfaction overall. Moreover, Geberit has an extremely loyal clientele: More than 90% of the plumbers and planners would recommend Geberit with no hesitation. According to another survey on the Geberit AquaClean shower toilet carried out in Switzerland, 83% of customers would purchase an AquaClean again, and more than 95% would recommend it to others.

Innovation

Commitment to innovation

For Geberit, a clear commitment to innovation is indispensable. To that end, the Company again invested significant resources in new and advanced development of products and technologies in 2011. In addition to high quality, longevity and easy installation, new products also feature the economical use of water and energy in combination with the highest level of hygiene and optimized acoustic characteristics.

The innovation strength, which is above-average when compared to the industry sector, helps to ensure the Group's long-term success. Successful research and development (R&D) activities are the prerequisite for this. In the year under review, Geberit invested CHF 48.4 million (prior year CHF 44.2 million) or 2.3% of its sales in the future of its products. Expenses increased by 9.5% compared to the prior year. Additionally, in the scope of **→ investments in property, plant and equipment and intangible assets**, considerable sums were invested in tools and equipment for newly developed products. The Company applied for 22 patents in the past year, bringing the total for the last five years to 95.

All new product developments at Geberit undergo a structured innovation and development process. This process ensures that the creative potential of the Group is used to the optimum and that the development activities focus on the needs of the market. In order to support its internationalization efforts, the Company maintains development competence centers of its own in China and the US. To this end, Geberit China has had the latest infrastructure facilities since the new headquarters were opened in Shanghai (CN) in 2010. The focus of all new product developments is on the customer benefit and the system approach.

Products with strong environmental performance

With industry-leading research and development, Geberit has for decades concentrated on environmentally friendly products and meeting the needs of the worldwide growth market for green building. Geberit products are also impressive because of their high recyclability and environmental compatibility. The Company's greatest environmental performance, however, is a result of the contribution to the ever more important worldwide **→ topic of water conservation**. According to one model calculation, the entire dual-flush and flush-stop "fleet of cisterns" produced since 1998 has saved about 12,000 million cubic meters of water in comparison with traditional flushing systems. In 2011 alone, the water saved amounted to 1,700 million cubic meters. This is more than half of the annual consumption of all German households.

The basis for sustainable products is a systematic innovation process, in which the environmentally friendliest materials and functional principles possible are chosen, risks are minimized and a high level of resource efficiency is targeted both for the production process and the product itself. Eco-Design workshops, in which different disciplines cooperate and ensure that every new product exceeds its predecessor in environmental aspects, are an integral part of the early development phase. Specially created product life cycle assessments are important decision-making aids and provide arguments for the use of products that conserve resources in construction projects. Detailed life cycle assessments have already been prepared for the following products: drainage pipes, AquaClean 8000plus, concealed cistern, urinal flush controls and supply pipes. A new life cycle assessment has also been prepared for the 185/186 electronic lavatory taps.

Six Geberit products already classified with WELL

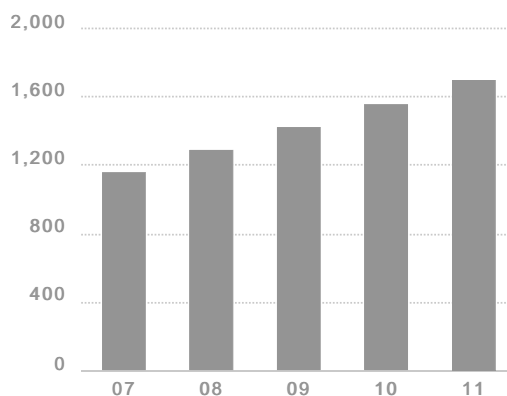
The WELL label (Water Efficiency Label) of the European umbrella organization for faucet manufacturers EUnited that was introduced at ISH 2011, the world's largest sanitary trade fair, in Frankfurt (DE), is intended to address the growing environmental awareness of consumers. WELL takes its direction from the well-

R & D expenditures (in CHF million)

	2011	2010	2009	2008	2007
	48.4	44.2	45.6	46.0	48.1
In % of sales	2.3	2.1	2.1	1.9	1.9

Water-saving through Geberit products 2007–2011

(in m³ million)



Annual savings from Geberit's worldwide "fleet of cisterns" using dual-flush and flush-stop technology, compared with traditional 9-liter flushing systems

known and well-established efficiency labels for electric household appliances and fulfills a similar function. WELL provides consumers with information about the product's water efficiency at a glance. The new classification system will also encourage responsible use of the resource of water. WELL uses a scale of A to D for products for home use and A to F for products for use in public areas. The WELL label was granted to six Geberit products in 2011:

WELL home:

- A: - Sigma concealed cistern (UP320)
 - Monolith sanitary module
- B: - Pneumatic urinal flush control

WELL public:

- A: - Sigma concealed cistern (UP320) with touchless dual flush
 - electronic urinal flush control
 - touchless lavatory taps 185/186

New products prove their mettle

Diverse product launches marked 2011:

- One particular innovation is the → **Geberit DuoFresh as a concealed cistern with integrated odor extraction**. The new solution ensures that odors are directly suctioned out of the toilet bowl through the flush water inlet, purified with active carbon and then released back into the room. The user enjoys greater convenience and avoids additional ventilation of the bathroom with its associated heat loss. The Geberit DuoFresh was awarded the design prizes "Design Plus" and "Plus X Award" as the best product of the year for 2011 on the criteria of quality, functionality, ergonomics and design. Annual operation of the concealed odor extraction unit for a family of four consumes less than 5% of the energy that would be lost by cracking the window for ten minutes after each use in the winter. In the case of longer ventilation times, the proportion drops accordingly.
- With a new, → **surface-even actuator plate that can be built into the wall** Geberit fulfills the most stringent requirements of architects, for whom the design of aesthetically superior bathrooms is becoming ever more important.
- After being redesigned as a comprehensive system in 2010, the → **Pluvia roof drainage system** was further **optimized** and tailored to diverse needs.
- Building walls in **Australia** are often only 7.6 centimeters thick, but standard concealed cisterns measure 12 centimeters. The technology for the Australian market was adapted accordingly so that an → **extra-thin concealed cistern** that can easily be installed in Australian building walls is now available. Use of this water-saving cistern holds great potential in a country often confronted with water shortages.
- The wishes of plumbers have been accommodated in the **further development** of the new → **pressing tools** for the **Mapress and Mepla piping systems**: The tools in the Serie 202 line are lighter, faster, smaller and easier to handle. Thanks to their new lithium-ion batteries, the ACO 202 model must be recharged less frequently, which means fewer interruptions in the work.

Various new product introductions are again slated for 2012:

- After the extremely successful launch of the **Monolith toilet module** two years ago, the success story will now be continued with the introduction of modules for → **washbasins and bidets**. In the process, the various usable spaces in a bathroom will be bundled together. Using the sanitary module for washbasins as an example, this means that functions such as countertops, storage space and towel rails as well as all the technology for fastening, water connections and trap form a unit that can be equipped with numerous commercially available taps and washbasins. The same philosophy is behind the modules for WCs or bidets.

- In 2012 a → **WC sanitary module for the Chinese market** tailored to local needs and unique in its segment will be ready for market launch.
- Environmentally friendly products for public areas that reduce water consumption have been available for several years in the Type 185 and 186 **electronic lavatory taps**. These taps bearing the water-efficiency WELL label ensure economical consumption by means of control electronics. Available in spring 2012, a → **new generator unit** uses the energy of the flowing tap water to generate the necessary electricity, making electronic taps **independent of mains current and batteries**. The new generator is based on intelligent energy management that expediently unites use, ecology and practical installation in one device. High-performance batteries with a service life of at least ten years eliminate the need to change batteries regularly, reduce maintenance costs and save service calls. All parts can be separated and recycled, and the generator entails less hazardous waste than batteries. Electrical wires and power outlets are not needed, which makes planning and installation considerably easier.
- Operation of the new → **Sigma80 actuator plate** is **touchless** and therefore meets the most stringent requirements for design, hygiene and convenience. Placing a hand in front of the light field (available in five different colors) suffices to actuate the dual-flush mechanism. Everything else is done by the servo technology integrated in the cistern.
- A → **concealed cistern** developed specifically to meet the needs and installation practices of the **Indian market** will be launched in the beginning of 2012. For the first time, beginning at the end of 2012, Geberit will be able to manufacture this product with proven Geberit quality directly in India at a plant currently under construction. Customers in the Indian market will benefit from short transport distances.

Please refer to the → **2012 new products brochure** for further information on new products.

Production

Production designed for resource efficiency

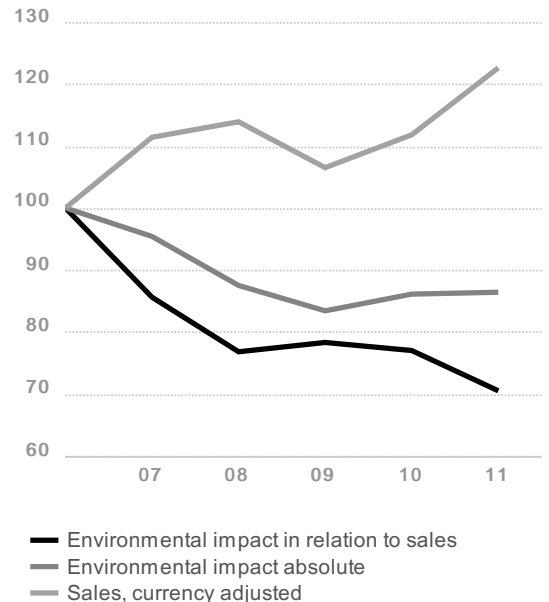
All production sites are subject to a systematic, Group-wide environmental management, which holds a → **combined Group Quality and Environment certificate in accordance with ISO 9001 and ISO 14001**. All sites are recertified periodically. A comprehensive corporate eco-balance, which serves as the basis for targeted measures to improve environmental performance, is prepared each year.

Group-wide, the absolute environmental impact increased slightly in 2011 by 0.4% (prior year increase: 3.3%). This increase is put into perspective by the fact that Group sales after currency adjustments for the same period increased significantly more – by 9.5% – in comparison. The consumption of energy in the form of electricity, combustibles and fuels represents Geberit's greatest environmental impact. Energy consumption in the year under review increased as a result of considerably greater production volumes in Villadose (IT) and Langenfeld (DE) (114.2 GWh compared to 108.8 GWh the prior year). The Company consumed lower volumes of combustibles (43.4 GWh compared to 48.9 GWh the prior year) and fuels (17.3 GWh compared to 17.4 GWh the prior year). The fact that more green electricity was purchased than in the prior year had a positive effect on the absolute environmental impact, as did numerous technical measures: equipping injection molding machines with energy-saving drives and eliminating standby operation, for instance, which can reduce energy consumption by up to 50%. Or a new cooling system in Pottenbrunn (AT) which makes direct use of waste heat to reduce energy consumption by as much as 900 MWh annually – comparable to the electricity consumption of 200 households.

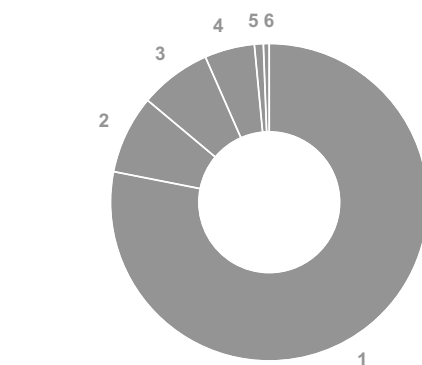
CO₂ emissions in 2011 amounted to 76,903 metric tons (prior year 77,486 metric tons). Under the CO₂ strategy, relative CO₂ emissions (ratio of CO₂ emissions to sales after currency adjustments) are to be reduced on average by 5% each year between 2006 and 2012. As of the end of 2011, Geberit is on target to meet this requirement. The amount of certified green electricity drawn from the Palü (CH) hydroelectric power station by Geberit's largest production site in Pfullendorf (DE) was increased from 6 GWh annually to 10 GWh annually in 2011. A further increase to 12 GWh is planned for 2012. In 2011, the Daishan site in China also drew about 3 GWh of wind power, which corresponds to approximately 60% of the plant's energy consumption. These measures as well as ongoing effective initiatives such as the binding requirements for energy-efficient, low-emission new vehicles and the associated lowering of CO₂ emissions from the vehicle fleet by 10% every three years also contributed to the improved CO₂ balance. All of the corresponding targets and measures are detailed in the scope of the Company's participation in the Carbon Disclosure Project (CDP).

Environmental impact 2007–2011

since launch of the CO₂ strategy
(Index: 2006 = 100)



Distribution environmental impact 2011



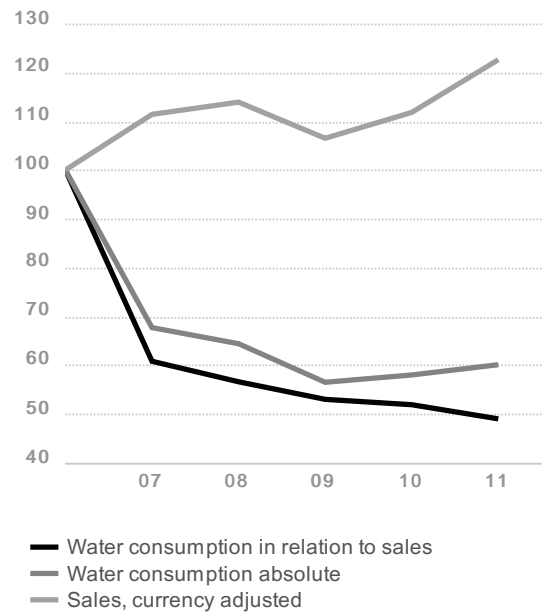
- 1 Electricity (78.1%)
- 2 Fuels (8.0%)
- 3 Combustibles (7.3%)
- 4 Disposal (5.1%)
- 5 Solvents (0.9%)
- 6 Water (0.6%)

Successes were also achieved with respect to other environmental factors. In internal water consumption, Geberit has been acting as a role model year after year. After years of considerably reduced consumption compared to each respective prior year, water consumption leveled off at a low level in 2011. During the year under review, total consumption of 130,037 cubic meters of water was slightly more than that of the prior year (125,592 cubic meters). Taken as a ratio to sales after currency adjustments, however, this still represents a slight decrease. Targeted improvements, such as reusing water in laboratories and the optimization of fresh-water test runs in development, contribute to the diligent handling of water resources. The total amount of waste disposed of increased to 11,516 metric tons (prior year 10,863 metric tons), while 84% was sent to external recycling processes as in the prior year.

Geberit is investing in the energy-efficient infrastructure of tomorrow with appropriate planning in its new buildings. The new shower toilet production plant in Rapperswil-Jona (CH), which meets Minergie standards, and the new building currently under construction in India, which integrates the use of rainwater, a shading concept and optimized ventilation and cooling, are projects for which investments have been made in forward-thinking technologies.

Water consumption of Geberit production sites 2007–2011

(Index: 2006 = 100)



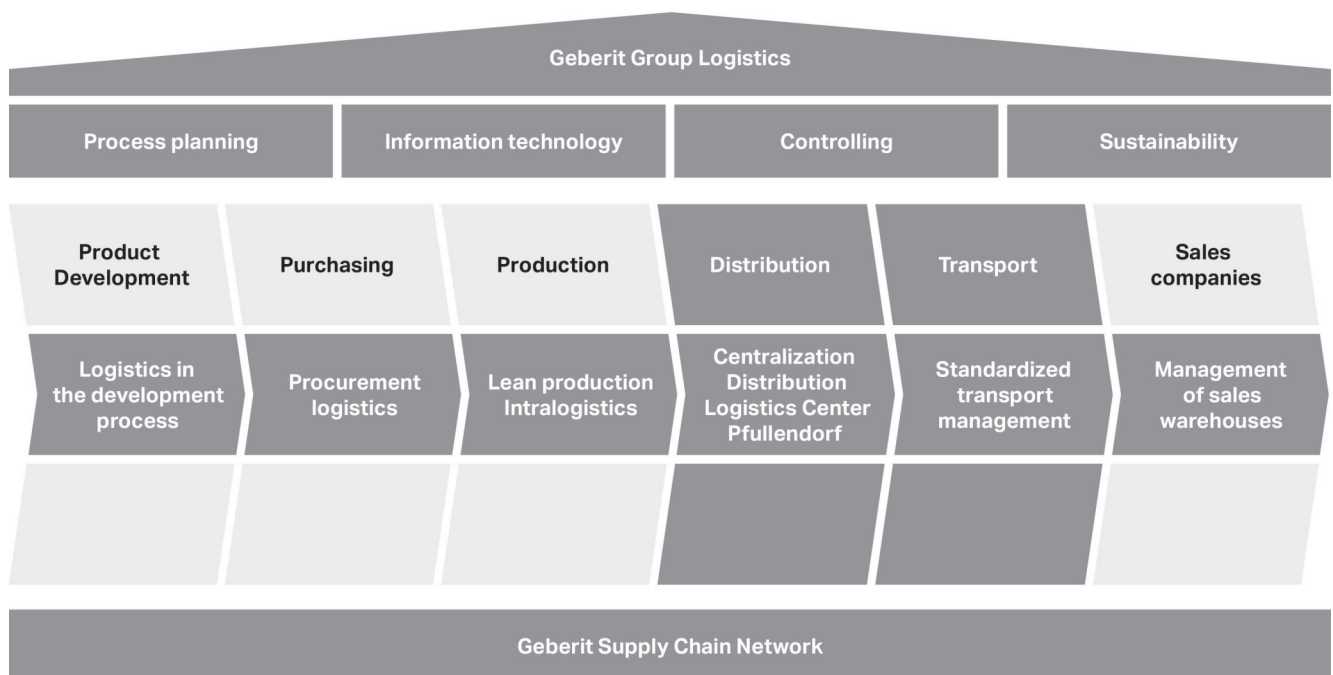
Logistics and procurement

Logistics expanded to core competency

Geberit was awarded the → **German Logistics Prize for 2011** from the German Federal Logistics Association in October 2011. The project recognized by the award was "Radical restructuring of corporate logistics services", which drastically reduced costs and at the same time significantly improved processing time and delivery service. The centerpiece of the restructuring, which was initiated in 2005, was a new process model for supply chain management (SCM). The main projects in the 10-point master plan were the centralization of distribution; the new logistics center in Pfullendorf (DE), which went into operation in 2010; and Group-wide logistics controlling. In view of both Geberit's European customers and the production sites of Geberit in Europe, Pfullendorf's central geographical location is ideal for facilitating the efficient handling of both logistics and distribution processes.

The founding of Geberit Logistik GmbH in 2011 was the final stage on the path to Group logistics as an independent corporate function. Logistics now plays an essential and clearly defined role in every area of the Company's entire value-added chain, which begins in the product-development process and includes purchasing, production, distribution logistics and transport management, through to the customer. Thanks to this integrated solution, logistics costs have been cut by 15% and the average processing time for a customer order in Europe has been reduced by 26%.

The new SCM process model 2011 – Integrated Group logistics



Ensuring "green logistics" was likewise an important part of the 10-point master plan. Environmentally friendly transport services rank with factors such as profitability and punctuality in their primary importance. Geberit does not maintain its own fleet of vehicles. Because external logistics contributes over 30% of the Geberit Group's environmental impact, collaboration with the transport service providers that work with Geberit is central. Partners agree to actively support Geberit in its efforts to use energy and packaging material efficiently and to reduce emissions by signing the Code of Conduct for transport service providers introduced in 2010. The companies are obligated to provide relevant data for Geberit's environmental reports.

The logistics calculator developed in 2010 facilitates the recording of data on vehicle fleet composition, transportation performance and fuel consumption of all transport service providers as well as the preparation of the annual eco-balance. Compared to the last reporting season, not only transports through the logistics center in Pfullendorf but now also all transports through Langenfeld (DE) as well as all air and sea transports have been mapped (which has necessitated the restatement of the relevant figures presented last year). The 12 largest transport service providers handled 168 million metric ton-kilometers (prior year 149 million metric ton-kilometers), resulting in CO₂ emissions of 25,500 metric tons (prior year 22,900 metric tons) with a fleet consisting of 85% Euro5 vehicles (prior year 70%), thereby exceeding the target value of two-thirds. Another important step in reducing the environmental impact is switching from roads to rails. For instance, 92% of the goods transported to and from Italy were moved by train (prior year 95%). The use of mega-trailers, which can carry an approximately 15% greater load volume, also increases energy efficiency: In 2011 about 1,200 such transport runs (prior year 1,050) between Rapperswil-Jona (CH) and Pfullendorf (DE) and around 750 transport runs (prior year 300) between Pottenbrunn (AT) and Pfullendorf were completed in this way.

Forward-looking procurement policy

Geberit's business partners and suppliers are obligated to maintain comprehensive standards. First and foremost, this applies to rigorous environmental protection, socially responsible working conditions and fair business practices. The **→ Code of Conduct for Suppliers** was adopted at the end of 2007 and is aligned with the principles of the United Nations Global Compact, among others. As of the end of 2011, 603 suppliers had signed the Code of Conduct (prior year 563 suppliers). This equates to 93% of the total procurement value (prior year 90%), only slightly below the 2011 target of 95%. Among the top 200 suppliers, the proportion of companies that have signed is 99% (prior year 98%). The Code of Conduct is binding for each new supplier.

Risk management in Procurement has been continuously expanded in recent years. The Purchasing Excellence PUREX project begun in 2009 is targeted at the continuous restructuring and optimization of procurement throughout the Geberit Group. All employees in the Purchasing and Quality areas at all sites around the world (excl. USA) have been trained in the new Geberit supplier management process. The selection of new suppliers is required to include a quality audit covering some criteria on EHS (environment, health, safety) topics. All suppliers are evaluated using structured, comparative criteria based on five categories: company and finances, quality and EHS, price and costs, procurement chain and delivery, and production and technology. The planning system for performing systematic audits was further developed during the year under review. Existing suppliers are assigned to a sustainability risk category depending on production country and type of production process. This is the basis for the annual audit planning. The audit not only verifies compliance with directives, but also evaluates the future collaboration and exchange of expertise with suppliers. In addition to the quality audits covering a broad range of criteria, specific EHS audits are performed, in particular in the highest risk categories. When a purchaser from Geberit next visits a supplier, he checks to ensure that measures defined in the audit have been implemented. Audit results have a decisive impact on the future relationship with the respective supplier: possible actions range from increasing the delivery volume to continuing the collaboration in the previous scope to terminating the business relationship.

Employees

Growth in the number of employees

The number of employees rose once again in the year under review. As of the end of 2011, the Geberit Group had a total of 6,004 employees worldwide. This represents an increase of 184 individuals, or 3.2% in comparison to the prior year. This increase is mainly due to the adjustment of capacity in the production plants to meet the growth in volume, focused growth initiatives in individual markets and setting up own production facilities for the AquaClean shower toilet, which was previously manufactured by a subcontractor.

Based on the average number of 5,992 employees, sales per employee amounted to TCHF 354.2, or 4.4% less than in the prior year. After currency adjustments, however, this corresponds to an increase of 5.9%.

In terms of structure according to business processes, the share of employees in Marketing and Sales rose from 27.9% to 28.8%, due to the increased activities in the markets. As a result of the disproportionate share in the increase of the number of employees, the share of employees in production decreased in turn from 55.0% to 54.4%. There were no significant changes in terms of percentage distribution for the remaining employee categories. At the end of the year under review, 3.5% of the workforce was employed in research and development, 3.9% as apprentices and 9.4% in administration.

Dialog with the employees of today and tomorrow

First-class employees worldwide are the most important potential for the success of a sustainably successful company. Geberit would like to obtain and keep not only the best but also the right employees for the Company. Employer branding as a component part of the higher-level corporate branding makes it possible to create an unmistakable employer identity. In order to achieve this purpose, the Company wishes to become better known as an employer and to draw potential candidates to the Geberit career pages on the Internet. This will be helped by the fact that the Group website was completely redesigned in terms of both content and layout and went online at the beginning of August 2011. The redesign of the local country sites will take place over the course of 2012. In addition, posters, brochures, trade fair modules and job advertisements are currently being revised in accordance with target group and medium.

For internal communications with employees, the priority here is interactive, real-time communication accessible to all. The Intranet that was newly introduced in 2009 is of central importance to these objectives. For production employees, special solutions are being developed with newsletters and/or large screens for group use. CEO Albert M. Baehny assesses the current state of the Company, the economic framework conditions and the outlooks for the future on a regular basis in a video that is available on the Intranet to all employees worldwide.

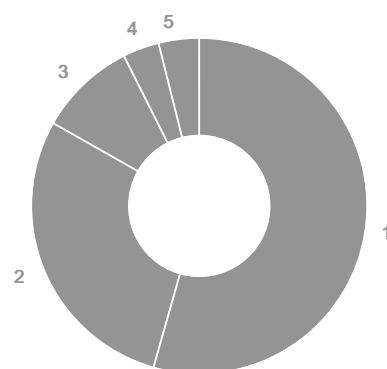
In the summer of 2011, the first global employee survey since 2004 was carried out. The very high response rate of 87% shows how strongly the employees are interested in such survey topics as organization, structures and processes, corporate culture, leadership, objectives and performance incentives, knowledge transfer and in general in the opportunity for expressing their opinions. Two aspects were illuminated in particular during the evaluation: the identification with Geberit as a company and the satisfaction of the employees. The results were gratifying. Those surveyed are proud to work for Geberit, have a strong commitment and enjoy their work. The identification value with the Company is at 78%, which is considerably higher than the external benchmark of 68%. External comparison of the results also revealed above-average values with respect to employee satisfaction. For 82%, Geberit is a reliable employer, 79% appreciate the careful handling of environmental resources, and 82% regard Geberit as innovative. 79% feel that they receive excellent support from the Company for the achievement of their personal goals as a

Employees by countries (as of December 31)

	2011	Share in %	2010	Share in %
Germany	2,345	39	2,308	40
Switzerland	1,184	20	1,123	19
China	764	13	774	13
Austria	490	8	457	8
USA	250	4	242	4
Slowenia	214	3	214	4
Italy	101	2	95	2
Others	656	11	607	10
Total	6,004	100	5,820	100

Employees 2011 by business processes

(as of December 31)



- 1 Production (54.4%)
- 2 Marketing and sales (28.8%)
- 3 Administration (9.4%)
- 4 Research and Development (3.5%)
- 5 Apprentices (3.9%)

contribution to the success of the Company as a whole. Potential for improvement was seen, for example, in connection with the promotion of professional development: 64% feel themselves to be actively encouraged, which is still higher than the benchmark figure of 63%. As a reaction to the employee survey, concrete measures are currently being formulated on the basis of benchmark studies and analyses in the individual local sales companies. An initiative has already been triggered by the Group Executive Board for the purpose of establishing the philosophy of continuous improvement processes not only in the production companies – which received good marks from their employees in this area – but also to anchor it in the administration and sales units, where the evaluations were more restrained.

Focus on advancement

Geberit offers its employees attractive terms and conditions of employment. Salaries and social benefits amounted to a total of CHF 435.6 million in 2011 (prior year CHF 447.1 million), see also the **→ explanations for the income statement**.

The work force can also participate in share participation plans at attractive conditions, see: **→ Financial Statements of the Geberit Group, 18.**

Participation plans and **→ Corporate Governance, 5. Compensations, shareholdings and loans**.

Equality of opportunity and equal pay for women and men are a matter of course. The proportion of female employees as of the end of 2011 was 29% (prior year 28%); in upper management this figure was 5% (prior year 5%). The six-member Board of Directors consists of one woman and five men.

Investment in employees also remains a central topic for the Company, also with respect to education and further training. In the year under review, employees attended internal and external education and further training events for around 15 hours on average (prior year 18 hours). In 2011, 232 apprentices were employed (prior year 226). Project management competencies are learned in an atmosphere of play at the apprentice camp at the headquarters in Rapperswil-Jona (CH) with participants from all education areas. Furthermore, a new project is being developed to promote mobility: During or subsequent to their education, apprentices should have the opportunity, on a voluntary basis, of gaining work experience abroad. Short assignments are planned that last from a few weeks up to half a year.

In the case of the management team, Geberit relies on continuity and sustained advancement of its own employees. The "Potential Management" process supports the selected internal candidates on their way into middle or upper management or to initial supervisory, project manager or specialist functions and comprises both individual development measures and collective modules. The collective activities might include, for instance, measures from the areas of communication and conflict management or in the form of networking opportunities and company tours through to fireside chats with the Group Executive Board. This is intended to ensure that at least half of the open management positions can be filled with internal candidates. Currently, as many as 70% of all positions in Group management can be filled internally.

Active promotion of health and low absenteeism

Following the participation of 54% of all employees in Switzerland in a health survey by a specialist external company at the end of 2010, preliminary measures were initiated as a result in the year under review. The employees were first provided with a direct personal feedback regarding the state of their health and possible risks. The anonymous results of the survey were presented at the beginning of 2011 to the Health Team, the Corporate Human Resources Department and afterwards to the Management Board in Switzerland. During the survey, good health was attested in general for the employees, with the main areas of impact being back problems and psychosocial factors (such as exposure to stress and noise). A package of measures was assembled on the basis of the findings. It was decided that, for the year under review, emphasis would be placed first of all on the topic of back health. Specialist talks and the possibility of in-house physical therapy sessions and fitness club discounts were offered. In addition to these, measures for the reduction

of noise in production, improvements in ergonomic workplace design and a further training measure for 22 employees from the 3-shift operation in production on the subject of shift work and sleep were also instituted.

In Austria – and in a very similar way in Germany as well – the Vital program includes, among other things, support for memberships in fitness centers, healthy nutrition in the employee restaurant, the providing of water and fruit, as well as inoculation campaigns and health examinations. This standard program is supplemented by annual focus campaigns such as non-smoking, eye examinations or computer glasses.

The Group-wide absenteeism rate for the year under review was 3.2% (prior year 3.2%); illness-related absences accounted for 3.0% (prior year 3.1%). 0.2% (prior year 0.1%) was due to occupational accidents. The fact that, as before, these values are all at a low level is the result of permanent efforts on the part of all production plants for safe working conditions and of various health care projects. In addition, the two Chinese production plants have been certified in accordance with OHSAS 18001 since 2009, the sales company in the UK since 2010 and the production company in Givisiez (CH) since 2011.

Clear behavior standards for employees worldwide

Geberit aims to be a model of ethically unimpeachable, environmentally friendly and socially responsible operations. The Code of Conduct for the employees and the Geberit Compass serve as definitive orientation aids in this regard.

The → **Code of Conduct for Employees** summarizes the basic principles to which the behavior of the employees at all levels is to be oriented. It is valid worldwide and is available on the Intranet in 14 languages. In the year of introduction, already more than 98% of the employees have been informed of and trained in the Code of Conduct. With the aid of short films ("Animatics"), the training focuses on gray areas in four significant topics: bribery, sexual harassment, workplace bullying and IT misuse. As was previously the case, new employees were also sensitized accordingly in 2011 under the auspices of welcome events. Additional communication measures for training with respect to the Code of Conduct are in preparation and will be started at the beginning of 2012. The Code of Conduct was also addressed in the employee survey of 2011.

Compliance

High standards for compliance

Various departments are working together on the continuous optimization of existing processes regarding compliance topics. The five topic areas “compliance with anti-trust legislation”, “prevention of corruption”, “employee rights”, “product liability” and “environmental protection” are at the forefront of this effort. Price-fixing, cartels and other competition-distorting activities are categorically rejected. During the year under review, around 700 employees (managing directors, employees in the sales companies at the management level and field service employees) in Europe received training on the subject of anti-trust legislation by means of a comprehensive e-learning program. The program is to be repeated every two years. In addition, new employees from the relevant business sectors are trained in anti-trust legislation by means of this e-learning program. In addition, as an active member of the international organization Transparency, Geberit orients itself to high standards in combating corruption and implements them accordingly. In 2009, all managing directors in all countries were questioned in detail about the financial contributions they make. Instructions at the Group and at the local level afterwards emphasized legally permissible behavior. This survey will be repeated in 2012.

Compliance with the directives in all organizational units is bindingly monitored on the occasion of the annual report on the employee Code of Conduct. This Code of Conduct reporting includes a total of around 50 questions on the five topics areas mentioned above. The survey has been carried out annually since 2009. The annual Compliance Report is compiled for the attention of the Group Executive Board on this basis. In addition, onsite audits are carried out and corrective measures are taken in the event of misconduct. Results are presented in the Sustainability Performance Report. No violations of the Code of Conduct were discovered in 2011.

Social engagement

Social projects with focus on water

As defined in the Vision, Geberit wants to make a sustainable contribution to improving the quality of life for people. Various social-aid projects in developing regions are supported with products, expertise and financial contributions for this purpose. Care is taken to ensure that the topic of water plays a central role and that the projects exhibit a substantial relationship to Geberit's core competencies and corporate culture. Geberit apprentices from a range of professional areas and various countries are recruited to share in the work of the social-aid projects. At the same time, a contribution is made by means of these projects to the implementation of the millennium goal of the United Nations for global access to clean drinking water and basic sanitation.

Concrete commitment around the world

During the year under review, the focus was on a project in the Serbian city of Kraljevo. On the night of November 3, 2010, a severe earthquake damaged large sections of the city. Available space and the infrastructure of the two schools in Kraljevo were, however, already critical even before the earthquake. The toilet facilities at the two elementary schools, "School IV kraljevački bataljon" and "Svetozar Marković", with a combined student body of 2,000 and 120 teachers, were in a very bad condition. There was therefore an urgent need to act. Under the auspices of the **→ renovation project**, the seven sanitary rooms in the schools were completely renovated and a total of 20 toilets, 11 urinals and 18 washbasins were newly installed. At the end of June, a Geberit team with eleven individuals (nine apprentices from Germany and Austria, one supervisor and one technical advisor) actively supported the work for two weeks.

The partnership launched in 2008 with the renowned adventurer Mike Horn was continued. Mike Horn is on a four-year expedition around the world known as "Pangaea" with the goal of raising awareness of environmental concerns worldwide. With his Young Explorers Project, he regularly enables young people from all continents to accompany him for part of his journey. Thus, for example, several Young Explorers also spent three weeks with the Geberit aid project in Kraljevo in Serbia in 2011 and carried out several workshops with schoolchildren on environmental topics.

A campaign sponsored by the Swiss development organization Helvetas and supported by Geberit that was launched in March 2010 aims to facilitate access to clean drinking water and basic sanitation for one million people in the world's poorest regions by 2013. The Company's social commitment is deepened as a result of the long-term partnership. Helvetas was able to raise around CHF 22 million in donations in the context of this campaign during the year under review, which represents an increase of 16%. Helvetas provided a total of around 370,000 people with access to clean drinking water and basic sanitary facilities in 2011.

In addition, Geberit also recognizes its responsibilities at its respective sites. For example, the commitment to the local ice hockey club Rapperswil-Jona is to be mentioned in this connection, with its first team playing in the top ice hockey league in Switzerland. In addition to its many years of sponsoring the first team, Geberit has also been showing its commitment to youth work with a significant monetary contribution since 2011. This enables a valuable amount to be given to the expansion of the regional ice hockey school, in which around 400 young athletes are currently active in 13 junior teams.

Donations and financial contributions, including product donations totaling CHF 2.7 million (prior year CHF 2.9 million), were made during the year under review. In addition, Geberit employees contributed approximately 2,390 hours of charitable work as part of social projects (prior year 2,200 hours). All donations and related commitments are neutral from a political party point of view. Geberit also supports facilities for handicapped persons and long-term unemployed, where simple installation and packaging work in the amount of around CHF 3.5 million was carried out in 2011 (prior year CHF 4.0 million). No donations are made to parties or politicians, no political statements are made as a rule, and no political lobbying is carried out. This is ensured globally as part of the annual audit of the Code of Conduct.

Changes in group structure

No significant changes in the Group structure took place during the year under review. For details, see the → **Financial Statements of the Geberit Group, Notes to the Consolidated Financial Statements, 2. Changes in Group Organization.**

Targets and strategy

Value-oriented management

Aspects of the value orientation are applied in many areas of the Company.

The remuneration model for Group management as a whole involves a remuneration portion dependent on Company success that is calculated based on four equally weighted Company figures – included among them the return on operating assets. Details in this connection can be found in the → **Corporate Governance section**.

Investments in property, plant and equipment above a certain investment amount are subject to strict standards, without which no approval is given. For example, it is mandatory that an investment return be achieved which is greater than the costs of capital plus a premium.

It is also in the sense of a value-oriented management that Group-relevant projects are tracked over the long term after the project has been completed, and the achievement of objectives is evaluated. A corresponding Controlling is presented twice annually to the Group Executive Board and discussed in this council.

Strategic success factors

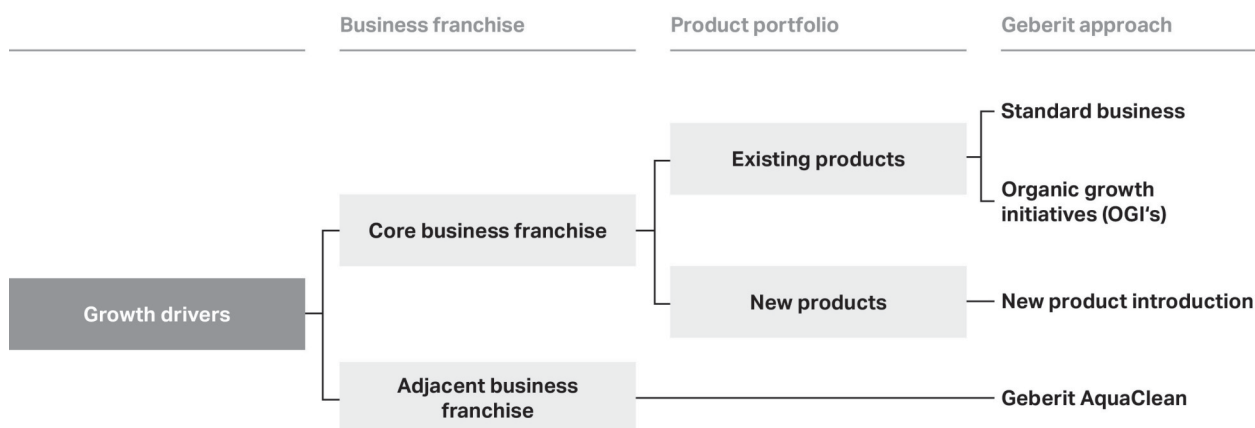
The success of the Geberit Group is based on a series of success factors. The most important of these are:

- a clear, long-term strategy,
- significant sustainable drivers of growth, so that - with the current innovative product range, with the AquaClean product range and with the various organic growth initiatives (OGI's) - many already existing but under-penetrated Geberit markets can be developed,
- high market entry barriers, which are substantiated by the strong brand, the comprehensive know-how in the sanitary market, the relationships with the decision-makers built up over years by the sales team and by the numerically important field service team,
- an innovative and comprehensive product range developed in accordance with the needs of the customers,
- a proven push-and-pull business model, and
- a lean, high-performance organization with optimized processes.

Ambitious medium-term goals

Geberit has set itself the target of establishing the standards in sanitary technology worldwide and supporting them in the long term through sustainable actions. This management approach is to be reflected among other things in sales growth above the industry average. Basically, Geberit is aiming at achieving its sales targets while at the same time maintaining its industry leadership in terms of profitability and the ability to generate high cashflows. Additional growth through acquisitions is not precluded. However, any potential acquisition will have to satisfy strict strategic and financial requirements. From a medium-term point of view, an average growth in sales after currency adjustments of four to six percent and an operative cashflow margin between 23 and 25 percent should be achieved annually.

Source of growth contribution



The medium-term growth contributions come from standard business activities, organic growth initiatives (OGI's), new product launches and from the Geberit AquaClean business. For this, around one third of the growth should result from new products and from the Geberit AquaClean business.

OGI's are organic growth initiatives in marketing and sales that are based on the existing product portfolio – although selectively adapted to local requirements. Additional financial and personnel resources are provided for these initiatives in order to achieve defined financial targets by means of an implementation plan. Value is placed on a clear measurability of intermediate and final objectives. At present, a total of nine OGI's are underway: four in the European Sales Area (Nordic Countries, United Kingdom, France and Spain) and five in the International Sales Area (Russia, India, China, Australia and North America). The initiatives were on track at the end of the year under review. In addition, at the beginning of 2009, a concerted internationalization strategy for the Geberit AquaClean business was started with the objective of establishing the shower toilet product category in Europe and to position Geberit as the market leader in this category. The objectives set in the context of the AquaClean internationalization strategy have to date been exceeded.

The entirety of these measures (OGI's and AquaClean) will have a negative effect on the operating margins. In the medium term, however, substantial growth contributions should result from these activities.

In order to be prepared for the expected growth, Geberit intends to invest around CHF 100 million in property, plant and equipment in the coming years as well.

Strategy

The Geberit vision is to achieve a sustained improvement in the quality of people's lives with innovative solutions in sanitary technology. The proven and focused strategy for this is based on the four strategic pillars "Focus on sanitary technology", "Commitment to innovation", "Selective geographic expansion" and "Continuous business process optimization". This is practiced daily by the highly motivated and qualified employees.

The Company will continue to concentrate on sanitary technology. At the same time, the focus is on those business areas in the sanitary industry for which in-depth know-how and core competencies are available in the Company. Essentially, these are sanitary systems and technologies – including piping systems – for water transport in buildings. Here, superior-quality, integrated, water-saving sanitary technology is offered.

For Geberit, continuously optimizing and extending its product range is crucial for future success. Innovation strength is founded on basic research in areas such as hydraulics, statics, fire protection, hygiene and acoustics. The insights gained are systematically implemented in the development of products and systems for the benefit of customers.

The accelerated penetration of markets such as France, the United Kingdom, the Nordic Countries, Eastern Europe and the Iberian Peninsula is an important factor for long-term success. Outside Europe, Geberit concentrates on approaching the most promising markets, which are the following: North America, China, Southeast Asia, Australia, the Gulf region and India. In these regions, the Company mainly operates in project business, except for North America and Australia. In this respect, the Company always adheres strictly to the existing high standards in terms of quality and profitability.

Another strategic focus relates to business processes. Through continuous process optimization, Geberit intends to ensure a leading, competitive cost structure in the long term. This is achieved, on the one hand, via Group-wide projects; on the other hand, employees are identifying potential improvements in their day-to-day work and are thus able to make a major contribution towards positive development.

Outlook

Construction industry

The year 2012 in the construction industry will continue to be marked by political and macro-economic uncertainties. The development in the individual regions/markets and construction sectors will, however, strongly diverge. Generally speaking, it is very difficult, in view of the great uncertainties, to make a reliable prediction about perspectives in the construction sector.

In Europe, a slide into an – at least mild – recession is probable. A drop is expected in state-financed projects, and consumer spending and consumer mood will not improve significantly. In the construction sector, prognoses indicate a coming positive trend in residential construction to at least partially compensate for the weak non-residential construction sector. In Germany, Austria, Switzerland, Norway and Russia, a continued positive development in residential construction is predicted. A stagnation in this area is anticipated in Belgium, France, Great Britain, Sweden and Denmark. Declines are to be reckoned with in the Netherlands, Ireland, Portugal, Spain, Italy, Poland and Finland.

In North America, the construction sector continues to be in a crisis. Residential construction will, however, - even if only very slowly - recover in the coming year. The latest trends in several relevant indicators are suggestive of this recovery. As before, however, applications for new mortgage credits are at a 15-year low, despite a record-low interest level. Public outlays for construction projects will continue to decrease. In view of the fact that the commercial construction sector follows the development in the private sector, although not until after a certain amount of time has passed, growth can also be anticipated again in this sector in the medium term.

In China, the effects of the government measures to prevent an overheating in the real estate market have been felt since the fourth quarter of 2011. It is, however, to be assumed that the Chinese government has an interest in a soft landing in residential construction. In contrast to this, the situation in Chinese non-residential construction continues to be robust. Double-digit growth figures are anticipated for the entire construction sector in India. The situation in Southeast Asia requires a differentiated assessment. In Singapore, the results of government initiatives with the objective of slowing growth are uncertain. By contrast, growth is predicted in Thailand, Vietnam and Indonesia. Quite a varied picture is also to be seen in the Middle East/Africa region: stagnation in the United Arab Emirates, a continued positive development in construction activities in Saudi Arabia and Qatar and another difficult year in South Africa.

Raw materials

Raw materials prices have undergone very volatile development in recent years. In 2011, despite another increase in prices in the first six months, the situation in the raw materials markets has stabilized. Predictions about the development for 2012 as a whole are difficult. At least for the first two quarters, stagnating prices at a high level are expected for the industrial metals and plastics relevant to Geberit.

Geberit

Great challenges for the Geberit Group, can be expected in 2012 due to exacerbated economic and political conditions. The objective, not only in the construction markets that are still healthy, but also in those that are shrinking, is to provide convincing market performances and to continue to gain market shares. The focus in this

connection will be on the concerted marketing of the products newly introduced in recent years, on various organic growth initiatives and on the very promising shower toilet business. Parallel to this, in accordance with the Company culture prevailing at Geberit, the optimization of the business processes should be pushed forward. Management is convinced that it is very well equipped for the coming tasks. With experienced and highly motivated employees, a series of promising products that have been launched in recent years and other product ideas for the more distant future, a lean and market-oriented organization, an established and faithful cooperation with the market partners in both commerce and trade and – as a result of the industry leadership in terms of financial results in recent years – an extremely sound financial base, Geberit looks to the future with confidence.

1. Group structure and shareholders

Group structure

Operational Group structure is shown in the diagram → **"Management Structure"**.

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

The Group's consolidated subsidiaries are listed in → **Note 34, "Group companies as of December 31, 2011"** to the Consolidated Financial Statements. The scope of consolidation does not include any listed companies.

Significant shareholders

Shareholders holding in excess of a certain percentage of the share capital must be disclosed under the Federal Act governing the Swiss Stock Exchange.

The significant shareholders within the meaning of Art. 663c of the Swiss Law of Obligations (Schweizer Obligationenrecht) listed at right were entered in the share register on December 31, 2011, as holding more than 3% of share capital.

Notifications reported to Geberit and the Disclosure Office of the SIX Swiss Exchange AG during 2011 and published via electronic publishing platform of SIX can be viewed at: → six-exchange-regulation.com/obligations/disclosure/major_shareholders_en.html.

Cross-shareholdings

In terms of equity interests or voting rights, the Geberit Group has no cross-shareholdings with any other companies.

"Clearly defined, transparent corporate governance is integral to our success. It enables us to build trust outside and inside the company."

31.12.2011	
	In %
Capital Group Companies, Inc., Los Angeles	9.72
Geberit AG, Rapperswil-Jona	3.26
Black Rock, New York	3.23
CS Management Funds AG, Zurich	3.05
Marathon Asset Management	3.00

2. Capital structure

Capital

Ordinary capital:	MCHF 4.0
Conditional capital:	–
Authorized capital:	–

For more details, please refer to the following subchapters.

Conditional and authorized capital details

For conditional capital details, please refer to the → **Financial Statements of Geberit AG, 1.7**, as well as to the → **articles of incorporation Art. 3a**. The General Meeting on April 22, 2004, approved the creation of a conditional capital amount of up to a maximum of CHF 200,000 regarding the exercise and/or conversion of option rights issued in connection with convertible bonds or other financial market instruments. Shareholder stock subscription rights relating to conditional capital as well as, subject to certain conditions, bonds or other financial market instruments with conversion and/or option rights can be excluded. On the occasion of their May 5, 2004, issue of convertible bonds, the Board of Directors agreed to exclude the shareholders' pre-emptive conversion right in accordance with the regulations in the articles of incorporation.

Following the repayment of the bond the Board of Directors saw no further need to retain this conditional capital and therefore proposed its cancelation. A decision was taken to cancel the existing conditional capital in the amount of CHF 28,190.50 by deleting without replacing Article 3a of the then-current Articles of Incorporation at the General Meeting of April 19, 2011.

As of December 31, 2011, the Geberit Group had no authorized capital.

Changes in capital

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

For further details on changes in capital, reference is made to the Geberit Group's Consolidated Financial Statements in this Annual Report 2011 (→ **consolidated statements of changes in equity and consolidated statements of comprehensive income** and → **Note 22, "capital stock and treasury shares"**), to the information in the → **Financial Statements of Geberit AG** as well as to the 2009 figures in the → **2010 Annual Report** (Geberit Group's Consolidated Financial Statements: consolidated statements of changes in equity and statements of comprehensive income, Note 22, "capital stock and treasury shares"; Financial Statements of Geberit AG).

	31.12.2011	31.12.2010	31.12.2009
	MCHF	MCHF	MCHF
Share capital	4.0	4.1	4.1
Reserves	947.1	891.8	901.1
Available earnings	401.7	457.0	224.5

Shares, participation and profit-sharing certificates

The share capital of Geberit AG is fully paid in and amounts to CHF 3,984,701. It is divided into 39,847,005 registered shares with a par value of CHF 0.10 each. Each share carries one vote at the General Meeting.

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

Limitations on transferability and nominee registrations

The Geberit Group has not imposed any limitations on the transferability of its shares.

Upon request and presentation of evidence of the transfer, acquirers of shares are registered as shareholders with voting rights in the share register if they explicitly

declare to hold the shares in their own name and for their own account. The articles of incorporation provide for the registration of a maximum of 3% of the shares held by nominees, which may be permitted by the Board of Directors. The Board of Directors may register nominees as shareholders with voting rights in excess of such registration limitation, provided the nominees disclose detailed information and shareholdings of the persons for which they hold 0.5% or more of the share capital.

Convertible bonds and warrants/options

On June 14, 2004, Geberit AG issued convertible bonds in the amount of CHF 170 million with a 6-year maturity and a 1% interest rate. The bond was converted in its entirety to Geberit AG registered shares up to the end of the bond term on June 14, 2010. A total of 1,718,095 new shares were issued between June 2004 and June 2010. This corresponds to 4.13% of the original share capital. Further information is set forth in the Notes to the Consolidated Financial Statements of the Geberit Group (→ **Note 15, "long-term debt"**) and in the Notes to the → **Financial Statements of Geberit AG**.

No options were issued to any external parties. As regards options issued to employees, reference is made to → **Note 18, "participation plans"** in the Consolidated Financial Statements of the Geberit Group.

3. Board of Directors

Members of the Board of Directors

On December 31, 2011, the Board of Directors was composed of six members.

Albert M. Baehny (1952)

Executive Chairman of the Board of Directors since 2011, elected until 2014

Swiss citizen

Resident in Arlesheim (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 Sero-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. Albert M. Baehny has been Chief Executive Officer (CEO) of the Geberit Group since 2005. Since 2011 he is Chairman of the Board of Directors.



Robert F. Spoerry (1955)

Vice Chairman and Lead Director of the Board of Directors since 2011, non-executive, independent member of the Board of Directors since 2009, elected until 2013

Swiss citizen

Resident in Herrliberg (CH)

Chairman of the Board of Directors Mettler-Toledo International Inc., Greifensee (CH); President of the Board of Directors Sonova Holding AG, Stafa (CH) since March 2011; member the Board of Directors Conzzeta AG, Zurich (CH)

Robert F. Spoerry holds a degree in mechanical engineering from the Swiss Federal Institute of Technology (ETH) in Zurich and an MBA diploma of the University of Chicago. He has been with Mettler-Toledo since 1983 and was its CEO from 1993 to 2007. He oversaw the separation from Ciba-Geigy in the year 1996 and the initial public offering of Mettler-Toledo on the New York Stock Exchange (NYSE) in 1997. In 1998, he became Chairman of the Board of Directors. Robert F. Spoerry has had no significant business relations with the Geberit Group in the past five years.



Randolf Hanslin (1942)

Non-executive member of the Board of Directors since 2006, elected until 2012

Swiss citizen

Resident in Rapperswil-Jona (CH)

Chairman of the Board of Directors, Maestrani AG, Flawil (CH); member of the Board of Directors, Franke Artemis Holding AG, Aarburg (CH)

Randolf Hanslin graduated with a degree in mechanical engineering from the Swiss Federal Institute of Technology (ETH) Zurich. He started his career in 1968 as an internationally active consulting engineer with Dr OHC Messner. In 1977, he joined the former Geberit AG as Head of Product Research and Development. Shortly afterwards he was appointed as a member of the Management Board of Geberit AG as well as of the Group. In addition, in 1988/89, he was Head of the Group Division Marketing and Sales. From 1991 to 1994, Randolf Hanslin was Chief Executive of Geberit AG. From 1995 to 2004, he was Head of a Group Division being responsible for sales and production companies in various countries as well as for the quality and environmental operations of the Group. Lastly, he was Head of the Group Division Products with global responsibility for research and development, purchasing, production and logistics. Randolf Hanslin retired in April 2006 from his operational activities within the Group Executive Board.



Robert Heberlein (1941)

Non-executive, independent member of the Board of Directors since 2003, elected until 2012

Swiss citizen

Resident in Zumikon (CH)

Counsel in the law firm Lenz & Staehelin, Zurich (CH); member of the Board of Directors, Gurit Holding AG, Wattwil (CH); member of the Board of Directors, Coltène Holding AG, Altstätten (CH)

Robert Heberlein studied law at the University of Zurich and received his doctorate in law in 1969. He graduated from the University of Michigan, Ann Arbor, with a Master of Comparative Law (MCL) in 1970. After working in various law firms including in New York and Paris, he joined Staehelin & Giezendanner, now Lenz & Staehelin, in 1972. He was a partner of this office from 1977 to 2008; today he is Counsel there. He is principally involved in corporate law, tax law and succession planning. The law office of Lenz & Staehelin has advised Geberit in some legal matters, although Robert Heberlein was not involved in this capacity.



Hartmut Reuter (1957)

Non-executive, independent member of the Board of Directors since 2008, elected until 2014

German citizen

Resident in Nürensdorf (CH)

Member of the Shareholders Committee and Supervisory Board of Vaillant GmbH, Remscheid (DE); Chairman of the Advisory Board of GBT-Bücolit GmbH, Marl (DE); Member of the Board of Directors of Elmove AG, Zurich (CH)

After graduating in industrial engineering from Darmstadt (DE) University of Technology, Hartmut Reuter joined the Bosch Group in Stuttgart in 1981. During more than 15 years with Bosch, he occupied management positions in various industrial business units, at last he was Director in the division planning and controlling at the Bosch headquarters. From 1997 to 2009, Hartmut Reuter was member of the Group Executive Board of the Rieter Group in Winterthur; for the last seven of those years he was CEO of the company. He has had no significant business relations with the Geberit Group in the past five years.



Susanne Ruoff (1958)

Non-executive, independent member of the Board of Directors since 2009, elected until 2012

Swiss citizen

Resident in Crans-Montana (CH)

CEO British Telecom Switzerland AG, Wallisellen (CH); member of the Industry Advisory Board Computer Science, ETH Zurich (CH); member of the Board of Directors Bedag Informatik AG (CH)

In addition to her foundation studies in education, Susanne Ruoff obtained an MBA diploma at the University of Fribourg and attended a Client Executive Program at INSEAD in Fontainebleau. She started her career in 1989 at IBM Switzerland. In her 20-year affiliation with IBM, she held several management positions in the areas of marketing, sales and services. As a member of the Management Board of IBM Switzerland, she was responsible from 2005 to 2009 for the area of Global Technology Services, which included the entire maintenance, outsourcing, and service project area. She was also a member of the Foundation Board as an employer representative of the IBM Pension Fund for six years. She took over the management of British Telecom, Switzerland, as its CEO on April 1, 2009. Susanne Ruoff has had no significant business relations with the Geberit Group in the past five years.



Elections and terms of office

The term of office for a member of the Board of Directors is maximum three years and the statutory retirement age limit has been established at 70 years. Members of the Board of Directors are re-elected on a staggered and individual basis.

The terms of office of Randolph Hanslin, Robert Heberlein and Susanne Ruoff are set to expire at the General Meeting on April 4, 2012. Having reached the age limit specified in the articles of incorporation, Randolph Hanslin and Robert Heberlein are retiring from the Board of Directors. Susanne Ruoff is standing for reelection to another three year term.

A proposal will be submitted to the General Meeting to elect Jørgen Tang-Jensen and Jeff Song to the Board of Directors, each for a term of office of three years.

Internal organizational structure

The organization of the Board of Directors is based on the → **"Organization Regulations of the Board of Directors of Geberit AG"** (see also → **"Definition of areas of responsibilities"**).

The Board of Directors is self-constituting. After the ordinary General Meeting in which new/re-elections are held, the Board of Directors elects the Chairman and the Vice Chairman from among its members.

The reorganization in the Board of Directors was communicated and explained in detail prior to the 2011 General Meeting. This is a short-term solution intended to aid in determining the best possible succession for the management positions in the company. Albert M. Baehny holds the position of Executive Chairman, Robert F. Spoerry that of Vice Chairman and Lead Director. The Lead Director is invested with additional authorities so that – despite the positions of Chairman of the Board of Directors and CEO being combined – exemplary corporate governance is guaranteed. For instance, the Lead Director can independently convene meetings of the independent members of the Board of Directors, and he chairs the Board of Directors in the event of conflicts of interest on the part of the Chairman or when resolutions regarding the compensation of the Chairman of the Board of Directors and CEO are to be passed. Robert F. Spoerry was elected an independent member of the Board of Directors of Geberit AG and, because of his extensive experience in

corporate management and on company boards, has the best credentials to carry out his responsibilities on Geberit's Board of Directors.

The Board of Directors meets whenever business so requires, usually six times every year for one day each (2011: seven meetings). Meetings shall be chaired by the Chairman or, in the event of his incapacity, by the Vice Chairman. The Board of Directors shall appoint a Secretary, who need not be a member of the Board of Directors. The Chairman of the Board of Directors may invite members of the Group Executive Board to attend meetings of the Board of Directors.

The Board of Directors shall be quorate if a majority of its members are present. Attendance can also be effected via telephone or electronic media.

The regular meetings of the Board of Directors and committees are scheduled early, so that as a rule all members participate in person. Participation rate in 2011 was 100%.

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

– **Personnel Committee**

The members of the Personnel Committee are Robert F. Spoerry (Chairman), Robert Heberlein and Susanne Ruoff. The committee meets at least twice every year for a half day each (2011: two meetings, participation rate 100%). It develops proposals to be submitted to the entire Board of Directors, including, in particular, personnel decisions and the determination of compensation regulations and models (salaries, variable compensations, share and option plans) for the entire Group management, as well as the annual determination of the compensation for the Board of Directors and Group Executive Board. Therefore, the tasks and responsibilities of a compensation and a nomination committee are combined in this committee. Detailed responsibilities are stipulated in the → **organization regulations of the Personnel Committee**.

– **Audit Committee**

The Audit Committee is composed of Hartmut Reuter (Chairman), Randolph Hanslin and Robert F. Spoerry. It meets at least twice every year for a half day each (2011: two meetings, participation rate 100%). It develops proposals to be submitted to the entire Board of Directors. The committee's responsibilities include, in particular, the supervision of the internal and external audit as well as the control of the financial reporting. It 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 an all-inclusive report about all audits carried out and the measures to be implemented. The Audit Committee monitors the implementation of the conclusions of the audit. The committee also assesses the functionality of the internal control system, including risk management (refer to → **"Information and control instruments vis-à-vis the Group Executive Board"**). 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. Both, the external and internal auditors, have access to the minutes of the meetings of the Board of Directors and Group Executive Board. The detailed responsibilities are stipulated in the → **organization regulations of the Audit Committee**.

Definition of areas of responsibility

Pursuant to article 716a, subparagraph 1 of the Swiss Law of Obligations (Schweizerisches Obligationenrecht), the Board of Directors of Geberit AG has the following non-transferable and irrevocable responsibilities:

- supervision of the company and giving the instructions required
- determination of the organization
- design of the accounting, financial control as well as financial planning to the extent required for managing the Group
- appointment and dismissal of the persons responsible for management and representation; supervision of the persons responsible for management, in particular with respect to compliance with the laws, articles of incorporation, regulations and instructions
- establishment of the annual report and preparation of the General Meeting and the implementation of its resolutions
- notification of the judge in case of a debt overload

The Board of Directors determines the strategic objectives and the general funds for achieving these, and decides on major business transactions. To the extent legally permissible and in accordance with the Organization Regulations, the Board of Directors has assigned the operational management to the Chief Executive Officer.

The Group Executive Board is composed of the Chief Executive Officer and four other members. The members of the Group Executive Board are appointed by the Board of Directors based upon the proposal of the Personnel Committee. The Board of Directors of Geberit AG has appointed Karl Spachmann as Head of the Group Division Sales Europe, effective April 1, 2011.

The Organization Regulations of the Board of Directors regulate the duties and powers of the Board of Directors as a governing body, of the Chairman, the Vice Chairman and Lead Directors and the committees. Thus it also defines the rights and duties of the Group Executive Board that are set forth in more detail in the Internal Regulations for the Group Executive Board. The → **Organization Regulations of the Board of Directors**, the → **Personnel Committee** and the → **Audit Committee** can be viewed at → www.geberit.com/infocenter.

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, as the case may be. Between meetings, the Board of Directors is extensively 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 on the market development, information and key figures on the Group sales and profit development, (in January, April, July and October, it contains only statements on sales development and not on profit development), statements about the course of business in the individual product lines and countries 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 on the investments made, an updated company valuation, the composition of the shareholders as well as market expectations in regard to the business development. In the past year, the Board of Directors held seven ordinary meetings. In addition, decisions were made using conference calls.

Furthermore, the Vice Chairman and Lead Director of the Board of Directors and the Chief Executive Officer were 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, as the case may be.

Based on the Organization Regulations of the Board of Directors, the Audit Committee has implemented an extensive system for monitoring and controlling the risks linked to the business activities. This process includes the risk identification, analysis, control and reporting. Operationally, the Group Executive Board is responsible for the controlling of the risk management. In addition, responsible persons are designated in the company for significant individual risks. These responsible parties decide on specific actions for the risk management and monitor their implementation. Every other year, the Internal Corporate Audit Department issues a risk report to the attention of the Audit Committee on the management of financial risks → **See Notes to the Consolidated Financial Statements, 4. Risk assessment and management**. In addition, the internal Audit Department reports to the Audit Committee at every meeting on completed audits and on the status of the implementation of findings and optimization proposals of previous audits.

4. Group executive board

Albert M. Baehny (1952)

Chief Executive Officer (CEO) since 2005
Member of the Group Executive Board since 2003,
with Geberit since 2003
Executive Chairman of the Board of Directors since 2011
Swiss citizen
Resident in Arlesheim (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. Albert M. Baehny has been Chief Executive Officer (CEO) since 2005 and Executive Chairman of the Board of Directors since 2011, refer also to → **Management Structure**.



Roland Iff (1961)

Member of the Group Executive Board since 2005,
with Geberit since 1993
Head of Group Division Finance (CFO)
Swiss citizen
Resident in Herrliberg (CH)
Member 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 and at the company's headquarters in Dayton (US). Subsequently he worked on different market development projects in Brussels before he was appointed Chief Financial Officer of Mead's Italian subsidiary in Milan in 1990. In 1993, Roland Iff joined Geberit as Head of Corporate Development. In 1995, he became Head of Group Controlling. Beginning in October 1997, he served as Head of Group Treasury. Roland Iff has been Head of Group Division Finance (CFO) of the Geberit Group since 2005, refer also to → **Management Structure**.



William J. Christensen (1973)

**Member of the Group Executive Board since 2009,
with Geberit since 2004**
Head of Group Division Sales International
Swiss citizen
Resident in Wilen, Wollerau (CH)

William J. Christensen graduated with a Bachelor of Arts (major: economics) from Rollins College (USA). In 1995, he started his career as a project manager in Switzerland for Rieter Automotive Systems. He held subsequent positions in finance, sales and general management with Rieter Automotive both in Switzerland and North America. He left Rieter in 2001 to pursue an MBA at the University of Chicago. Upon graduation in 2003, William J. Christensen joined J. P. Morgan Securities Inc., in New York, in the Mergers & Acquisitions department. In November 2004, he returned to Switzerland, joining Geberit as Head of Strategic Marketing. He relocated to Chicago in February 2006, to become President & CEO of Geberit's North American business. 2007, he became Head Group Marketing. William J. Christensen is Head of the Group Division Sales International, effective 2009, refer also to → **Management Structure**.



Michael Reinhard (1956)

**Member of the Group Executive Board since 2005,
with Geberit since 2004**
Head of Group Division Products
German citizen
Resident in Uerikon (CH)
**Member of the Board of Directors Reichle & De-Massari AG,
Wetzikon (CH)**

Michael Reinhard studied mechanical engineering at the Technical University Darmstadt (DE) and was awarded a PhD in materials science from the Deutsche Kunststoffinstitut. He started his professional career in 1987 as a project manager with Automatik GmbH, Gross-Ostheim (DE). In 1990, he joined McKinsey & Company and was soon promoted to senior associate. In 1992, Michael Reinhard joined Schott, Mainz (DE), where he was entrusted with various functions of increasing responsibility within international sales and marketing. In 1995, he became Vice President of Schott's Pharmaceutical Packaging Division and in 1998 Senior Vice President of the Tubing Division comprising 2,400 employees. At Geberit, Michael Reinhard became Head of Group Division Sales 2005. He has been Head of the Group Division Products since 2006, refer also to → **Management Structure**.



Karl Spachmann (1958)

**Member of the Group Executive Board since 2011,
with Geberit since 1997**
Head of Group Division Sales Europe
German citizen
Resident in Wollerau (CH)

Karl Spachmann graduated in business and organizational studies at the University of the German Armed Forces in Munich. He began his career with the German Armed Forces in 1983 where he served as radar commanding officer, platoon leader and press officer until 1990. In early 1990, he joined Adolf Würth GmbH & Co. KG in Künzelsau (DE), initially as Assistant to the Managing Director of Sales and later as Regional Sales Manager for North Rhine-Westphalia. In 1995, he moved to Friedrich Grohe AG in Hemer (DE) to work as responsible Sales Manager for Germany. Since 1997, he has been responsible for the German sales company of the Geberit Group, initially as Managing Director focusing on field service, and since 2000 as Chairman of the Management Board. The Board of Directors of Geberit AG has appointed Karl Spachmann Head of Group Division Sales Europe, effective April 1, 2011, refer also to → **Management Structure**.



Management contracts

The Group has not entered into any management contracts with third parties.

5. Compensations, shareholdings and loans

Contents and method of determining compensation and participation plans

Upon recommendation of the Personnel Committee, the Board of Directors annually determines the remuneration of each member of the Board of Directors and of the individual members of the Group Executive Board. The proposal for Group Executive salaries (excluding the CEO) is drawn up by the CEO and submitted to the Personnel Committee in advance.

In establishing compensation for the Board of Directors, the Board looked to the member industrial companies of SMIM as a reference (SMIM includes the 30 largest mid-cap stocks on the Swiss stock market that are not already listed in the SMI blue chip index). The compensation of the non-executive Board of Directors is paid in the form of shares. The shares are subject to a blocking period of two years. The Board member is granted a discount on the share price. Such discount depends on the results of the Group and corresponds to the discount (between 10% and 50%) granted to employees under the employee participation plans (see → **Consolidated Financial Statements of the Geberit Group, Note 18, "participation plans"**).

The compensation of the Group Executive Board is paid on the basis of a regulation adopted by the Board of Directors applicable also to the entire Group management of the Geberit Group (approx. 150 persons). The target salary (100%) is composed of a fixed salary (70%), a results-related salary (25%) as well as an individual performance component (5%). The results-related salary is calculated based on four company figures (sales and margin development, return on operating assets, earnings per share) and can exceed the percentage included in the target salary. It reaches a maximum of 60%. The individual performance component is based on the achievement of pre-defined objectives and can be 10% at maximum. The target salaries for the Group Executive Board are regularly benchmarked with those of the boards of comparable Swiss industrial companies in collaboration with an international salary benchmarking service.

The results-related salary and the individual performance component may be received, in whole or in part, in cash and/or in shares (without discount). In case of payment in shares, an additional incentive is granted in the form of one option per share. The shares and options are subject to a blocking period of three years and two years (with a total term of five years), respectively. The exercise price of the option corresponds to the share market price at the time of allotment. Each option entitles to subscribe for one share.

In addition to the salary, there is an annual option plan for the Group Executive Board and other management members (approx. 70 executives). The Board of Directors annually determines the scope of the options granted to management members. In the year under review, the market value of options granted as of the granting date corresponded to 10% of target salary. Half of these options with a total term of five years are subject to a blocking period of two years; the other half are subject to a blocking term of four years. The exercise price of the option is 5% and 10%, respectively in excess of the share market price at the time of allotment. Each option entitles to subscribe for one share.

There are special pension fund regulations for the Group Executive Board and other management members. The company pays for the entire contribution in regard to the part of the salary that exceeds CHF 146. In addition, each member of the Group

Executive Board as well as other management members have company cars at their disposal. Additionally, no other significant payments of any similar kind are made.

Details regarding compensation as well as share and option allotments and ownership can be found under → **Financial Statements of Geberit AG,**

1.8 Remuneration, loans and shareholdings of members of the Board of Directors and of the Group Executive Board.

6. Participatory rights of the shareholders

Voting rights and representation restrictions

Upon request and presentation of evidence of the transfer, acquirers of shares are registered as shareholders with voting rights in the share register if they explicitly declare to hold the shares in their own name and for their own account. The articles of incorporation provide for a maximum registration of 3% of the shares held by nominees, which may be permitted by the Board of Directors. The Board of Directors may register nominees as shareholders with voting rights in excess of such registration limitation, provided the nominees disclose detailed information and shareholdings of the persons for which they hold 0.5% or more of the share capital.

No exceptions to these rules were granted in the year under review.

The voting right may only be exercised if the shareholder is recorded as a voting shareholder in the share register of Geberit AG. Treasury shares do not entitle the holder to vote.

With respect to the participation in the General Meeting, there are no regulations in the articles of incorporation which deviate from the law.

Quorums required by the articles of incorporation

The rules relating to quorums set forth in the articles of incorporation correspond to the legal minimum requirements.

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. Shareholders representing shares with a par value of TCHF 4 can demand inclusion of items on the agenda at least 45 days prior to the General Meeting.

Inscriptions into the share register

In the invitation to the General Meeting, the Board of Directors shall 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 defense measures

There are no regulations in the articles of incorporation with respect to “opting-up” and “opting-out”. Likewise, no agreements and plans exist in the event of a change of control.

8. Auditors

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

PricewaterhouseCoopers AG, Zurich, have been the auditors of the Geberit Group and Geberit AG since 1997. Lead auditor René Rausenberger has been in charge of the auditing mandate since 2008.

Auditing fees

In 2011, PricewaterhouseCoopers invoiced the Geberit Group TCHF 1,056 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.

Additional fees

For additional services PricewaterhouseCoopers invoiced TCHF 429 relating to tax consultancy and support as well as TCHF 138 for other services.

Supervisory and control instruments pertaining to the auditors

Prior to 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 meeting of the Audit Committee for specific agenda items, and to comment on their activities and answer questions.

The Audit Committee of the Board of Directors makes an annual assessment of the performance, remuneration and independence of the auditors and submits a proposal to the General Meeting for the appointment of the Group auditors. Every year, the Audit Committee determines the scope and planning of the internal audit, coordinates them with those of the external audit and discusses audit results with the external and internal auditors. For more details on the Audit Committee, see → item 3, “Group Executive Board, Audit Committee”.

9. Information policy

Geberit maintains open and regular communication with its shareholders, the capital market and the general public with the CEO, CFO and the Head Corporate Communications 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 Internet at → www.geberit.com. Quarterly financial statements are published. Media and analysts' conferences are held at least once every 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 Internet at → www.geberit.com/contact under the appropriate chapters.

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

For further details on the Geberit Group's information policy including a time schedule, please refer to the → "Geberit share Information" chapter.

Finan- cial Report

Geberit Group 2011

Geberit Group

Consolidated Balance Sheets

	Note	31.12.2011 MCHF	31.12.2010 MCHF
Assets			
Current assets			
Cash and cash equivalents		455.0	586.6
Marketable securities	6	87.0	0.0
Trade accounts receivable	7	112.9	109.3
Other current assets and current financial assets	8	43.8	59.7
Inventories	9	162.2	148.8
Total current assets		860.9	904.4
Non-current assets			
Property, plant and equipment	10	516.2	514.3
Deferred tax assets	19	79.0	78.5
Other non-current assets and non-current financial assets	11	21.4	15.2
Goodwill and intangible assets	12	645.2	658.8
Total non-current assets		1,261.8	1,266.8
Total assets		2,122.7	2,171.2
Liabilities and equity			
Current liabilities			
Short-term debt	13/15	64.8	3.3
Trade accounts payable		60.2	66.7
Tax liabilities and tax provisions		62.3	56.5
Other current provisions and liabilities	14	161.0	139.7
Total current liabilities		348.3	266.2
Non-current liabilities			
Long-term debt	15	10.8	70.1
Accrued pension obligation	17	257.3	202.8
Deferred tax liabilities	19	49.8	52.2
Other non-current provisions and liabilities	20	37.0	59.0
Total non-current liabilities		354.9	384.1
Shareholders' equity			
Capital stock	22	4.0	4.1
Reserves		1,644.4	1,728.9
Cumulative translation adjustments		-228.9	-212.1
Total equity		1,419.5	1,520.9
Total liabilities and equity		2,122.7	2,171.2

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

Consolidated Income Statements

	Note	2011 MCHF	2010 MCHF
Sales		2,122.6	2,146.9
Cash discounts and customer bonuses	24	255.0	246.9
Revenue from sales		1,867.6	1,900.0
Cost of materials		587.9	572.8
Personnel expenses		435.6	447.1
Depreciation expense	10	76.9	81.8
Amortization of intangibles	12	5.9	5.7
Other operating expenses, net	25	312.1	306.4
Total operating expenses, net		1,418.4	1,413.8
Operating profit (EBIT)		449.2	486.2
Financial expenses	26	-8.4	-10.9
Financial income	26	3.6	3.9
Foreign exchange loss(-)/gain	26	-2.5	-7.3
Financial result, net		-7.3	-14.3
Profit before income tax expenses		441.9	471.9
Income tax expenses	27	57.9	65.1
Net income		384.0	406.8
- Attributable to shareholders of Geberit AG		384.0	406.8
EPS (CHF)	23	9.82	10.32
EPS diluted (CHF)	23	9.82	10.30

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

Statements of Comprehensive Income

	2011 MCHF	2010 MCHF
Net income according to the income statement	384.0	406.8
a) Cumulative translation adjustments	-16.8	-162.7
Reclassification to the income statement	0.0	0.0
Total cumulative translation adjustments	-16.8	-162.7
b) Cashflow hedge accounting	0.7	1.9
Reclassification to the income statement	0.0	0.0
Taxes	-0.2	-0.5
Total cashflow hedge accounting, net of tax	0.5	1.4
c) Actuarial adjustments of pension plans	-50.4	-35.9
Taxes	9.0	7.2
Total actuarial adjustments of pension plans, net of tax	-41.4	-28.7
Other comprehensive income	-57.7	-190.0
Total comprehensive income	326.3	216.8
- Attributable to shareholders of Geberit AG	326.3	216.8

Consolidated Statements of Changes in Equity

	Attributable to shareholders of Geberit AG						Total equity
	Ordinary shares	Reserves ¹	Treasury shares	Pension plans	Hedge accounting	Cum. translation adjustments	
	MCHF	MCHF	MCHF	MCHF	MCHF	MCHF	
Balance at 31.12.2009	4.1	1,905.2	-227.7	-120.1	-2.9	-49.4	1,509.2
Total comprehensive income		406.8		-28.7	1.4	-162.7	216.8
Dividends		-252.6					-252.6
Purchase (-)/Sale of treasury shares		10.2	14.7				24.9
Convertible Bond ²		25.8					25.8
Management option plans		-3.2					-3.2
Balance at 31.12.2010	4.1	2,092.2	-213.0	-148.8	-1.5	-212.1	1,520.9
Total comprehensive income		384.0		-41.4	0.5	-16.8	326.3
Distribution		-236.0					-236.0
Purchase (-)/Sale of treasury shares		9.8	-195.4				-185.6
Management option plans		-6.1					-6.1
Capital reduction	-0.1	-178.9	179.0				0.0
Balance at 31.12.2011	4.0	2,065.0	-229.4	-190.2	-1.0	-228.9	1,419.5

¹ In connection with the amendment to the law concerning the distribution of capital contribution, and with the corresponding General Meeting resolution to distribute capital contributions and the aim to show a clear presentation in the consolidated statements of changes in equity, the equity categories "Share premium" and "Retained earnings" are shown as "Reserves". The changed disclosure of the consolidated statements of changes in equity does not have an impact on the disclosure of the equity in the consolidated balance sheets.

² All fractions of the Convertible Bond were entirely converted into shares by the maturity date of June 14, 2010.

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

Consolidated Statements of Cashflows

	Note	2011 MCHF	2010 MCHF
Cash provided by operating activities			
Net income		384.0	406.8
Depreciation and amortization	10/12	82.8	87.5
Financial result, net	26	7.3	14.3
Income tax expenses	27	57.9	65.1
Other (incl. gain on disposals of PP&E)		16.7	26.3
Operating cashflow before changes in net working capital and taxes		548.7	600.0
Income taxes paid		-48.0	-81.7
Changes in trade accounts receivable		1.8	11.8
Changes in inventories		-15.5	17.1
Changes in trade accounts payable		-5.7	4.6
Changes in other positions of net working capital		11.8	18.3
Net cash provided by operating activities		493.1	570.1
Cash from/used (-) in investing activities			
Acquisitions of subsidiaries	2	0.0	-1.0
Purchase of property, plant & equipment and intangible assets	10/12	-92.6	-80.5
Proceeds from sale of property, plant & equipment and intangible assets		3.8	2.1
Marketable securities, net		-88.3	98.7
Interest received		1.5	6.0
Other, net		-3.5	-9.6
Net cash from/used (-) in investing activities		-179.1	15.7
Cash from/used (-) in financing activities			
Proceeds from borrowings		0.0	0.2
Repayments of borrowings		-3.8	-8.1
Interest paid		-5.1	-6.0
Distribution		-236.0	-252.6
Purchase/Sale of treasury shares		-195.9	10.2
Other, net		-2.1	-1.9
Net cash from/used (-) in financing activities		-442.9	-258.2
Effects of exchange rates on cash		-2.7	-41.6
Net increase/decrease (-) in cash		-131.6	286.0
Cash and cash equivalents at beginning of year		586.6	300.6
Cash and cash equivalents at end of year		455.0	586.6

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

Notes to the Consolidated Financial Statements

1. Basis of preparation

The Geberit Group is a leading supplier of sanitary plumbing systems for the residential and commercial new construction and renovation markets. The product range of the Group consists of the product area "sanitary systems" with the product lines installation systems, cisterns & mechanisms, faucets & flushing systems and waste fittings and traps on the one hand and the product area "piping systems" with the product lines building drainage systems and supply systems on the other hand. Worldwide, all products are sold through the wholesale channel. Geberit sells its products in more than 100 countries. The Group is present in 41 countries with its own sales employees.

The consolidated financial statements include Geberit AG and the companies under its control ("the Group" or "Geberit"). If existing, minority interests are shown as a separate item of the consolidated equity. The Group eliminates all intra-group transactions as part of the Group consolidation process. Companies are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date on which control ceases.

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

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

Critical accounting estimates

The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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 and the associated uncertainties are disclosed in the related notes (see → **Notes 12**, → **17**, → **27**).

2. Changes in Group organization

2011:

In the course of an internal reorganization and consolidation, the following companies were merged to one company:

- Geberit Beteiligungs GmbH & Co. KG, Pfullendorf
- Geberit Management GmbH, Pfullendorf
- Geberit Holding B.V., Nieuwegein
- Geberit Deutschland GmbH & Co. KG, Pfullendorf

The residual company was renamed Geberit Verwaltungs GmbH, Pfullendorf.

2010:

On January 1, 2010, the Group purchased all shares in GEBIN Water Management Systems Pvt. Ltd., India, at a price of MEUR 0.7 (MCHF 1.1). The company was renamed Geberit Plumbing Technology India Pvt. Ltd. This sales company, a distributor in the area of sanitary technology, was the exclusive importer for Geberit products in India until the acquisition. Due to the size of the company no additional information is disclosed.

In the course of an internal reorganization and consolidation, the following companies were liquidated or merged with other Group companies:

- Geberit Invest B.V., Nieuwegein
- Geberit Management B.V., Nieuwegein
- Geberit Mapress Technik GmbH, Langenfeld

In addition, the following companies were founded in 2010 and started their activities in 2011:

- Geberit Apparate AG, Rapperswil-Jona
- Geberit Logistik GmbH, Pfullendorf
- Geberit India Manufacturing Private Limited, Bangalore

3. Summary of significant accounting policies

New or revised IFRS standards and interpretations 2011 and their adoption by the Group

Standard/Interpretation	Enactment	Relevance for Geberit	Introduction
IFRS 1 - First-time Adoption	1.7.2011	Amendments regarding hyperinflation and functional currency. This amendment has no impact on the consolidated financial statements.	1.1.2012
IFRS 7 - Financial Instruments: Disclosures	1.7.2011	Improvement of the disclosure requirements in relation to transferred financial assets. This amendment has no impact on the consolidated financial statements.	1.1.2012
IAS 12 - Income Taxes	1.7.2011	Amendment of deferred tax in relation with investment property at fair value. This amendment has no impact on the consolidated financial statements.	1.1.2012
IAS 24 – Related Party Disclosures	1.1.2011	Simplification of the disclosure of government-related entities. This amendment has no impact on the consolidated financial statements of the Geberit Group.	1.1.2011
IAS 32 – Classification of Right Issues	1.2.2010	Right issues in all currencies have to be classified as equity. This amendment has no impact on the consolidated financial statements of the Geberit Group.	1.1.2011
Annual improvements of IFRS and interpretations (IFRIC)	1.1.2011	The ordinary yearly clarifications and minor amendments of various standards and interpretations have no material impact on the consolidated financial statements.	1.1.2011

New or revised IFRS standards and interpretations as from 2012 and their adoption by the Group

Standard/Interpretation	Enactment	Relevance for Geberit	Planned adoption
IFRS 9 - Financial Instruments: Phase 1, Classification and Measurement	1.1.2013	IFRS 9 treats the classification and measurement of financial assets and financial liabilities. These new rules result from the first phase of the project to replace IAS 39. This amendment has no material impact on the consolidated financial statements.	1.1.2013
IFRS 10 - Consolidated Financial Statements	1.1.2013	This standard replaces the guidance on control and consolidation in IAS 27 and SIC-12. A consistent definition of control is introduced. This amendment has no material impact on the consolidated financial statements.	1.1.2013
IFRS 11 - Joint Arrangements	1.1.2013	Replaces IAS 31 Joint Ventures and SIC 13. The proportionate consolidation has been eliminated. This amendment has no material impact on the consolidated financial statements.	1.1.2013
IFRS 12 - Disclosure of Interests in Other Entities	1.1.2013	Enhancement of required disclosures for subsidiaries, joint arrangements and unconsolidated entities. This amendment has no material impact on the consolidated financial statements.	1.1.2013
IFRS 13 - Fair Value Measurement	1.1.2013	Overall standard to measure and disclose assets and liabilities at fair value. This standard does not include rules in which cases the fair value has to be used. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This value is disclosed accordingly (Level 1 – 3). This amendment has no material impact on the consolidated financial statements.	1.1.2013
IAS 1 - Presentation of Financial Statements	1.7.2012	This amendment requires entities to separate items presented in OCI into two groups, based on whether or not they may be recycled to profit or loss in the future. This amendment has no material impact on the consolidated financial statements.	1.1.2013
IAS 19 - Employee Benefits	1.1.2013	Elimination of corridor approach and additional impact on the profit in case of plan assets. The annual cost will comprise the net interest cost, measured on the funded status applying the same discount rate for plan assets and defined benefit obligation. Definition of principal based disclosure requirements to enable a wide evaluation of the risk management of the pension plans. The pension plans of Geberit contain plan assets and therefore the difference of the interest rate will lead to an increased expense in the consolidated financial statements.	1.1.2013
Annual improvements of IFRS and interpretations (IFRIC)	various	The ordinary yearly clarifications and minor amendments of various standards and interpretations have no material impact on the consolidated financial statements.	various

The Geberit Group does not plan an early adoption of any standard or interpretation (IFRIC).

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 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 income. Exchange rate differences related to loans which 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 accumulated 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 as at their acquisition date that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. The carrying amount of cash and cash equivalents approximates to their fair value due to the short-term maturities of these instruments.

Marketable securities

Marketable securities are principally traded in liquid markets. Marketable securities with a remaining time to maturity of 4-12 months or which are purchased with the intention of selling them in the near future have to be measured at their fair value through the income statement.

Inventories

Inventories are stated at the lower of cost or net realizable value. Cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Both the purchase cost and the cost of production are determined using the weighted-average method. Net realizable value corresponds to the estimated selling price in the ordinary course of business less the estimated costs of completion and the selling costs. An allowance is made for obsolete and slow-moving inventories.

Property, plant and equipment

Property, plant and equipment are carried at cost less accumulated depreciation. Betterment that increases the useful lives of the assets, improves the quality of the output, or enables a substantial reduction in operating costs is capitalized and depreciated over the remaining useful lives. Depreciation of property, plant and equipment is calculated using the straight-line method based on the following useful lives: buildings (15–50 years), production machinery and assembly lines (8–15 years), molds (4–6 years), equipment (4–20 years) and vehicles (5–10 years). Properties are not regularly depreciated. Repairs and maintenance related to investments in property, plant and equipment are charged to income as incurred.

Borrowing costs of all material qualified assets are capitalized during the production phase in accordance with IAS 23. A qualified asset is an asset for which an extensive period is required to transform it to its planned serviceable or marketable condition.

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

Non-current assets held for sale

Non-current assets held for sale and disposal groups are measured at the lower of carrying amount or fair value less costs to sell if the requirements of IFRS 5 are met.

Intangible assets and goodwill

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

Goodwill and intangibles such as patents, trademarks and software acquired from third parties are initially stated and subsequently measured at cost. Goodwill and intangible assets with an indefinite useful life are not regularly amortized but tested for impairment on an annual basis. Since the Geberit trademark is a major element of the business model of the Geberit Group, it has been assigned an indefinite useful life. Impairments are expensed in the consolidated income statements when they occur, and in the case of goodwill, not reversed in subsequent periods. The amortization of intangible assets with a definite useful life is calculated using the straight-line method based upon the following useful lives: patents and technology (10 years), trademarks (5 years) and software (4–6 years).

Valuation of intangible assets and goodwill

Intangible assets with an indefinite useful life and goodwill are tested for impairment at each reporting date. 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. The Geberit trademark is valued on the Group level.

For the impairment tests of intangible assets with an indefinite useful life and goodwill, the Group applies the most recent business plans (period 4 years) and the assumptions therein concerning development of prices, markets and 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 12**.

Associated companies, joint ventures and other investments

The Group's share of profits and losses of associated companies (voting rights between 20% and 50%) and joint ventures is included in the consolidated financial statements in accordance with the equity method of accounting. All other non-consolidated investments are stated at fair value. If the fair value cannot be determined, such investments are stated at cost, with adequate provision for permanent diminution in value. Investments in fully consolidated subsidiaries are measured at fair value through the income statement at the date when control is lost. A change in the parent's ownership interest without loss of control is dealt as equity transaction between shareholders.

Provisions

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

Revenue from sales

Revenue from sales is recognized when risks and rewards are transferred to the customer. This normally corresponds with the shipment of the goods. Revenue from sales includes the invoiced net amounts after deduction of rebates shown on the invoice. Subsequently granted customer bonuses and cash discounts are deducted accordingly.

Marketing expenses

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

Taxes

The consolidated financial statements include direct taxes that are based on the results of the Group companies and are calculated according to local tax rules. Deferred taxes are recorded on temporary differences between the tax base of assets and liabilities and their carrying amount using the "liability method". Deferred taxes are calculated either using the current tax rate or the tax rate expected to be applicable in the period in which these differences will reverse. If the realization of future tax savings related to tax loss carryforwards and other deferred tax assets is no longer probable, valuation allowances are recorded accordingly.

A liability for deferred taxes is recognized for non-refundable taxes at source and other earning distribution-related taxes on only those available earnings of foreign subsidiaries that are intended to be remitted.

Research and development expenditures

The development expenditures are not capitalized because the conditions for capitalization are not met. The amount in 2011 was MCHF 48.4 (PY: MCHF 44.2). The costs are included in personnel expenses, depreciation expense and other operating expenses, net.

Retirement benefit plans

The Group companies have various defined benefit and defined contribution pension schemes which comply with applicable laws and customs in the respective countries in which the Group operates. For defined benefit plans, the defined benefit obligations are calculated annually by independent actuarial experts using the projected unit credit method based on the service life, projected development of salary and pension benefit and expected return on pension fund investments. Experience adjustments and the effects of changes in actuarial assumptions are recognized in → **"other comprehensive income"**. The Group recognizes the funded status of independently funded defined benefit plans in its consolidated balance sheets. In the case of a positive funded status, the surplus is determined and recognized according to IAS 19.58 and IFRIC 14.

Annual net pension costs in connection with defined benefit plans are charged to income in the period incurred. The corresponding costs for defined contribution plans are based on fixed percentages of participant salaries as defined in the respective plan documents and are also charged to income as incurred.

Participation plans

Rebates granted to employees and members of the Board of Directors when buying Geberit shares under share participation programs are charged to the income statement in the year the programs are offered.

The fair value of the options provided in share participation and option plans is determined at the grant date and recorded as personnel expenses over the vesting period. The values are determined using the binomial model, adjusted by the expected employee departure rate.

Earnings per share

The number of ordinary shares used for calculating earnings per share is determined on the basis of the weighted average of issued and outstanding ordinary shares. For the calculation of diluted earnings per share, potentially dilutive shares from option programs are added to ordinary shares. The dilution from option programs is determined on the basis of the number of ordinary shares which could have been bought for the amount of the accumulated difference between market price and exercise price of the options. The relevant market price used is the average annual Geberit share price.

Diluted earnings per share is the ratio of net income and the adjusted number of ordinary shares.

Financial instruments

Trade accounts receivable and other current assets are carried at amortized cost less allowances for credit losses. Trade and other payables are carried at amortized cost. The carrying amount of such items basically corresponds to its fair value.

The recognition and measurement of marketable securities is described in the section → **"Marketable securities"**.

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

Derivatives are initially recorded at fair value and subsequently adjusted for fair value changes. The recognition of derivatives in the Group's balance sheet is based on internal valuations or on the valuation of the respective financial institution (see → **Note 16**).

Hedge Accounting

Geberit applies hedge accounting in accordance with IAS 39 to hedge balance sheet items and future cashflows, thus reducing income statement volatility. Changes in the value of instruments designated as fair value hedges are recorded together with the change in fair value of the underlying item on a net basis. The effective portion of instruments designated as cashflow hedges and instruments designated as hedges of net investments in foreign operations is recognized in → **"other comprehensive income"**. The ineffective portion of such instruments is recorded in financial result, net.

4. Risk assessment and management

General

The Geberit Group runs a risk-management system that has been approved by the Board of Directors.

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

The financial risks are observed under the control of the chief financial officer by the central treasury department of the Geberit Group, which acts in line with the directives of the treasury policy issued by the Group. Risk management focuses on recognizing, analyzing and hedging foreign exchange rate, interest rate, liquidity and counterparty risks, with the aim of limiting their effect on cashflow and net income. The Group measures its risks with the value-at-risk method for foreign exchange rate risks and the cashflow-at-risk method for interest rate risks.

Management of counterparty risks from treasury activities

The counterparties for investments in financial instruments must have a rating of at least A+ (S&P) or A1 (Moody's) in principle. Considering the fact that in the current market environment, even very large financial institutions do not comply with the minimum rating requirements, the minimum rating was temporarily reduced to A (S&P) or A2 (Moody's). Management believes that the risk of loss from the existing contracts is remote.

Investments of cash generally mature within three months and the Group has not incurred any related losses. To avoid a risk concentration, deposits with one financial institution are limited to the amount of MCHF 70 in total. In addition, investments with the same financial institution may not exceed half of the Group's total deposits.

Management of foreign exchange rate risk

The Geberit Group generates sales and profits in Switzerland and abroad in foreign currencies. Therefore, exchange rate changes have an impact on the consolidated results. In order to limit such risks, the concept of "natural hedging" is considered as the primary hedging strategy. Hereby, the foreign exchange rate risk of cash inflows in a certain currency is neutralized with cash outflows of the same currency. For the most important currencies EUR (approx. 70% of sales) and USD (approx. 5% of sales), in principle, the relative portion of sales and costs is almost equal. 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. The translation risk however results from the translation of profits generated abroad can still substantially influence the consolidated results depending on the level of currency fluctuation despite of the effective "natural hedging". The Group does not hedge translation risks.

Any remaining currency risk is measured with the value-at-risk (VaR) method. By using statistical methods, the effect of probable changes in foreign exchange rates on the fair value of foreign currency positions and therefore on the financial result of the Group is evaluated. The risk is controlled with the key figure (VaR +/- unrealized gains/losses from foreign exchange positions)/equity. Based on internal limits, it is decided whether any hedging measures have to be taken. Normally, forward exchange contracts are used as hedging instruments. The key figure's limit is determined annually and amounts to 0.5% (PY: 0.5%) of equity for the reporting period.

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

Model	Method	Confidence level	Holding period
J. P. Morgan	Variance-covariance approach	95%	30 days

Foreign exchange rate risk as of December, 31:

	2011 MCHF	2010 MCHF
Value-at-risk +/- unrealized gains/losses	5.5	10.2
Equity	1,419.5	1,520.9
(Value-at-risk +/- unrealized gains/losses)/equity	0.4%	0.7%

The increase in VaR and the related exceeding of the limit in 2010 was the result of the temporary rising volatilities at the FX markets.

Management of interest rate risk

Basically, there are two types of interest rate risks:

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

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

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

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

Interest rate risk as of December, 31:

	2011 MCHF	2010 MCHF
EBITDA	532.0	573.7
Financial result, net + CfaR	5.7	5.8
EBITDA/(Financial result, net + CfaR)	93x	99x

Combined foreign exchange rate and interest rate risk

The following table shows the combined foreign exchange rate and interest rate risk according to the calculation method of the value-at-risk model and includes all foreign exchange rate risk and interest rate risk positions and instruments described above. Foreign exchange rate risks and interest rate risks are monitored with the key figures as previously mentioned.

	2011 MCHF	2010 MCHF
Combined foreign exchange rate and interest rate risk	11.4	18.7

Management of liquidity risk

Liquid funds (including the committed unused credit lines) must be available in order to cover future cash drains in due time amounting to a certain liquidity reserve. This reserve considers interest and amortization payments as well as 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 515.7 (PY: MCHF 658.3).

Management of credit risk

The Group sells a broad range of products throughout the world, but primarily within continental Europe. Major credit risks mainly result from such selling transactions (debtor risk). Ongoing evaluations of 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. Such losses, in aggregate, have not exceeded management's expectations in the past.

The maximum credit risk resulting from receivables and other financial assets basically corresponds to the net carrying amount of the asset. The balance of receivables at year-end is not representative because of the low sales volume in December. In 2011, the average balance of receivables is about 150% of the amount at year-end.

Management of commodity price risk

The Group is exposed to commodity price risks especially in connection with products whose manufacturing requires raw materials like plastics, nickel, copper, aluminium and steel. In order to reduce the volatility of the Group's net income, prices are generally fixed directly in the supplier's contracts for one quarter. If such a fixation is not possible, and in individual cases only, the Group uses financial hedging instruments (i.e. forward contracts, swaps, options) in order to limit the purchasing price risk on commodities. The accounting treatment of these financial instruments is explained in → **Note 3 "Summary of significant accounting policies"**.

As of December 31, 2011 and 2010, there were no open positions of financial instruments for hedging commodity price risks (see → **Note 16d**).

Summary

The Group uses several instruments and procedures to manage and control the different financial risks. These instruments are regularly reviewed in order to make sure that they meet the requirements of financial markets, changes in the Group organization and regulatory obligations. Regarding the compliance with the defined limits, management is informed on a regular basis with key figures and reports. 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	2011	2010
Foreign exchange rate risk	(VaR +/- unrealized gains/losses)/equity	0.4%	0.7%
Interest rate risk	EBITDA/(financial result, net + CfaR)	93x	99x
Liquidity risk	(Deficit)/excess of liquidity reserve	MCHF 515.7	MCHF 658.3

5. Management of capital

The objectives of the Group with regard to the management of the capital structure are the following:

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

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

- adjustment of the distribution policy
- share buyback programs
- capital increases
- incur or repay debt

Further measures to guarantee an efficient usage 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 in a timely manner.

The relevant values as of December 31, are outlined below:

	2011 MCHF	2010 MCHF
Gearing		
Debt	75.6	73.4
Liquid funds and marketable securities	542.0	586.6
Net debt	-466.4	-513.2
Equity	1,419.5	1,520.9
Net debt/equity	-32.9%	-33.7%
Return on equity (ROE)		
Equity (rolling)	1,475.2	1,509.3
Net income	384.0	406.8
ROE	26.0%	27.0%
Return on invested capital (ROIC)		
Invested capital (rolling)	1,327.6	1,450.5
Net operating profit after taxes (NOPAT)	382.3	416.5
ROIC	28.8%	28.7%

6. Marketable securities

In 2011, the Group invested MEUR 71.9 in government bonds (mainly German federal bonds). As of December 31, the carrying amount of these bonds was MCHF 87.0. The federal government bonds bought in 2009 were fully repayed in 2010.

7. Trade accounts receivable

	2011 MCHF	2010 MCHF
Trade accounts receivable	120.9	116.6
Allowance	-8.0	-7.3
Total trade accounts receivable	112.9	109.3

Of trade accounts receivable, MCHF 4.2 was denominated in CHF (PY: MCHF 4.4), MCHF 64.0 in EUR (PY: MCHF 62.4), MCHF 12.2 in USD (PY: MCHF 11.0), and MCHF 6.2 in GBP (PY: MCHF 6.1).

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

	2011 MCHF	2010 MCHF
Allowances for trade accounts receivable		
January 1	7.3	7.3
Additions	1.9	1.7
Used	-0.4	-0.3
Reversed	-0.6	-0.5
Translation differences	-0.2	-0.9
December 31	8.0	7.3

	2011 MCHF	2010 ¹ MCHF
Maturity analysis of trade accounts receivable		
Not due	91.0	87.3
Past due < 30 days	18.4	18.0
Past due < 60 days	3.7	5.2
Past due < 90 days	1.9	0.7
Past due < 120 days	1.3	0.6
Past due > 120 days	4.6	4.8
Allowance	-8.0	-7.3
Total trade accounts receivable	112.9	109.3

¹ Certain prior-year figures were adjusted to the new presentation structure due to comparison reasons.

8. Other current assets and current financial assets

	2011 MCHF	2010 MCHF
Income tax refunds receivable	2.4	6.2
Value-added tax receivables	24.6	40.6
Short-term derivative financial instruments (see Note 33) ¹	0.0	2.9
Prepaid expenses and other current assets	16.8	10.0
Total other current assets and current financial assets	43.8	59.7

¹ Is not part of the calculation of net working capital

9. Inventories

	2011 MCHF	2010 MCHF
Raw materials, supplies and other inventories	56.4	46.8
Work in progress	28.3	26.6
Finished goods	67.8	65.1
Merchandise	9.4	9.4
Prepayments to suppliers	0.3	0.9
Total inventories	162.2	148.8

As of December 31, 2011, inventories included allowances for slow-moving and obsolete items of MCHF 16.5 (PY: MCHF 20.1).

10. Property, plant and equipment

	Total	Land and buildings	Machinery and equipment	Office equipment	Assets under constr./ advance payments
	MCHF	MCHF	MCHF	MCHF	MCHF
2011					
Cost at beginning of year	910.2	287.5	556.1	34.7	31.9
Additions	87.6	10.1	31.3	5.1	41.1
Disposals	-26.8	-1.2	-20.2	-5.4	
Transfers	0.0	4.1	24.0	1.6	-29.7
Translation differences	-15.8	-3.6	-10.8	-0.9	-0.5
Cost at end of year	955.2	296.9	580.4	35.1	42.8
Accumulated depreciation at beginning of year	395.9	74.4	304.0	17.5	0.0
Depreciation expense	76.9	10.0	59.7	7.2	
Disposals	-24.8	-0.8	-18.8	-5.2	
Transfers	0.0				
Translation differences	-9.0	-1.3	-7.1	-0.6	
Accumulated depreciation at end of year	439.0	82.3	337.8	18.9	0.0
Net carrying amounts at end of year	516.2	214.6	242.6	16.2	42.8
2010					
Cost at beginning of year	990.9	296.7	611.8	37.3	45.1
Changes in Group organization (see Note 2)	0.1			0.1	
Additions	78.6	5.8	33.6	7.4	31.8
Disposals	-37.6	-0.8	-31.0	-5.8	
Transfers	0.0	18.4	21.6	1.9	-41.9
Translation differences	-121.8	-32.6	-79.9	-6.2	-3.1
Cost at end of year	910.2	287.5	556.1	34.7	31.9
Accumulated depreciation at beginning of year	414.7	73.2	321.4	20.1	0.0
Depreciation expense	81.8	11.5	63.2	7.1	
Disposals	-36.5	-0.7	-30.3	-5.5	
Transfers	0.0		-0.2	0.2	
Translation differences	-64.1	-9.6	-50.1	-4.4	
Accumulated depreciation at end of year	395.9	74.4	304.0	17.5	0.0
Net carrying amounts at end of year	514.3	213.1	252.1	17.2	31.9

As of December 31, 2011, buildings were insured at MCHF 427.5 (PY: MCHF 432.2) and equipment at MCHF 887.6 (PY: MCHF 862.8) against fire, which amounts to a total fire insurance value for property, plant and equipment of MCHF 1,315.1 (PY: MCHF 1,295.0).

As of December 31, 2011, the Group had entered into firm commitments for capital expenditures of MCHF 12.1 (PY: MCHF 8.3).

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

	2011 MCHF	2010 MCHF
Reinsurance policies for pension obligations (see Note 17)	10.1	8.7
Reinsurance policies for other long-term employee obligations	2.0	0.0
Long-term derivative financial instruments (see Note 33)	2.7	0.0
Other	6.6	6.5
Total other non-current assets and non-current financial assets	21.4	15.2

12. Goodwill and intangible assets

	Total MCHF	Goodwill MCHF	Patents and technology MCHF	Trademarks and other intangible assets MCHF
2011				
Cost at beginning of year	1,028.0	733.5	127.3	167.2
Additions	5.0			5.0
Disposals	-1.3			-1.3
Translation differences	-18.7	-17.9		-0.8
Cost at end of year	1,013.0	715.6	127.3	170.1
Accumulated amortization at beginning of year	369.2	174.8	118.0	76.4
Amortization expense	5.9		3.2	2.7
Disposals	-1.3			-1.3
Translation differences	-6.0	-5.4		-0.6
Accumulated amortization at end of year	367.8	169.4	121.2	77.2
Net carrying amounts at end of year	645.2	546.2	6.1	92.9
2010				
Cost at beginning of year	1,162.6	862.8	127.3	172.5
Changes in Group organization (see Note 2)	0.5	0.5		
Additions	1.9			1.9
Disposals	-4.2	-0.6		-3.6
Translation differences	-132.8	-129.2		-3.6
Cost at end of year	1,028.0	733.5	127.3	167.2
Accumulated amortization at beginning of year	409.5	214.3	114.8	80.4
Amortization expense	5.7		3.2	2.5
Disposals	-3.5			-3.5
Translation differences	-42.5	-39.5		-3.0
Accumulated amortization at end of year	369.2	174.8	118.0	76.4
Net carrying amounts at end of year	658.8	558.7	9.3	90.8

Goodwill and intangible assets with an indefinite useful life resulting from acquisitions are analyzed for impairment on an annual basis. As of December 31, 2011, there was no need for an impairment of these assets. The following table shows the carrying amount of positions which are material for the Group. The table shows also the parameters used in the impairment analysis.

	Carrying	Carrying	Calculation of recoverable amount (PY numbers in brackets)			
	amount	amount	Value in use (U) or fair value less cost to sell (F)	Growth rate beyond planning period %	Discount pre-tax rate %	Discount post-tax rate %
	31.12.2011	31.12.2010				
	MCHF	MCHF				
Goodwill from LBO Geberit	240.0	244.3	U	3.63 (3.24)	10.17 (10.14)	8.98 (8.97)
Goodwill from Mapress acquisition	287.9	295.6	U	3.76 (2.10)	11.69 (12.36)	9.38 (9.10)
Geberit trademarks	84.6	84.6	U	3.63 (3.24)	10.40 (10.51)	8.98 (8.97)
Total	612.5	624.5				

The growth rates beyond the planning period are based on Euroconstruct estimations and on history-based internal assumptions about price and market share development. From today's perspective, management believes that a possible and reasonable change of one of the crucial parameters (see → **Note 3**) used to calculate the recoverable amount would not lead to an impairment. The scenarios used to support this assumption are based specifically on decreases both in operating margins and the growth rate beyond the planning periods.

13. Short-term debt

	2011 MCHF	2010 MCHF
Private Placement	61.0	0.0
Other short-term debt	3.8	3.3
Total short-term debt	64.8	3.3

The Group maintains credit lines of MCHF 45.7 (PY: MCHF 46.2) 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. At December 31, 2011 and 2010, the Group did not have any outstanding drawings on the above-mentioned credit lines.

The terms of contract of the Private Placement are described in → **Note 15**.

14. Other current provisions and liabilities

	2011 MCHF	2010 MCHF
Compensation-related liabilities	45.6	41.9
Accrued interest	0.5	0.4
Customer-related liabilities	56.9	50.0
Current provisions	3.2	3.9
Value added tax payables	11.0	24.8
Short-term derivative financial instruments (see Note 33) ¹	16.4	0.0
Other current liabilities	27.4	18.7
Total other current provisions and liabilities	161.0	139.7

¹ Is not part of the calculation of net working capital.

2011 and 2010 movements of current provisions are shown in the following table:

	2011 MCHF	2010 MCHF
Current provisions		
January 1	3.9	5.2
Additions	1.3	1.8
Used	-1.7	-0.9
Reversed	-0.1	-1.8
Transfers	-0.1	0.0
Translation differences	-0.1	-0.4
December 31	3.2	3.9

15. Long-term debt

	2011 MCHF	2010 MCHF
Private Placement	61.0	60.7
Revolving Facility	0.0	0.0
Other debt	14.6	12.7
Total debt	75.6	73.4
Short-term portion of debt (see Note 13)	-64.8	-3.3
Total long-term debt	10.8	70.1

Private Placement

In December 2002, the Group raised MUS\$ 100.0 from various US insurance companies through a privately placed debt ("Private Placement") issued by its US subsidiary The Chicago Faucet Company. The Private Placement is split into (i) a series A (MUS\$ 35.0), which carries a coupon of 5.0% and was due on December 19, 2009, and (ii) a series B (MUS\$ 65.0), which carries a coupon of 5.54% and is due on December 19, 2012. The series A (MUS\$ 35.0) was paid back on maturity (December 19, 2009).

The Private Placement is secured by guarantees from Geberit AG, Geberit Holding AG and Geberit Verwaltungs GmbH. The Group must comply with the following financial ratios. Both conditions were met on December 31, 2011.

- EBITDA/financial result, net: min. 3.0x
- Net debt/EBITDA: max. 3.5x

As of December 31, 2011, the fair value of the Private Placement amounted to MCHF 63.2 (PY: MCHF 65.2). It is calculated by discounting all future cashflows with the current interest rate (swap rate applicable for remaining time to maturity plus credit spread).

Revolving Facility

At the end of June 2009, the Geberit Group opened a firmly committed credit line ("Revolving Facility") of MCHF 250 with a banking syndicate. The Group changed the conditions of the firmly committed credit line of MCHF 250 as of June, 2011, and rolled over the credit term. Apart from a reduction of the credit line by MCHF 100 to MCHF 150, an improvement of the financial conditions could be achieved. The credit line is newly firmly committed until June 2016 and will ensure the Group's financial flexibility. At December 31, 2011, the Revolving Facility bears interest at LIBOR plus an annual interest margin of 0.5%. The interest margin depends on the net debt to EBITDA ratio. This ratio is verified on a quarterly basis. In addition in the case of a drawdown of the credit line of 33⅓%, a utilization fee of 0.15% is due on the entire credit portion and in the case of a drawdown of 66⅔%, a utilization fee of 0.30% is due. The interest is payable at the maturity date of the respective drawing used under the Revolving Facility. The drawings can have terms of one to six months. A commitment fee of 35% of the applicable interest margin is due on the unused portion. Drawings under the Revolving Facility are secured by guarantees from Geberit AG, Geberit Holding AG, Geberit Verwaltungs GmbH, and the Chicago Faucet Company, and contain covenants and conditions typical for syndicated financing, among others, compliance with the following financial ratios:

- EBITDA/financial result, net: min. 5.0x
- Net debt/EBITDA: max. 3.0x
- Equity/total assets: min. 25%

The limits for these financial ratios were fulfilled on December 31, 2011. In 2011 and 2010, no drawdown of the Revolving Facility took place.

Other debt

As of December 31, 2011, the Group had MCHF 14.6 of other debt (PY: MCHF 12.7). This debt incurred an effective interest rate of 6.0% (PY: 6.0%).

Currency mix

Of the debt outstanding as of December 31, 2011, MCHF 14.6 was denominated in EUR (PY: MCHF 12.3) and MCHF 61.0 in USD (PY: MCHF 60.9).

Convertible Bond

On June 14, 2004, the Group issued a Convertible Bond at a nominal value of MCHF 170.0. The Convertible Bond was split into 34,000 bond fractions at a par value of CHF 5,000 each. By the maturity date of June 14, 2010, a total of 5,189 fractions of the Convertible Bond in the nominal value of MCHF 25.8 had been converted into 266,431 shares in the first half-year. By the maturity of the Convertible Bond, all 34,000 fractions of the Convertible Bond in the nominal value of MCHF 170.0 had been converted into 1,718,095 shares. The effective interest rate of the Convertible Bond charged to the income statement was 3.56% (MCHF 0.1) in 2010.

16. Derivative financial instruments

Where required by the treasury policy, the Group enters into derivative financial instruments to hedge its exposure to foreign currency exchange rate risks, interest rate risks, and commodity price risks. This policy and the accounting policies for the Group's derivative financial instruments are disclosed in → Notes 3 and → 4. As at December 31, 2011 and 2010, the following derivative financial instruments were outstanding:

a) Cross Currency Interest Rate Hedges

The following instruments were used to hedge foreign exchange rate risks, arising from the intercompany financing of subsidiaries:

	Maturity	Strike price	Contract amount Purchase	Contract amount Sale (-)	Fair value 31.12.	Interest rate %	Interest rate %	Calculation method
2011								
			MUSD	MEUR	MCHF	USD	EUR	
USD buy/ EUR sell	19.12.2012	1.004	55.0	-54.8	-16.4	5.54	5.9775	DCF ¹
			MCHF	MUSD	MCHF	CHF	USD	
CHF buy/ USD sell	18.12.2013	1.03345	25.8	-25.0	2.7	0.21	0.66	DCF ¹
2010								
			MUSD	MEUR	MCHF	USD	EUR	
USD buy/ EUR sell	19.12.2012	1.004	55.0	-54.8	-18.9	5.54	5.9775	DCF ¹
			MCHF	MUSD	MCHF	CHF	USD	
CHF buy/ USD sell	16.12.2011	1.03345	31.0	-30.0	2.8	0.37	1.20	DCF ¹

¹ Discounted cash flow

b) Forward foreign exchange contracts and foreign exchange options

2011	Contract values						Fair value 31.12.	Calculation method
	MNOK	MGBP	MPLN	MUSD	MSEK	MAUD	MCHF	
Foreign exchange contracts	-1.0	-0.8	-4.0	0.0	-3.5	-0.4	0.0	Mark-to-Market
2010								
	MNOK	MGBP	MPLN	MUSD	MSEK	MAUD	MCHF	
Foreign exchange contracts	-2.5	-0.3	-2.0	-0.9	0.0	0.0	0.1	Mark-to-Market

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

c) Interest rate hedges

As of December 31, 2011 and 2010, the Group had no outstanding interest rate hedges.

d) Commodity price hedging instruments

As of December 31, 2011 and 2010, there were no outstanding commodity price hedging instruments.

17. Retirement benefit plans

The Group maintains defined benefit plans for its employees in Switzerland, Germany, Austria, and the USA. These plans are either funded or unfunded. Funded plans are either funded by assets held independently of the Group's assets in separate trustee-administered funds or by qualifying insurance policies. The net periodic pension costs of the defined benefit plans were as follows:

	2011		2010	
	Funded plans MCHF	Unfunded plans MCHF	Funded plans MCHF	Unfunded plans MCHF
Service cost	22.7	4.4	19.8	4.6
Interest cost on projected benefit obligation	12.1	5.9	12.7	6.6
Expected return on plan assets	-16.3		-15.4	
Contributions of employees	-8.2		-7.9	
Net periodic pension cost	10.3	10.3	9.2	11.2

The following table shows the current status of the defined benefit pension plans and the amounts recognized in the Group's consolidated balance sheets:

	2011		2010	
	Funded plans	Unfunded plans	Funded plans	Unfunded plans
	MCHF	MCHF	MCHF	MCHF
Benefit obligation				
At beginning of year	430.6	129.4	381.1	139.6
Service cost	22.7	4.4	19.8	4.6
Interest cost on projected benefit obligation	12.1	5.9	12.7	6.6
Actuarial gains (-)/losses	32.1	2.5	28.9	7.8
Translation differences	-0.2	-3.4	-1.4	-22.8
Benefits paid	-12.2	-7.3	-10.5	-6.4
Benefit obligation at end of year	485.1	131.5	430.6	129.4
Plan assets at fair value				
At beginning of year	365.9		346.1	
Expected return on plan assets	16.3		15.4	
Contributions of employees	8.2		7.9	
Contributions of employers	7.4		7.2	
Benefits paid	-11.8		-10.3	
Actuarial gains/losses (-)	-16.5		0.8	
Translation differences	-0.1		-1.2	
Plan assets at fair value at end of year	369.4		365.9	
Funded status at end of year	-115.7	-131.5	-64.7	-129.4
Adjustment according to IAS 19.58	0.0	0.0	0.0	0.0
Total pension asset/obligation (-)	-115.7	-131.5	-64.7	-129.4
	2011		2010	
	Funded plans	Unfunded plans	Funded plans	Unfunded plans
	MCHF	MCHF	MCHF	MCHF
The pension asset/obligation (-) is composed of:				
Reinsurance policies for pension obligations (see Note 11)	10.1		8.7	
Accrued pension obligations	-125.8	-131.5	-73.4	-129.4
Total pension asset/obligation (-)	-115.7	-131.5	-64.7	-129.4

The plan assets of funded plans of MCHF 369.4 (PY: MCHF 365.9) are composed of assets of MCHF 359.3 (PY: MCHF 357.2) in two independent Swiss trustee pension funds and MCHF 10.1 (PY: MCHF 8.7) in qualifying insurance policies.

The legal situation relating to pension plans in Switzerland strictly limits the Group's control over the surplus in the Swiss pension funds. In the case of material underfundings, recapitalization measures have to be taken in which also beneficiaries can be obliged to participate. As of December 31, 2011, no underfundings existed for Swiss pension plans in compliance with Swiss GAAP FER (FER 26).

The benefit obligations, the plan assets, the funded status, and the net actuarial gains and losses were as follows:

	2011 MCHF	2010 MCHF	2009 MCHF	2008 MCHF	2007 MCHF
Benefit obligations	-616.6	-560.0	-520.7	-462.2	-457.4
Plan assets	369.4	365.9	346.1	314.3	368.8
Funded status	-247.2	-194.1	-174.6	-147.9	-88.6
Net actuarial gains (-) and losses on benefit obligations	34.6	36.7	33.8	-0.2	-28.4
- of which from changes in actuarial assumptions	38.3	40.1	30.9	-6.5	-34.6
- of which from experience adjustments	-3.7	-3.4	2.9	6.3	6.2
Experience adjustments on plan assets	16.5	-0.8	-13.0	76.5	5.6
Total actuarial gains (-) and losses in current year	51.1	35.9	20.8	76.3	-22.8
Adjustment according to IAS 19.58, gains/losses	0.0	0.0	0.0	-36.9	19.5
Recorded in OCI¹, current year	51.1	35.9	20.8	39.4	-3.3
Recorded in OCI¹ accumulated	238.8	187.7	151.8	131.0	91.6

¹ Other comprehensive income

The plan assets of the Swiss pension fund are split into the following asset categories (in %) at the end of the year:

	2011	2010
Shares	30.1	27.9
Bonds and other debt instruments	28.2	32.2
Real estate property	29.6	27.8
Other	12.1	12.1
Total	100.0	100.0

The expected return on plan assets is calculated based on long-term returns on the investments in the respective asset category. The investments per asset category follow the guidelines defined in the strategic asset allocation policy.

The actual return on these plan assets amounted to -0.18% in 2011 and 5.0% in 2010. As of December 31, 2011, plan assets included MCHF 2.7 (PY: MCHF 2.0) of equity instruments of Geberit AG and MCHF 10.1 (PY: MCHF 10.1) in real estate property used by the Group.

In 2012, the expected employers' contribution to the plan assets is MCHF 7.3.

The following actuarial assumptions were used for the calculation of the defined benefit obligations and the expected return on plan assets (in %):

	2011			2010		
	CH	EU	USA	CH	EU	USA
Discount rate used in determining present values	2.4	4.50	5.0	2.8	4.75	5.0
Annual rate of increase in future compensation levels	2.0	2.5	3.0	2.0	2.5	3.0
Expected rate of future increases in pension benefits	1.0	0-2.0	0.0	1.0	0-2.0	0.0
Expected rate of return on plan assets	4.5			4.5		
Demography	BVG 2010	Tables 2005 G		BVG 2000	Tables 2005 G	

The development of medical costs has no influence on the benefit obligations of the Swiss pension plans and the pension plan in the USA. In Germany and Austria, medical costs indirectly influence the determination of benefit obligations through the employer contributions to the medical insurance for employees. However, the impact on the benefit obligations is not material.

The consolidated income statement also includes expenses for defined contribution plans of MCHF 1.7 in 2011 (PY: MCHF 1.8).

18. Participation plans

Share plans

In 2011, employees were able to purchase a limited number of shares at a discount of 30% (PY: 30%) compared to the market price ("Employee share plan 2011"). The Geberit management was entitled to draw the previous year's results-related salary partly or entirely in shares valued at market price ("Management share plans 2011"). For each of these shares, the management participants received one option (see part 2: "Option plans"). As part of the "Directors program 2011", the non-executive members of the Board of Directors received their annual compensation in shares of Geberit AG at a discount of 30% (PY: 30%). All share plans are subject to blocking periods which are valid beyond the period of employment.

The share plans introduced in 2011 are summarized below:

	End of blocking period	Number of participants	Number of shares issued	Issuing price CHF
Employee share plan 2011 (ESPP)	2013	1,099	18,117	138.57
Management share plans 2011 (MSPP)	2014	60	13,259	197.95
Directors program 2011 (DSPP)	2013	7	7,341	138.57

The 38,717 shares required for these plans were taken from the stock of treasury shares.

As of December 31, 2011, the Board of Directors, the Group Executive Board and the employees owned a combined total of 812,624 (PY: 1,472,884) shares, i.e. 2.0% (PY: 3.6%) of the share capital of Geberit AG.

Option plans

For each of the shares purchased in connection with the "Management share plans 2011", the Geberit management received one option to purchase an additional share at a 1:1 ratio. The exercise price of the options is equal to the price at which the underlying shares were allocated. The options can be exercised after vesting periods of two years. They lapse if not exercised within five years of the grant date.

In connection with an additional option plan ("Option plan 2011"), the managing directors and members of the Group Executive Board were entitled to additional options with a term to maturity of five years and a vesting period of two and four years, respectively.

The following is a summary of the options allocated in 2011:

	End of vesting period	Maturity	Number of participants	Number of options allocated	Exercise price CHF
Management share plans 2011 (MSPP)	2013	2016	60	13,259	197.95
Option plan 2011 type A (MSOP)	2013	2016	65	22,472	217.60
Option plan 2011 type B (MSOP)	2015	2016	65	22,472	228.00
Total				58,203	

The fair value of the options granted in 2011 amounted to CHF 38.49 for MSOP type A (two-years vesting period), CHF 37.26 for MSOP type B (four-years vesting period) and CHF 41.88 for MSPP (two-years vesting period) at the respective granting dates. The fair value was determined using the binomial model for "American Style Call Options".

The calculation model was based on the following parameters:

	Reference share price ¹ CHF	Surcharge %	Exercise price CHF	Expected volatility %	Expected Ø dividend yield %	Contractual period Years	Risk-free interest rate %
Management share plans 2011 (MSPP)	197.95	0	197.95	28.47	3.43	5	1.130
Option plan 2011 type A (MSOP)	207.25	5	217.60	28.58	3.28	5	1.182
Option plan 2011 type B (MSOP)	207.25	10	228.00	28.58	3.28	5	1.182

¹ The reference share price corresponds to the average share price of the Geberit shares for the period from 6.1.2011 to 19.1.2011 for MSOP and from 3.3.2011 to 16.3.2011 for MSPP, respectively.

The following table summarizes all option plans in place as of December 31, 2011:

End of vesting period	Maturity	Number of options outstanding	Ø exercise price CHF	Number of options in the money	Ø exercise price CHF
Lapsed	2012 – 2014	81,706	168.81	38,036	121.37
2012	2013 – 2015	65,944	172.10	32,160	148.80
2013	2014 – 2016	76,471	161.17	42,304	121.60
2014	2015	21,370	206.60	0	0
2015	2016	21,219	228.00	0	0
Total		266,710	175.17	112,500	129.30

The following movements took place in 2011 and 2010:

	MSOP		MSPP		Total 2011		Total 2010	
	Number of options	Ø exercise price CHF	Number of options	Ø exercise price CHF	Number of options	Ø exercise price CHF	Number of options	Ø exercise price CHF
Outstanding January 1	235,974	154.60	79,546	145.48	315,520	152.30	362,312	136.29
Granted options	44,944	222.80	13,259	197.95	58,203	217.14	63,237	199.32
Forfeited options	17,036	172.72	939	192.41	17,975	173.75	8,682	155.39
Exercised options	50,255	120.44	38,783	123.66	89,038	121.85	101,347	124.15
Outstanding December 31	213,627	175.53	53,083	173.69	266,710	175.17	315,520	152.30
Exercisable at December 31	23,794	124.18	14,242	116.68	38,036	121.37	82,719	163.08

The 266,710 options outstanding represent 0.7% of the outstanding shares of Geberit AG. The Group hedges this exposure with treasury shares.

The options outstanding at December 31, 2011, had an exercise price between CHF 96.50 and CHF 228.00 and an average remaining contractual life of 2.2 years.

Costs resulting from participation plans amounted to MCHF 1.7 in 2011 (PY: MCHF 1.5), those for option plans totaled MCHF 2.3 (PY: MCHF 2.3).

19. Deferred tax assets and liabilities

	2011	Movements 2011			2010
	Total	Charged/ credited to income	Through equity/ OCI ¹	Translation differences	Total
	MCHF	MCHF	MCHF	MCHF	MCHF
Deferred tax assets					
Loss carryforwards	5.1	-1.0		-0.1	6.2
Accrued pension obligation	26.6	0.5	9.0	-0.2	17.3
Property, plant and equipment	2.7	0.3			2.4
Goodwill and intangible assets	31.3	-4.7		-0.1	36.1
Other	13.3	-1.1	-1.9	-0.2	16.5
Total deferred tax assets	79.0	-6.0	7.1	-0.6	78.5

Deferred tax liabilities

Inventories	-6.1	-0.8			-5.3
Property, plant and equipment	-31.7	0.5		0.4	-32.6
Intangible assets	-6.6	0.7		0.1	-7.4
Other	-5.4	1.5			-6.9
Total deferred tax liabilities	-49.8	1.9	0.0	0.5	-52.2

¹ Other comprehensive income

	2010	Movements 2010			2009
	Total	Charged/ credited to income	Through equity/ OCI ¹	Translation differences	Total
	MCHF	MCHF	MCHF	MCHF	MCHF
Deferred tax assets					
Loss carryforwards	6.2	-2.4		-0.9	9.5
Accrued pension obligation	17.3	0.1	7.2	-1.1	11.1
Property, plant and equipment	2.4	0.7		-0.3	2.0
Goodwill and intangible assets	36.1	-5.0		-1.0	42.1
Other	16.5	2.4		-0.6	14.7
Total deferred tax assets	78.5	-4.2	7.2	-3.9	79.4

Deferred tax liabilities

Inventories	-5.3	0.1		0.5	-5.9
Property, plant and equipment	-32.6	-1.2		3.5	-34.9
Intangible assets	-7.4				-7.4
Other	-6.9	0.7		0.2	-7.8
Total deferred tax liabilities	-52.2	-0.4	0.0	4.2	-56.0

¹ Other comprehensive income

Deferred tax liabilities are recorded for non-refundable withholding taxes or other taxes on unremitted earnings if earnings are planned to be remitted to the parent. As of December 31, 2011 and 2010, there were no such retained earnings in the subsidiaries.

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

Maturity	2011 MCHF	Not deferred tax asset MCHF	Deferred tax asset MCHF	2010 MCHF	Not deferred tax asset MCHF	Deferred tax asset MCHF
1 year	0.0	0.0	0.0	0.7	0.1	0.6
2 years	0.0	0.0	0.0	0.5	0.0	0.5
3 years	0.0	0.0	0.0	0.2	0.0	0.2
4 years	0.0	0.0	0.0	0.0	0.0	0.0
5 years	0.0	0.0	0.0	1.3	0.0	1.3
6 years	5.7	0.0	5.7	4.2	0.0	4.2
> 6 years	14.0	0.0	14.0	18.9	0.7	18.2
Total	19.7	0.0	19.7	25.8	0.8	25.0

20. Other non-current provisions and liabilities

	2011 MCHF	2010 MCHF
Provisions for operating risks	20.6	22.9
Accrued grant payments	1.9	1.6
Long-term derivative financial instruments (see Note 33)	0.0	18.9
Other non-current liabilities	14.5	15.6
Total other non-current provisions and liabilities	37.0	59.0

For details with respect to derivative financial instruments see → Note 16. Provisions for operating risks mainly include provisions for warranties. 2011 and 2010 movements are shown in the following table.

	2011 MCHF	2010 MCHF
Provisions for operating risks		
January 1	22.9	20.6
Additions	9.5	13.9
Used	-7.4	-8.8
Reversed	-4.1	-0.4
Translation differences	-0.3	-2.4
December 31	20.6	22.9

21. Contingencies

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

The Group is also subject to various environmental laws and regulations in the jurisdictions in which it operates. In the ordinary course of business, the Group incurs capital and operating expenditures and other costs in complying with such laws and regulations. The Group currently does not anticipate any extraordinary material capital expenditures for environmental control technology. Some risk of environmental liability is inherent in the Group's business, and there can be no assurance that no additional environmental costs will arise in the future. However, the Group does not anticipate any material adverse effect for its operating results or financial position as a consequence of future costs of environmental compliance.

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

22. Capital stock and treasury shares

The total number of issued Geberit shares at December 31, 2011, was 39,847,005.

Geberit AG repurchased 1,391,000 shares in the course of the share buyback program 2006. These shares were retired in the course of the capital reduction. As at July 6, 2011, the approved capital reduction was executed.

	2011 pcs.	2010 pcs.
Issued shares		
January 1	41,238,005	40,971,574
Additional shares from Convertible Bond	0	266,431
Capital reduction as at July 6, 2011	-1,391,000	0
December 31	39,847,005	41,238,005

In 2011 and 2012, a new share buyback program will be executed. Shares amounting to a total of a maximum of 5% of the share capital recorded in the Commercial Register will be repurchased via a separate trading line, less withholding tax, and retired by means of a capital reduction. A total of 1,026,000 shares in the amount of MCHF 192.5 had been repurchased by December 31, 2011. The Board of Directors will propose the shareholders on the next General Meeting to retire these shares. Based on the closing price of the Geberit registered share on December 31, 2011, and the average price of the already repurchased shares, the value of the total shares to be bought back amounts to approximately MCHF 380.

As of December 31, 2011, the Group held a total of 1,300,551 (PY: 1,695,196) treasury shares with a carrying amount of MCHF 229.4 (PY: MCHF 213.0). In 2011, the Group decreased the net number of treasury shares by 394,645. Treasury shares are deducted at cost from equity.

	2011 pcs.	2010 pcs.
Stock of treasury shares		
From share buyback programs	1,026,000	1,391,000
Other treasury shares	274,551	304,196
Total treasury shares	1,300,551	1,695,196

For transactions in connection with the participation plans, see → **Note 18**.

23. 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.

	2011	2010
Attributable net income according to income statement (MCHF)	384.0	406.8
Weighted average number of ordinary shares outstanding (thousands)	39,096	39,424
Total earnings per share (CHF)	9.82	10.32

For the 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.

	2011	2010
Attributable net income according to income statement (MCHF)	384.0	406.8
Weighted average number of ordinary shares outstanding (thousands)	39,096	39,424
Adjustments for share options (thousands)	19	54
Weighted average number of ordinary shares outstanding (thousands)	39,115	39,478
Total diluted earnings per share (CHF)	9.82	10.30

24. Cash discounts and customer bonuses

	2011 MCHF	2010 MCHF
Cash discounts	61.9	62.9
Customer bonuses	193.1	184.0
Total cash discounts and customer bonuses	255.0	246.9

25. Other operating expenses, net

	2011 MCHF	2010 MCHF
Outbound freight costs and duties	61.3	61.4
Energy and maintenance expenses	73.1	70.2
Marketing expenses	83.6	69.9
Administration expenses	40.0	41.0
Other operating expenses	67.7	75.8
Other operating income	-13.6	-11.9
Total other operating expenses, net	312.1	306.4

Other operating income includes, among other things, rental income, gains from sales of fixed assets, and catering revenues.

In 2011, costs of MCHF 9.7 (PY: MCHF 8.9) were capitalized as property, plant and equipment including particular tools and assembly lines, which are part of the production process. The amount was deducted prorata from "personnel expenses", "cost of materials", and "other operating expenses, net".

26. Financial result, net

	2011 MCHF	2010 MCHF
Interest expenses	-6.4	-7.7
Amortization of deferred financing fees	-0.5	-0.5
Other financial expenses	-1.5	-2.7
Total financial expenses	-8.4	-10.9
Interest income	3.6	3.9
Total financial income	3.6	3.9
Foreign exchange loss (-)/gain	-2.5	-7.3
Total financial result, net	-7.3	-14.3

27. Income tax expenses

	2011 MCHF	2010 MCHF
Current taxes	53.8	60.5
Deferred taxes	4.1	4.6
Total income tax expenses	57.9	65.1

The differences between income tax expenses computed at the weighted-average applicable tax rate of the Group of 13.7% (PY: 13.4%) and the effective income tax expenses were as follows:

	2011 MCHF	2010 MCHF
Income tax expenses, at applicable rate	60.6	63.0
Operating losses with no current tax benefit	0.1	0.1
Changes in future tax rates	-0.3	-0.1
Taxable goodwill amortization and non-deductible expenses, net	-2.7	-1.9
Other	0.2	4.0
Total income tax expenses	57.9	65.1

The expected business development in the different regions and markets will not lead to a material change of the weighted average tax rate of the Group.

28. Cashflow figures

Net cashflow is calculated as follows:

	2011 MCHF	2010 MCHF
EBITDA ¹	532.0	573.7
Financial result, net	-7.3	-14.3
Income tax expenses	-57.9	-65.1
Deferred taxes charged/credited (-) to net income (see Notes 19 and 27)	4.1	4.6
Changes in non-current provisions	24.9	34.7
Changes in other non-current assets and liabilities and other	-1.1	-0.2
Net cashflow	494.7	533.4

¹ EBIT + Depreciation + Amortization

“Changes in non-current provisions” mainly includes the changes in provisions for operating risks, accrued pension obligations and non-cash expenses resulting from share participation and option plans charged or credited to net income. “Changes in other non-current assets and liabilities and other” mainly includes the changes in prepaid pension assets, gains from the disposal of property, plant and equipment and the non-cash amortization of transaction costs in relation with the borrowing of debts.

Free cashflow is calculated as follows:

	2011 MCHF	2010 MCHF
Net cashflow	494.7	533.4
Purchase of property, plant and equipment and intangible assets, net	-88.8	-78.4
Changes in net working capital	-7.6	51.8
Payments charged to non-current provisions	-12.3	-13.0
Free cashflow	386.0	493.8

As per Group definition, the term “Free cashflow” does not include cashflows from divestments or acquisitions of subsidiaries, proceeds or repayments of borrowings, the purchase or sale of treasury shares and dividend payments.

“Changes in net working capital” comprises the changes in the aggregate of trade accounts receivable, inventories and other current assets, less the aggregate of trade accounts payable and other current provisions and liabilities.

“Payments charged to non-current provisions” mainly includes outflows resulting from pension and warranty obligations.

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

29. Segment reporting

The Geberit Group consists of one single business unit whose purpose is to develop, produce and distribute sanitary products and systems for the residential and industrial construction industry. All products are distributed using the same distribution channel – wholesale – in general to installers, who resell the products to the end customer. The products are produced by plants, that specialize in particular production processes. As a general rule, only one specific article is produced at one location. Distribution is carried out by country or regional distribution companies, which sell to wholesalers. A distribution company 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 and wholesalers. Research and development of the whole range of products is carried out centrally by Geberit International AG. All corporate tasks are also centralized at Geberit International AG.

Due to the unity and focus of the business, the top management (Group Executive Board) as well as the management structure of the Geberit Group are organized by function (overall management, products, sales, finance). The financial management of the Group by the Board of Directors and the Group Executive Board is based on sales by markets and product lines as well as on the consolidated income statements, balance sheets, and statements of cashflows.

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

The information is as follows:

	2011 MCHF	2010 MCHF
Sales by product lines		
Installation Systems	767.7	800.0
Cisterns and Mechanisms	226.9	231.4
Faucets and Flushing Systems	121.0	129.9
Waste Fittings and Traps	93.4	94.4
Sanitary Systems	1,209.0	1,255.7
Building Drainage Systems	308.6	298.3
Supply Systems	605.0	592.9
Piping Systems	913.6	891.2
Total	2,122.6	2,146.9

	2011 MCHF	2010 MCHF
Sales by markets		
Germany	723.1	724.2
Switzerland	295.4	291.5
Italy	198.9	216.9
Other Europe	725.5	725.4
Other markets	179.7	188.9
Total	2,122.6	2,146.9

	2011 MCHF	2010 MCHF
Share of sales by customers		
Customers with more than 10% of sales: customer A	292.9	286.0
Total >10%	292.9	286.0
Remaining customers with less than 10% of sales	1,829.7	1,860.9
Total	2,122.6	2,146.9

30. Related party transactions

In 2011 and 2010, total compensations paid to the Group Executive Board and to the Board of Directors were as follows:

	2011 MCHF	2010 MCHF
Salary and other short-term benefits	3.4	3.9
Share-based payments	2.7	2.5
Expenditures on pensions	0.8	0.8
Total	6.9	7.2

Further information according to the Swiss Code of Obligations regarding compensations and investments of the Group management are disclosed in the notes of the financial statements of Geberit AG.

In 2011 and 2010, there were no further material related party transactions.

31. Foreign exchange rates

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

			2011		2010	
	Currency		Balance sheet	Income statement	Balance sheet	Income statement
European Currency Union	EUR	1	1.2174	1.2345	1.2499	1.3852
United Kingdom	GBP	1	1.4497	1.4154	1.4507	1.6139
USA	USD	1	0.9405	0.8857	0.9371	1.0451
Poland	PLN	100	27.6700	30.0440	31.5500	34.5790
China	CNY	100	14.9300	13.6780	14.2000	15.3610
Denmark	DKK	100	16.3760	16.5560	16.7660	18.5600
Australia	AUD	1	0.9558	0.9094	0.9532	0.9565
Czech Republic	CZK	100	4.7250	5.0260	4.9840	5.4860
Hungary	HUF	100	0.3923	0.4410	0.4482	0.4990
Norway	NOK	100	15.6660	15.8260	15.9920	17.2120
Sweden	SEK	100	13.6150	13.6720	13.9170	14.4860
Singapore	SGD	1	0.7234	0.7020	0.7307	0.7667
South Africa	ZAR	100	11.5300	12.1870	14.1300	14.2420
India	INR	100	1.7700	1.8990	2.0900	2.2820

32. Subsequent events

These financial statements are subject to approval by the General Meeting. They were released by the Board of Directors on March 2, 2012.

33. Additional disclosures on financial instruments

Measurement of financial instruments by categories according to IAS 39

Based on the relevant balance sheet item of financial instruments, the following table shows an allocation of the balance sheet items to the classification by categories according to IAS 39. In addition, a fair value measurement hierarchy was introduced for assets and liabilities that are measured at fair value. Level 1 contains all financial instruments with quoted prices in active markets. Level 2 contains all financial instruments with inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly. Level 3 contains all financial instruments with input for the asset and liability that are not based on observable market data.

	Carrying amount as of 31.12.11 MCHF	Loans and receivables MCHF	Financial assets at fair value MCHF	Fair value measurement hierarchy
Financial assets				
Cash and cash equivalents	455.0	455.0		
Marketable securities	87.0		87.0	Level 1
Trade accounts receivable	112.9	112.9		
Other current assets	43.8	43.8		
Other non-current assets	6.6	5.6	1.0	Level 2
Derivative financial instruments	2.7		2.7	Level 2
Total	708.0	617.3	90.7	

	Carrying amount as of 31.12.11 MCHF	Financial liabilities at amortized cost MCHF	Financial liabilities at fair value MCHF	Fair value measurement hierarchy
Financial liabilities				
Short-term debt	3.8	3.8		
Trade accounts payable	60.2	60.2		
Private Placement	61.0	61.0		
Other financial liabilities	10.8	10.8		
Derivative financial instruments	16.4		16.4	Level 2
Total	152.2	135.8	16.4	

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

	Carrying amount as of 31.12.10 MCHF	Loans and receivables MCHF	Financial assets at fair value MCHF	Fair value measurement hierarchy
Financial assets				
Cash and cash equivalents	586.6	586.6		
Trade accounts receivable	109.3	109.3		
Other current assets	56.8	56.8		
Other non-current assets	6.5	5.5	1.0	Level 2
Derivative financial instruments	2.9		2.9	Level 2
Total	762.1	758.2	3.9	

	Carrying amount as of 31.12.10 MCHF	Financial liabilities at amortized cost MCHF	Financial liabilities at fair value MCHF	Fair value measurement hierarchy
Financial liabilities				
Short-term debt	3.3	3.3		
Trade accounts payable	66.7	66.7		
Private Placement	60.7	60.7		
Other financial liabilities	9.4	9.4		
Derivative financial instruments	18.9		18.9	Level 2
Total	159.0	140.1	18.9	

Fair value measurement hierarchy:

Level 1: quoted prices in active markets for identical assets

Level 2: observable prices, either directly or indirectly

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

Maturity analysis of financial instruments

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

	Carrying amount	Maturity				
	31.12.2011 MCHF	2012 MCHF	2013 MCHF	2014 MCHF	2015 MCHF	2016 and later MCHF
Short-term debt	3.8	3.8				
Trade accounts payable	60.2	60.2				
Private Placement	61.0	64.5				
Other financial liabilities	10.8	0.8	3.1	2.7	2.2	4.4
Total non-derivative financial liabilities	135.8	129.3	3.1	2.7	2.2	4.4
Derivative financial liabilities	16.4	70.7				
Derivative financial assets	-2.7	3.4	23.7			
Total derivative financial instruments	13.7	74.1	23.7	0.0	0.0	0.0
Total	149.5	203.4	26.8	2.7	2.2	4.4

	Carrying amount	Maturity				
	31.12.2010	2011	2012	2013	2014	2015 and later
	MCHF	MCHF	MCHF	MCHF	MCHF	MCHF
Short-term debt	3.3	3.5				
Trade accounts payable	66.7	66.7				
Private Placement	60.7	3.4	64.3			
Other financial liabilities	9.4	0.6	2.6	2.3	1.8	4.3
Total non-derivative financial liabilities	140.1	74.2	66.9	2.3	1.8	4.3
Derivative financial liabilities	18.9	4.1	72.6			
Derivative financial assets	-2.9	30.7				
Total derivative financial instruments	16.0	34.8	72.6	0.0	0.0	0.0
Total	156.1	109.0	139.5	2.3	1.8	4.3

34. Group companies as of December 31, 2011

Switzerland	Ownership in %	Activity
Geberit AG, Rapperswil-Jona		○
Geberit Holding AG, Rapperswil-Jona	100	○
Geberit International AG, Rapperswil-Jona	100	○
Geberit International Sales AG, Rapperswil-Jona	100	△
Geberit Verwaltungs AG, Rapperswil-Jona	100	○
Geberit Vertriebs AG, Rapperswil-Jona	100	△
Geberit Marketing e Distribuzione SA, Rapperswil-Jona	100	△
Geberit Produktions AG, Rapperswil-Jona	100	□
Geberit Apparate AG, Rapperswil-Jona	100	□
Geberit Fabrication SA, Givisiez	100	□
Australia		
Geberit Pty Ltd., North Ryde NSW	100	△
Austria		
Geberit Vertriebs GmbH & Co. KG, Pottenbrunn	100	△
Geberit Produktions GmbH & Co. KG, Pottenbrunn	100	□
Geberit Beteiligungsverwaltung GmbH, Pottenbrunn	100	○
Geberit Huter GmbH, Matrei	100	□
Belgium		
Geberit N.V., Machelen	100	△
Channel Islands		
Geberit Finance Ltd., Jersey	100	○
Geberit Reinsurance Ltd., Guernsey	100	○
China		
Geberit Flushing Technology Co. Ltd., Daishan	100	□
Geberit Plumbing Technology Co. Ltd., Shanghai	100	□
Geberit Shanghai Trading Co. Ltd., Shanghai	100	△
Geberit Shanghai Investment Administration Co. Ltd., Shanghai	100	○
Czech Republic		
Geberit spol. s.r.o., Brno	100	△
Denmark		
Geberit A/S, Lystrup	100	△
Finland		
Geberit OY, Helsinki	100	△
France		
Geberit S.a.r.l., Rungis Cedex	100	△
Germany		
Geberit Verwaltungs GmbH, Pfullendorf	100	○
Geberit Service GmbH & Co. KG, Pfullendorf	100	○
Geberit Vertriebs GmbH, Pfullendorf	100	△
Geberit Produktions GmbH, Pfullendorf	100	□
Geberit Logistik GmbH, Pfullendorf	100	○
Geberit Mapress GmbH, Langenfeld	100	□
Geberit RLS Beteiligungs GmbH, Langenfeld	100	○
Geberit Lichtenstein GmbH, Lichtenstein	100	□
Geberit Weilheim GmbH, Weilheim	100	□

Hungary	Ownership in %	Activity
Geberit Kft, Budapest	100	△
India		
Geberit Plumbing Technology India Pvt. Ltd., Bangalore	100	△
Geberit India Manufacturing Pvt. Ltd., Bangalore	100	□
Italy		
Geberit Produzione S.p.a., Villadose	100	□
Netherlands		
Geberit B.V., Nieuwegein	100	△
Geberit International B.V., Nieuwegein	100	○
Norway		
Geberit AS, Lysaker	100	△
Poland		
Geberit Sp.z.o.o., Warsaw	100	△
Portugal		
Geberit Tecnologia Sanitária S.A., Lisbon	100	△
Singapur		
Geberit South East Asia Pte. Ltd., Singapur	100	△
Slovakia		
Geberit Slovensko s.r.o., Bratislava	100	△
Slovenia		
Geberit Sanitarna tehnika d.o.o., Ruše	100	□
Geberit prodaja d.o.o., Ruše	100	△
South Africa		
Geberit Southern Africa (Pty.) Ltd., Sandton	100	△
Spain		
Geberit S.A., Barcelona	100	△
Sweden		
Geberit AB, Malmö	100	△
Turkey		
Geberit Tesisat Sistemleri Ticaret Ltd., Istanbul	100	△
United Kingdom		
Geberit Sales Ltd., Warwick	100	△
USA		
Duffin Manufacturing Co., Elyria	100	□/△
The Chicago Faucet Company, Des Plaines	100	□/△

○ Services, holding functions

△ Distribution

□ Production

Report of the Statutory Auditor



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Report of the Statutory Auditor
to the General Meeting of
Geberit AG
Rapperswil-Jona

Report of the Statutory Auditor on the Consolidated Financial Statements

As statutory auditor, we have audited the consolidated financial statements of Geberit AG, which comprise the → **balance sheet**, → **income statement**, → **statement of comprehensive income**, → **statement of changes in equity**, → **statement of cashflows** and → **notes**, for the year ended December 31, 2011.

Board of Directors' Responsibility

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) and the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards as well as the International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements for the year ended December 31, 2011, give a true and fair view of the financial position, the results of operations and the cash flows in accordance with the International Financial Reporting Standards (IFRS) and comply with Swiss law.

Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

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

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

PricewaterhouseCoopers AG



René Rausenberger
Audit expert
Auditor in charge



Martin Knöpfel
Audit expert

Zurich, March 2, 2012

Geberit AG

Financial Statements

	31.12.2011 MCHF	31.12.2011 MCHF	31.12.2010 MCHF	31.12.2010 MCHF
Balance Sheets				
Current assets				
Cash and cash equivalents		1.4		0.0
Treasury shares		185.7		157.3
Accounts receivable				
- Third parties		4.4		3.9
- Group companies		159.4		377.8
Total current assets		350.9		539.0
Non-current assets				
Investments		1,012.3		818.9
Total non-current assets		1,012.3		818.9
Total assets		1,363.2		1,357.9
Current liabilities				
- Third parties		6.4		1.7
- Group companies		4.0		3.3
Total current liabilities		10.4		5.0
Shareholders' equity				
Capital stock		4.0		4.1
Legal reserves				
- General reserve, share premium		0.8		0.8
- Reserve for treasury shares		211.3		179.8
- Reserve from capital contributions				
- Share premium, reserves from capital contributions	356.6		25.8	
- Reserve for treasury shares from capital contributions	18.0	374.6	33.2	59.0
Total legal reserves		586.7		239.6
Free reserves				
- Reserve from capital contributions		0.0		553.1
- Other free reserve		360.4		99.1
Total free reserves		360.4		652.2
Retained earnings		401.7		457.0
Total shareholders' equity		1,352.8		1,352.9
Total liabilities and shareholders' equity		1,363.2		1,357.9

	2011 MCHF	2010 MCHF
Income Statements		
Income		
Dividends from Group companies	400.0	450.0
Financial income	4.1	4.9
Other operating income	0.4	0.3
Total income	404.5	455.2
Expenses		
Administrative expenses	2.7	2.8
Financial expenses	0.1	0.1
Loss on treasury shares	6.8	0.0
Taxes	0.2	0.2
Total expenses	9.8	3.1
Net income	394.7	452.1

Notes to the Financial Statements

1.1 Guarantees, assets pledged in favor of third parties

	31.12.2011 MCHF	31.12.2010 MCHF
Guarantee Revolving Facility	150.0	250.0
Guarantee in connection with Private Placement (MUSD 65)	61.1	60.9

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

1.2 Convertible Bond

The bonds were completely converted by June 14, 2010.

1.3 Significant investments

	2011 Ownership in %	2011 capital stock	2010 Ownership in %	2010 capital stock
Geberit Holding AG, Rapperswil-Jona	100	TCHF 39,350	100	TCHF 39,350
Geberit Finance Ltd., Jersey ¹	83	TEUR 551,975	77	TEUR 401,975
Geberit Reinsurance Ltd. Guernsey	100	TEUR 2	100	TEUR 2

¹ The remaining 17% (PY 23%) are held by Geberit Companies.

1.4 Share capital

The share capital of Geberit AG consists of 39,847,005 ordinary shares with a par value of CHF 0.10 each.

	2011 pcs.	2010 pcs.
Number of shares issued		
Beginning balance	41,238,005	40,971,574
Additional shares from Convertible Bond		266,431
Capital reduction as at July 6, 2011	-1,391,000	
Ending balance	39,847,005	41,238,005

1.5 Capital contribution reserves

From the total of MCHF 374.6 the amount of MCHF 352.9 was confirmed by the Swiss tax authorities as per 31 December 2011 and is therefore available for withholding tax free distribution.

1.6 Treasury shares

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

	Number of registered shares	High in CHF	Average in CHF	Low in CHF
Balance at December 31, 2010	1,695,196			
Purchases, share buyback programm	1,026,000	211.70	187.67	148.22
Cancellation share buyback programm 2006	-1,391,000			
other Purchases	98,911	205.34	182.89	150.27
Sales	-128,556	219.50	201.04	161.10
Balance at December 31, 2011	1,300,551			
Number of treasury shares held by Geberit AG	1,026,000			

The Board of Directors of Geberit AG approved a share buyback program in the amount of MCHF 200.0 in January 2006. The buyback program was closed as at January 31, 2007. Under this program, the company repurchased 1,391,000 shares for MCHF 179.1 at an average price of CHF 128.75. The General Meeting on April 19, 2011 decided to reduce the capital in the volume of the shares repurchased. On July 6, 2011, therefore 1,391,000 shares were cancelled.

The Board of Directors of Geberit AG decided to initiate a share buyback program in the years 2011 and 2012 and determined a maximum repurchasing volume of 5% of the share capital, total 2,048,578 shares. Until December 31, 2011 the company repurchased 1,026,000 shares. Geberit AG plans to propose to the General Meeting on April 4, 2012 a capital reduction in the amount of the shares repurchased and to cancel the shares. The share buyback program continues in the year 2012.

The legal reserves for treasury shares were recorded at cost.

1.7 Capital increases

	31.12.2011 MCHF	31.12.2010 MCHF
Conditional capital	0.0	0.2

The Board of Directors decided to cancel the remaining conditional capital at the General Meeting on April 19, 2011.

1.8 Remuneration, loans and shareholdings of members of the board of directors and of the group executive board

	A. Baehny Chairman CHF	R. Spoerry Vice Chairman CHF	R. Hanslin CHF	R. Heber- lein CHF	H. Reuter CHF	S. Ruoff CHF	Total CHF
2011							
Remuneration of the Board of Directors							
Accrued remuneration ¹	-	43,334	-13,333	6,667	-26,666	1	10,003
Shares ²	-	152,413	146,422	162,633	198,578	152,413	812,459
Expenses	-	10,000	10,000	10,000	10,000	10,000	50,000
Contributions to social insurance	-	9,686	6,995	7,870	12,189	9,686	46,426
Total	-³	215,433	150,084	187,170	194,101	172,100	918,888

	CHF
Remuneration to former members of the Board of Directors	
Accrued remuneration ¹	-243,334
Shares ²	504,363
Contributions to social insurance	14,849
Withholding tax	15,002
Total	290,880

	G. F. Kelm Chairman CHF	H.Reuter Vice Chairman CHF	R.Hanslin CHF	R.Heber- lein CHF	H. Hess CHF	S. Ruoff CHF	R.Spoerry CHF	Total CHF
2010								
Remuneration of the Board of Directors								
Accrued remuneration ¹		13,334	13,333			59,999	59,999	146,665
Shares ²	292,337	182,942	146,421	146,421	212,548	80,111	80,111	1,140,891
Expenses	10,000	10,000	10,000	10,000	10,000	10,000	10,000	70,000
Contributions to social insurance	14,569	10,993	6,854	6,854		5,123	5,123	49,516
Total	316,906	217,269	176,608	163,275	222,548	155,233	155,233	1,407,072

	CHF
Remuneration to former members of the Board of Directors	
Accrued remuneration ¹	-30,000
Shares ²	31,304
Contributions to social insurance	1,858
Withholding tax	10,597
Total	13,759

¹ Directors fee booked, but not yet paid as at December 31. Negative amounts result if the provision in the previous year was higher than the provision in the current year.

² Remuneration is in the form of registered shares in the company with a par value of CHF 0.10 each, 2-year blocking period, valued at CHF 176.20 (PY CHF 168.30), made up of CHF 197.95 (PY CHF 189.10) market value at grant date less CHF 21.75 (PY CHF 20.80) tax benefit for blocking period. The number of shares allocated is calculated on the base fee divided by the net price of CHF 138.57 (CHF 197.95 less 30% discount) (PY CHF 132.37 [CHF 189.10 less 30% discount]).

³ The remuneration of A. Baehny as a Chairman of the Board is included in his total CEO compensation.
The description of the program can be seen in → **Note 18 "Participation plans"** of the consolidated financial statements.

	2011		2010	
	A. Baehny CEO	Total	A. Baehny CEO	Total
	CHF	CHF	CHF	CHF
Remuneration of the Group Executive Board				
Cash/deposits				
- Fixed salary	936,806	2,689,830	836,810	2,629,930
- Variable salary ¹	57,078	817,313	140,971	988,281
Shares/options				
- Shares (instead of variable salary) ^{1,2}	478,157	832,827	407,670	783,431
- Call options MSOP A ³	68,974	192,527	62,949	202,654
- Call options MSOP B ⁴	66,770	186,375	58,523	188,407
- Call options MSPP ⁵	120,489	209,861	98,996	190,243
Non-cash benefits				
- Private share of company vehicle ⁶	9,340	36,015	9,180	38,534
Expenditure on pensions				
- Pension plans and social insurance	255,853	729,322	230,134	717,233
- Contribution health/accident insurance	2,546	13,173	2,443	13,092
Total⁷	1,996,013⁸	5,707,243	1,847,676	5,751,805

¹ The variable salary which consists of shares and cash is not paid out in the current business year but in the following year. Therefore, the figures disclosed in the table follow the accrual principle, which means that the figures disclosed represent the amount accrued and charged to the P&L in the current year for payment in the following year. In the table, this amount corresponds to the sum of the two lines "Variable salary" and "Shares (instead of variable salary)". The amount of the line "Shares (instead of variable salary)" is based on the number of shares granted in the current business year (which is equal to the whole or a part of the variable salary accrued in the previous year). As the total of the two lines represent the costs for the current business year correctly, the line "Variable salary" can show a negative amount if the overall variable salary component has decreased compared to previous year.

² Registered shares in the company with a par value of CHF 0.10 each, 3-year blocking period, valued at CHF 166.20 (PY CHF 158.75), made up of market value at grant date of CHF 197.95 (PY CHF 189.10) less CHF 31.75 (PY CHF 30.35) tax benefit for blocking period.

³ Call options A on registered shares of the company with a par value of CHF 0.10 each, issued within the scope of the Management Stock Option Program (MSOP); 1 option entitles to purchase 1 registered share at an exercise price of CHF 217.60 (PY CHF 197.20); definitive acquisition of the option ("vesting") dependent on various conditions, 2-year blocking period, market value of CHF 38.49 (PY CHF 37.83) using the binomial method.

⁴ Call options B on registered shares of the company with a par value of CHF 0.10 each, issued within the scope of the Management Stock Option Program (MSOP); 1 option entitles to purchase 1 registered share at an exercise price of CHF 228.00 (PY CHF 206.60); definitive acquisition of the option ("vesting") dependent on various conditions, 4-year blocking period, market value of CHF 37.26 (PY CHF 35.17) using the binomial method.

⁵ Call options on registered shares of the company with a par value of CHF 0.10 each, issued within the scope of the Management Share Participation Program (MSPP); 1 option entitles to purchase 1 registered share at an exercise price of CHF 197.95 (PY CHF 189.10); definitive acquisition of the option ("vesting") dependent on various conditions, 2-year blocking period, market value of CHF 41.88 (PY CHF 38.55) using the binomial method.

⁶ Valuation in accordance with the guidelines of the Swiss Federal Tax Administration FTA (0.8% of the purchase cost per month).

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.

⁸ The remuneration of A. Baehny as Chairman of the Board of Directors is included in his CEO compensation.

The parameters taken into consideration in the option valuation model are set out in → **Note 18 "Participation plans"** of the consolidated financial statements.

	A. Baehny Chairman	R. Spoerry Vice Chairman	R. Hanslin	R. Heber- lein	H. Reuter	S. Ruoff	Total
2011							
Shareholdings Board of Directors							
Shares	see Group Executive Board	2,241	363,151	91,880	3,265	1,351	461,888
Share of voting rights		< 0.1%	0.91%	0.23%	< 0.1%	< 0.1%	1.16%

	Maturity	Average exercise price in CHF	A. Baehny CEO	R. Iff CFO	W. Christen- sen	M. Reinhard	K. Spachmann	Total
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2011

Shareholdings Group Executive Board

Shares		43,721	20,000	8,706	3,001	370	75,798
Share of voting rights		0.11%	< 0.1%	< 0.1%	< 0.1%	< 0.1%	0.19%

Call options¹

End of blocking
period:

Lapsed	2012–2014	163.95	6,320	1,660	2,285	2,730	3,295	16,290
2012	2013–2015	178.37	6,782	3,983	1,370	3,314	1,545	16,994
2013	2014–2016	179.05	8,137	4,691	2,242	3,578	1,708	20,356
2014	2015	206.60	1,664	980	715	1,018	555	4,932
2015	2016	228.00	1,792	957	753	1,017	483	5,002
Total options			24,695	12,271	7,365	11,657	7,586	63,574
Potential share of voting rights			< 0.1%	< 0.1%	< 0.1%	< 0.1%	< 0.1%	0.16%

¹ Purchase ratio 1 share for 1 option

	Maturity	Average exercise price in CHF	G. F. Kelm Chairman	H. Reuter Vice Chairman	R. Hanslin	R. Heber- lein	H. Hess	S. Ruoff	R. Spoerry	Total
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2010

Shareholdings Board of Directors

Shares		661,936	2,138	368,270	88,957	7,027	486	1,376	1,130,190
Share of voting rights		1.61%	< 0.1%	0.89%	0.22%	< 0.1%	< 0.1%	< 0.1%	2.74%

Call options¹

End of blocking
period:

Lapsed	2011	120.77		5,250					5,250
Total options				5,250					5,250
Potential share of voting rights				< 0.1%					< 0.1%

¹ Purchase ratio 1 share for 1 option

	Maturity	Average exercise price in CHF	A. Baehny CEO	R. Iff CFO	W. Christen- sen	M. Reinhard	Total
2010							
Shareholdings Group Executive Board							
Shares			29,467	20,000	6,617	4,051	60,135
Share of voting rights			< 0.1%	< 0.1%	< 0.1%	< 0.1%	0.15%
Call options¹							
End of blocking period:							
Lapsed	2011–2013	164.03	15,915	5,639	1,140	1,870	24,564
2011	2012–2014	144.67	10,892	3,906	3,234	4,776	22,808
2012	2013–2015	178.37	6,782	3,983	1,370	3,314	15,449
2013	2014	121.60	3,468	2,040	1,489	2,121	9,118
2014	2015	206.60	1,664	980	715	1,018	4,377
Total options			38,721	16,548	7,948	13,099	76,316
Potential share of voting rights			< 0.1%	< 0.1%	< 0.1%	< 0.1%	0.19%

¹ Purchase ratio 1 share for 1 option

1.9 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:

	31.12.2011	31.12.2010
Capital Group Companies, Inc., Los Angeles	9.72%	9.72%
Geberit AG, Rapperswil-Jona	3.26%	4.11%
Black Rock, New York	3.23%	3.23%
CS Management Funds AG, Zürich	3.05%	3.00%
Marathon Asset Management	3.00%	

1.10 Risk management

Geberit AG is integrated into the group-wide risk assessment process of the Geberit Group.

A description of the risk management system in the Geberit Group can be seen in → **Note 4 "Risk assessment and management"** of the consolidated financial statements.

2. Other Disclosures required by the law

Proposal for the Appropriation of Available Earnings

Proposal by the Board of Directors to the General Meeting:

Appropriation available earnings

	2011 CHF	2010 CHF
Available earnings		
Net income	394,676,067	452,150,596
Balance brought forward	7,008,658	4,858,062
Withdrawal from legal capital contribution reserves	244,572,332	237,534,030
Total available earnings	646,257,057	694,542,688
Transfer to free reserves	400,000,000	450,000,000
Proposed/Paid distribution of capital contribution reserves	244,572,332	237,534,030
Balance to be carried forward	1,684,725	7,008,658
Total appropriation of available earnings	646,257,057	694,542,688

Distribution of capital contribution

Instead of a dividend, the Board of directors proposes a redemption of capital contribution of CHF 6.30 per share. In the previous year, a redemption of capital contribution of CHF 6.00 per share was paid out. In line with the new capital contribution law which is effective from January 1st, 2011, similar to a redemption of the nominal value of the shares, this distribution is not subject to withholding tax.

The number of shares with dividend rights might change as the amount of shares held by Geberit AG changes. The Board of Directors may adapt the total amount of the proposed withdrawal from legal capital contribution reserves and the proposed distribution to the number of shares with dividend rights at the General Meeting.

Report of the Statutory Auditor



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Report of the Statutory Auditor
to the general meeting of
Geberit AG
Rapperswil-Jona

Report of the Statutory Auditor on the Financial Statements

As statutory auditor, we have audited the financial statements of Geberit AG, which comprise the → **balance sheet**, → **income statement** and → **notes**, for the year ended December 31, 2011.

Board of Directors' Responsibility

The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements for the year ended December 31, 2011 comply with Swiss law and the company's articles of incorporation.

Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of financial state-ments 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



René Rausenberger
Audit expert
Auditor in charge



Martin Knöpfel
Audit expert

Zürich, March 2, 2012

Sustain- ability

Geberit Group 2011

GRI reporting

Geberit's sustainability reporting for 2011 is integrated in the online Annual Report in its entirety for the first time. Geberit's systematic and transparent communication on the subject of sustainability is addressed to the target groups of customers and partners, investors and the general public, as well as company employees. Information is made available at different levels for this purpose:

- → **CEO Statement** on sustainability
- Current → **highlights** on the subject of sustainability
- Business and Financial Review, as part of the Annual Report integrated into the chapters → **sustainability**, → **customers**, → **innovation**, → **production**, → **logistics and procurement**, → **employees**, → **compliance**, and → **social engagement**
- → **Sustainability strategy** with objectives and measures
- → **Key figures sustainability**
- → **Communication on Progress UN Global Compact**

The **Sustainability Performance Report** brings together all the information and indicators in a systematic overview (GRI Index) in accordance with the guidelines of the Global Reporting Initiative (GRI). For more detailed information on individual aspects, reference is made in the Report to the above-mentioned elements. The Report is available in German and English. The German version is binding.

The Sustainability Report for 2011 fulfills the GRI G3 guidelines for the "**A-Level: GRI Checked**". Application Level A, which Geberit has achieved, corresponds to the highest degree of transparency. This was checked and approved by GRI.

→ **GRI Statement A-Level**

1. Strategy and analysis

1.1 CEO Statement

For the statement of Albert M. Baehny, Chief Executive Officer (CEO) see → www.geberit.com > **Sustainability > CEO Statement**

1.2 Key impacts, risks, and opportunities with regard to sustainability

As the market leader in the sanitary industry, in terms of sustainability, Geberit stands for conserving water, efficient use of resources and green building, thus proving that long-term business success is compatible with environmentally friendly and socially responsible action. The Company aims to be a role model and set standards for customers, suppliers and other partners. This includes water-saving, sustainable products; safe, environmentally friendly and resource-efficient production processes using an increasing proportion of renewable energies; procurement and logistics with high environmental and ethical standards as well as good working conditions and a high level of training for more than 6,000 employees worldwide. The Company also has a sense of corporate responsibility in the scope of global social-aid projects relating to the topic of water.

Sustainability means satisfying the needs of today's generation in a manner that will ensure a solid basis for the livelihoods of future generations. A study published in 2010 by SAM, a global asset management company focused on sustainable asset management, names four main issues that will impact the topic of water in the future: the increase in world population, antiquated or lacking infrastructure for drinking water supply and wastewater disposal, increasing demands on water quality, and climate change leading to shifts in water balance. These trends influence the sanitary technology of tomorrow and will make water-saving, resource-efficient products increasingly important – motivation for Geberit to offer the highest standards of environmental friendliness, resource conservation and durability in its products. Water-saving Geberit products achieve impressive results: According to one model calculation, the entire dual-flush and flush-stop "fleet of cisterns" produced since 1998 has saved around 12,000 million cubic meters of water in comparison with traditional flushing systems. In 2011 alone, savings amounted to 1,700 million cubic meters of water. This is more than half as much as the annual consumption of all German households.

For additional information on key sustainability topics and objectives for the long-term development of Geberit, see → www.geberit.com > **Sustainability > Sustainability strategy**

2. Organizational profile

2.1 Name of the organization

Geberit Group.

2.2 Brands, products, and/or services

Geberit offers customers high-quality system solutions for applications in private residential construction and in public buildings. The systems are used in both renovation projects as well as in new buildings. A broad range of products is offered within the two product areas sanitary and piping systems. This ranges from installation systems, cisterns and mechanisms, faucets and flushing systems, waste fittings and traps to supply and building drainage systems.

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

For 2011 sales by product areas and product lines, see → **Business Report** > **Business and financial review** > **Sales**.

2.3 Organizational structure

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

- CEO
- Sales Europe
- Sales International
- Products
- Finance

The assignment of distinct responsibilities minimizes the number of interfaces. The structure takes into account the increasing globalization and is designed to continue augmenting the effectiveness of the Geberit Group in a changed environment. For a more detailed organizational structure, see → **Business Report** > **Management structure**.

2.4 Headquarters location

The Geberit Group has its headquarters in Rapperswil-Jona, Switzerland.

2.5 Countries with business operations

Geberit has its own representatives in 41 countries. The products are sold in 100 countries throughout the world. The company has 16 specialized production companies in seven different countries close to the most important sales markets.

For a list of the countries in which Geberit operates, see → **Financial report** > **Consolidated financial statements Geberit Group** > **Notes** > **Note 34**.

2.6 Ownership and legal form

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

2.7 Markets served

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

For sales by markets and regions and by product areas and product lines, see → **Business Report > Business and financial review > Sales**.

2.8 Scale of the reporting organization

The Geberit Group's market capitalization reached CHF 7,212 million as of the end of 2011 (prior year: CHF 8,916 million). The 2011 sales of CHF 2,123 million (prior year: CHF 2,147 million) were achieved with products in the two product areas Sanitary Systems and Piping Systems. At the end of 2011, the Group had 6,004 employees (prior year: 5,820 employees). For the consolidated balance sheet with details of current assets, non-current assets, equity and outside capital, see → **Financial report > Consolidated financial statements Geberit Group**.

2.9 Significant changes regarding size, structure or ownership

There were no significant changes to the Group structure in 2011 (see also → **3.8**).

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

2.10 Awards received

In 2011, Geberit was once again awarded numerous prizes. For a list of important prizes, see → **www.geberit.com > Sustainability > Awards**.

3. Report parameters

3.1 Reporting period

Reporting period 2011; comparative figures from the prior year are generally shown.

3.2 Date of most recent previous report

Sustainability reporting for 2011 is integrated in the online Annual Report in its entirety for the first time. Geberit published extensive Sustainability Reports in 2004, 2007 and 2010. GRI reporting regarding all GRI guideline requirements at the application stage of Level A was reported in 2007, 2008, 2009, 2010 and most recently in 2011. For all reports from previous years, see → www.geberit.com > Infocenter > Publications.

3.3. Reporting cycle

Annually in the context of the integrated online reporting for a given year.

3.4 Contact point for questions regarding the report or its contents

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

Roland Högger
Head of Environment and Sustainability
Geberit International AG
Schachenstrasse 77, CH-8645 Jona
Tel: +41 55 221 63 56, Fax: +41 55 221 67 47
→ sustainability@geberit.com

3.5 Process for defining report content

The "GRI guidance for defining of report content" with its corresponding principles was implemented as extensively as possible. The basis for the sustainability reporting is a materiality analysis for the identification of those aspects that are of significance for Geberit and its stakeholders. As significant stakeholders (see → 4.15) the ones reported under → 4.14 were identified. Significant topics (see → 4.17) are addressed by these stakeholder groups in the course of the interactions and dialogs named under → 4.16. Significant topics and measures relating to them are integrated in the sustainability strategy.

Significant topics and measures relating to them are integrated in the → **sustainability strategy**. Also material are the topic aspects of the 10 principles of the UN Global Compact, which Geberit has committed itself to uphold and which are presented in the → **Communication on Progress UN Global Compact**. In terms of completeness, all of the company's economic, environmental or social effects based on the GRI guidelines that appear to be of relevance have been included in the reporting insofar as corresponding information was available.

3.6 Boundary of the report

The Report covers the entire Geberit Group (see → 2.4, → 2.5 and → 2.6). If only part of the company is meant as an example or due to the availability of data, this is clearly indicated.

3.7 Special limitations

There are no special limitations.

3.8 Joint ventures, subsidiaries, outsourced operations, etc.

There were no significant changes in the Group structure during the period under review which significantly influence reporting.

3.9 Data measurement techniques and bases for calculations

The guidelines and assessment rules of the GRI Standard G3 were applied wherever the data situation permitted.

Environmental area:

- All relevant environmental data is recorded in a central database of the Geberit Group and used for the preparation of a complete corporate eco-balance.
- The Swiss Ecological Scarcity Method (2006 version), was used as the assessment method for the analysis of environmental impact (see → **DMA-EN**).
- The calculation of the energy (see → **EN3** and → **EN4**) and greenhouse gas data (see → **EN16**) is carried out on the basis of the internationally recognized Ecoinvent database (Version 2.0) and the continental electricity mix for Europe, the USA and China. The data covers the Scope 1 and 2 area as well as Scope 3 to some extent as per GHG Protocol (see: The Greenhouse Gas Protocol (GHG) Initiative - A corporate accounting and reporting standard (Revised Edition, 2004) of the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD)).
- The calculation of the relative environmental impact and the relative CO₂ emissions is now made in reference to sales and no longer to added value. For prior year and multi-year comparisons, sales after currency adjustments with respect to the base year in question is applied.
- The calculation of other air emissions (see → **EN19** and → **EN20**) is based on the Ecoinvent Database (Version 2.1) and on the UCTE European electricity mix.
- Since 2010, the transport services (Intercompany and Distribution) of the most important transport service providers have been recorded for the new Logistics Center in Pfullendorf (DE), and the environmental impact is being calculated analogously to the corporate eco-balance. In addition to direct emissions (emissions at the tail pipe), the assessment also includes the provision of fuel, vehicles and infrastructure. The Ecoinvent Database (Version 2.1) is used as the basis for the data. The system limitations have been expanded for the 2011 data: They now also cover transport services via the Langenfeld site (DE) as well as ship and air transport (see → **EN29**).

Employees area:

Quantitative data on employees (see → **Employer Responsibility (LA)**) is collected using a central management information system, with indicators being calculated in accordance with GRI standards.

Additional qualitative data on the topics of attractive employer, conduct with integrity, fair business partner, environmental protection and product liability is collected in accordance with GRI standards by means of an annual, binding survey in all Geberit Group companies.

3.10 Effects of any restatements of information provided in earlier reports

The sustainability reporting for 2006, 2007, 2008, 2009, 2010 and 2011 is based on the GRI G3 guidelines in force since October 2006. In this way, Geberit has developed a consistent reporting system in which individual indicators are further developed each year. If, in individual cases, a new form of illustration, calculation method or optimized data collection has led to other results for the previous years this is noted as a restatement under the respective indicator.

3.11 Changes from previous reporting periods in scope, boundary, or measure

Except for the calculation of transport service and the associated environmental impact, (see → **3.9**), there were no significant changes during the period under review with respect to scope, reporting limits or measuring methods. If, in individual cases, a new measuring method is used, this is noted under the respective indicator or under → **3.9**.

3.12 GRI Content Index

This extensive Sustainability Performance Report is classified in accordance with the requirements of the GRI G3 Guidelines and thus simultaneously serves as a GRI content index.

3.13 External assurance for the report

No external "assurance" was obtained concerning the stated GRI information. Instead and wherever expedient, standards were used which are authoritative for internal audits.

4. Governance, commitments and engagement

4.1 Governance structure, committees under the Board of Directors

The Board of Directors of Geberit AG consists of a maximum of seven members. The term of office for members is a maximum of three years, and the statutory retirement age limit is 70 years. Reelection is on an individual basis and is staggered. The Board of Directors has formed two committees. The Personnel Committee prepares proposals concerning human resources decisions, on remuneration regulations and models as well as concerning the annual remuneration of the Board of Directors and the Group Executive Board, and submits these to the full Board of Directors. The Audit Committee is the uppermost supervision body for internal and external audits, and monitors financial reporting.

For details on the organization of the Board of Directors pursuant to the "Organizational Regulations for the Board of Directors of Geberit AG," see → [www.geberit.com](#) > [Investors](#) > [Corporate governance](#) > [Board of directors](#).

4.2 Separation of chair of Board of Directors and executive management

The Chief Executive Officer (CEO), Albert M. Baehny, has also been Chairman of the Board of Directors since 2011. For further information, see → [Business Report](#) > [Corporate governance](#) > [Board of directors](#).

4.3 Independent members of the Board of Directors

The Board of Directors consists of six members (five men and one woman), of whom only the Chairman of the Board of Directors, Albert M. Baehny, is simultaneously involved in operative management in his capacity of CEO. All of the committees formed by the Board of Directors are comprised exclusively of independent Members. For further information, see → [Business Report](#) > [Corporate governance](#) > [Board of directors](#).

4.4 Mechanisms for shareholders and employees to address recommendations to the Board of Directors

For the participatory rights of the shareholders, see → [Business Report](#) > [Corporate governance](#) > [Participatory rights of the shareholders](#).

There is no employee representative on the Board of Directors. The employee representatives of the European sites meet regularly in the context of the Geberit Europe Forum 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.

4.5 Linkage between compensation for the highest committees and the organization's performance

The remuneration of the independent members of the Board of Directors is paid in the form of shares and set out in transparent form in the Annual Report. These shares are blocked for two years. The Board of Directors receives a discount on the share price dependent on the success of the company; this discount corresponds to that of the employees within the framework of the employee programs.

For further information, see → [Business Report](#) > [Corporate governance](#) > [Compensations, shareholdings and loans](#).

4.6 Processes in place for the Board of Directors to avoid conflicts of interest

The → [Organizational regulations for the Board of Directors](#) of Geberit AG and the → [regulations for the committees](#) stipulate how conflicts of interest of members of the Board of Directors are avoided. The members of the Board of Directors are obliged to refrain from involvement in the handling of matters affecting either their personal interests or those of a company with which they have an affiliation. This obligation to refrain from involvement has no influence on the requirements for a quorum when passing resolutions. Business dealings between the company and members of the executive bodies or affiliated persons are subject to the principle of conclusion at conditions as with independent third parties. Furthermore, the Geberit Group has no equity or voting cross-shareholdings with other companies.

4.7 Determining the qualifications of the Board of Directors with regard to sustainability issues

There are no formal procedures for determining the qualifications of Members of the Board of Directors in environmental and social matters. For the procedure for the selection of Members of the Board of Directors, see → **Business Report > Corporate governance > Board of directors > Elections and terms of office.**

4.8 General principles and codes of conduct

Among the most important mission statements and principles are the following:

- Geberit Compass with the central ideals, see → **www.geberit.com > Company > Vision and strategy.**
- Geberit Code of Conduct, see → **www.geberit.com > Company > Vision and strategy.**
- Geberit Code of Conduct for Suppliers, see → **www.geberit.com > Company > Sustainability > Purchasing.**
- SQS and IQNet Certificate ISO 9001/14001 (incl. Appendix), see → **www.geberit.com > Company > Sustainability > Production.**
- UN Global Compact, see → **www.geberit.com > Company > Sustainability > UN Global Compact and Memberships.**

4.9 Procedures of the Board of Directors for overseeing sustainability performance

Geberit's longstanding success is based on the fact that the Board of Directors pursues a long-term perspective, thus enabling Geberit to demonstrate its performance clearly, particularly in the areas of environmental protection and sustainability. The → **sustainability strategy** is examined and approved by the Group Executive Board and the Board of Directors. The Environment and Sustainability Department coordinates the implementation of the sustainability modules defined in the strategy, whereby all departments are included in the planning. Results and achievement of objectives are submitted to the Group Executive Board and the Board of Directors for verification at least once annually. Also included here are the → **Communication on Progress UN Global Compact** and the Geberit Compliance Report, including audit results with respect to the Code of Conduct.

4.10 Processes for evaluation of the sustainability performance of the Board of Directors

There is no formal procedure for assessing the performance of the Board of Directors from an integrated sustainability perspective. For the procedure for the remuneration of Members of the Board of Directors, see → **Business Report > Corporate governance > Compensations, shareholdings and loans.**

4.11 Precautionary approach

The precautionary principle plays an important role for Geberit as a production company. This is defined accordingly in the → **Geberit Code of Conduct** and reflected in the integrated Geberit management system (quality, environment, safety). In operations it is implemented by means of preventive approaches for environmental protection and occupational safety, as well as quality assurance, see → **combined group certificate for quality and environment in accordance with ISO 9001 and ISO 14001.**

An extensive system for the control and management of all risks involved in business activities is in place throughout the Group. The internal control system (ICS) for Geberit's financial reporting defines control measures which reduce the respective risks. For further information, see → **Financial report > Consolidated financial statements Geberit Group > Notes > Note 4.**

4.12 External agreements and initiatives

Geberit has been a member of the UN Global Compact since October 2008 and was a founding member of the local Swiss network in 2011. The company has been a member of the international organization Transparency since June 2000 and supports its objectives on combating corruption. Through the voluntary application, introduced in 2007, of the G3 guidelines of the Global Reporting Initiative (GRI) in the Sustainability Report and the GRI Report, Geberit is making a contribution towards transparency and comparability in reporting on sustainability.

4.13 Membership in associations and organizations

Geberit is involved in various associations and organizations that make a contribution towards sustainability. In addition, various Geberit companies are members of national associations on topics such as environmentally conscious production, energy, waste management and employee protection. For significant commitments, see → www.geberit.com > **Sustainability > UN Global Compact and Memberships**.

4.14 Relevant stakeholder groups

For Geberit significant stakeholder groups are customers, shareholders, analysts, employees, trade unions, neighbors and municipalities, suppliers, transport companies, competitors, associations, non-government organizations and general public, governments and regulators as well as research institutes. Details on stakeholder engagement can be found under → **4.16**.

4.15 Basis for selection of stakeholders

Systematic dialog with stakeholders helps Geberit identify possible conflict issues or opportunities for further development and to become active early. At the national and international levels, the Geberit Group or the Group companies maintain relations with all organizations and institutions in the respective countries that direct requests or suggestions to the company. The stakeholders listed under → **4.14** have been identified as important in the context of the systematic stakeholder dialog, as they fulfill at least one of two criteria: the stakeholder group exercises a strong influence on the economic, ecological or social performance of Geberit and/or the stakeholder group is strongly affected by the economic, ecological or social performance of Geberit.

4.16 Approaches for stakeholder engagement

A stakeholder analysis is performed at all production companies as part of environmental management in accordance with ISO 14001. Requirements are recorded situationally in stakeholder dialogs. Based on this information Geberit identifies potential for conflict or opportunities and pursues as a fundamental principle a cooperative approach in order to discuss and further develop possible measures with the stakeholders concerned.

Engagement of stakeholders according to stakeholder group and type:

Customers:

- Customer contacts: Around 500 technical advisers working in the field are in contact on a daily basis with plumbers, planners and architects, in particular.
- Training: During the year under review, around 30,000 customers were provided with education and further training in Geberit systems and software tools in the 25 information centers in Europe and overseas. In addition, another approximately 70,000 customers came into contact with Geberit know-how and products in 2011 at external events organized by the local sales companies.
- Trade fairs and customer surveys: see → **Business Report > Business and financial review > Customers**.

Shareholders, analysts:

- Participatory rights of the shareholders, see → **Business Report > Corporate governance > Participatory rights of the shareholders**.
- Regular analyst talks by the CEO and the Group Executive Board at Financial Statement Media Conferences and in the context of information discussions held several times a year.

Employees:

- Geberit Europe Forum: Regular meetings of the employee representatives of the European sites with a Member of the Group Executive Board and the Head Corporate Human Resources.
- Training and feedback opportunities on topics regarding the Code of Conduct, see → **SO3**.
- Group-wide employee survey carried out in 2011, see → **Business Report > Business and financial review > Employees**.

Neighbors, municipalities:

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

Suppliers:

- Initial contact in the scope of the assessment procedure and implementation of the Code of Conduct for Suppliers.
- Regular discussions between buyers and suppliers, both on-site and in the context of audits (quality, environment, safety) provide additional points of reference for collaboration.
- Procurement of a larger quantity of biogas for generating electricity and heat by means of the block heating station at the plant in Pfullendorf (DE). Compilation of an ambitious 10-point paper on the sustainable generation of biogas together with the producing farmers and the German environmental organization BUND.

For further information, see → HR2.

Transport companies:

Discussions with transport service providers in the context of implementing environmental monitoring, see → EN29.

Associations:

Involvement in the associations listed under → 4.13 with participation in corresponding management bodies and programs at least once per year, generally more frequently.

Non-government organizations, general public:

Mike Horn Pangaea expedition and the Swiss development organization Helvetas: see → **Business Report > Business and financial review > Social engagement**.

Feedback from stakeholder dialogs is incorporated into the → **sustainability strategy** and associated measures. No stakeholder groups were specially involved in the preparation of the sustainability report for 2011.

4.17 Response to and dealing with key topics and concerns of stakeholders

Examples of important topics that were introduced by stakeholders and have been implemented by Geberit are:

- Expansion of the portfolio of water-saving products: see → EN26.
- Transparency in the selection of water-saving products: see → **Business Report > Business and financial review > Innovation > Six Geberit products already classified with WELL**.
- Customer training: see → **Business Report > Business and financial review > Customers**.
- Transparency of the CO₂ strategy: see → **Business Report > Business and financial review > Production**.
- Transparency in eco-balance results of logistics services: see → **Business Report > Business and financial review > Logistics and procurement**.
- Employee development and satisfaction: see → **Business Report > Business and financial review > Employees**.
- Implementation of social-aid projects: see → **Sustainability > Training as a success factor**.

5. Economy (EC)

DMA-EC Management Approach Economy

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 operative management of the Group Executive Board (aspects economic performance, market presence, indirect economic effects).

Crucial for sustainable success is a clear business strategy combined with its resolute and consistent implementation. The focused, tried-and-tested strategy rests on four strategic pillars:

1. Focus on sanitary technology
2. Commitment to innovation
3. Selective geographic expansion
4. Continuous optimization of business processes

For more detailed explanations of the four strategic pillars, see → www.geberit.com > Company > Vision and strategy.

For an explanation of the economic situation of the Geberit Group, see → **Business Report > Business and financial review > Market environment.**

EC1 Economic performance

Significant indicators for the generation and distribution of value in accordance with GRI requirements can be found in the financial report:

Direct economic value added

Sales and operating profit, see → **Financial report > Consolidated financial statements Geberit Group > Income statements.**

Economic values passed on

- Operating expenses excl. personnel expenses, see → **Financial report > Consolidated financial statements Geberit Group > Income statements.**
- Personnel expenses, see → **Key figures sustainability > Employees and society.**
- Payments to providers of capital, see → **Financial report > Consolidated financial statements Geberit Group > Statements of cashflows.**
- Social commitments, see → **EC8.**

Retained economic values

- Investments in and divestments of property, plant and equipment, see → **Financial report > Consolidated financial statements Geberit Group > Statements of cashflows.**
- Share buyback, see → **Financial report > Consolidated financial statements Geberit Group > Notes > Note 22.**

EC2 Financial implications of climate change

Climate change is influencing the availability of water resources throughout the world. A study published in 2010 by SAM, a global asset management company focused on sustainable asset management, names four main issues that will impact the topic of water in the future: the increase in world population, antiquated or lacking infrastructure for drinking water supply and wastewater disposal, increasing demands on water quality, and climate change leading to shifts in water balance. These trends influence the sanitary technology of tomorrow. Water-saving, resource-efficient products will therefore become increasingly important. Geberit takes advantage of these opportunities to profit from the increasing worldwide demand for water-saving products to contribute towards the diligent handling of water and thus to make a name for itself as a leader in sustainability.

Geberit is exposed to an average risk of natural disasters caused by climate change which can fundamentally affect production areas or transport areas. None of the production sites is particularly at risk in this respect. As Geberit does not operate in the classically energy-intensive industries, there are currently no special CO₂ regulations such as statutory emission limitations, etc. On the other hand, Geberit is indirectly affected by higher energy or raw material prices or by generally increasing requirements in terms of energy management. Through the energy master plan as well as the measures as part of the CO₂ strategy (see → **EN18**), Geberit is reacting proactively and is continuously working to improve energy efficiency and thus to reduce related risks. In terms of general risks, the Audit Committee of the Board of Directors has implemented an extensive system for monitoring and controlling the risks linked to the business activities, see → **Financial report > Consolidated financial statements Geberit Group > Notes > Note 4**.

There is no systematic, data-supported analysis of the financial consequences of climate change for Geberit.

EC3 Coverage of the organization's benefit plan obligations

The Geberit Group sponsors defined benefit plans for its employees in Switzerland, Germany, Austria and the US. For further information, see → **Financial report > Consolidated financial statements Geberit Group > Notes > Note 3 > Retirement benefit plans** and → **Financial report > Consolidated financial statements Geberit Group > Notes > Note 17**.

EC4 Significant financial assistance received from government

Significant contributions from the public sector include:

- Statements with respect to income taxes, see → **Financial report > Consolidated financial statements Geberit Group > Notes > Note 27**.
- On the basis of new investments to promote the respective business location and secure jobs, Geberit received government investment subsidies totaling approximately CHF 2.4 million in the period under review (Switzerland: CHF 0.9 million, Germany: CHF 1.4 million, Austria: CHF 0.1 million).
- Contributions to support for training and part-time employment prior to retirement amounted to CHF 0.8 million (Germany: CHF 0.5 million, Austria: CHF 0.3 million).

The public sector is not represented on the Board of Directors of the Geberit Group.

EC5 Ratio of standard entry level wage compared to local minimum wage

Geberit pays market-rate wages, taking into account local circumstances and laws. When selecting employees and determining their assignment in the company, Geberit attaches great importance to qualifications appropriate to the task description. According to the annual binding survey of all companies, no employees are hired in the minimum-wage segment.

This information covers the requirements of the GRI indicator partially.

EC6 Selection of locally-based suppliers

Geberit pursues a procurement policy focusing on low costs, safety and independence. Before a collaboration agreement can be concluded, a multiple-stage risk analysis and assessment including environmental and social risks are carried out for every new supplier (see also → **HR2**). Taking account of all aspects relevant to purchasing (guidelines in the Geberit Group purchasing manual), there are no directives concerning preferential treatment of local suppliers, especially from certain countries. Nevertheless, Geberit supports regional institutions for disabled persons and the long-term unemployed (see → **EC8**).

EC7 Procedures for local hiring

Geberit has no personnel policy or employment practices providing for preferential treatment of persons from local vicinities in connection with the hiring of members of management boards for the respective country organizations.

EC8 Investments in infrastructure and services primarily for public benefit

Donations and financial contributions, including product donations totaling CHF 2.7 million (prior year: CHF 2.9 million), were made during the year under review. In addition, Geberit employees contributed approximately 2,390 hours of charitable work as part of social projects (prior year: 2,200 hours). Geberit also supports facilities for handicapped persons and the long-term unemployed, where simple installation and packaging work in the amount of around CHF 3.5 million was carried out in 2011 (prior year: 4.0 million). See also → **Key figures sustainability > Employees and society**.

As defined in its vision statement, Geberit desires to make a sustainable contribution to improving people's quality of life. To this end, various social-aid projects are supported on site with products, expertise and financial contributions. Care is taken to ensure that the topic of water plays a central role and that the projects exhibit a substantial relationship to Geberit's core competencies and corporate culture. The focus was on the following projects and partnerships in 2011:

- → **Project in the Serbian city of Kraljevo**: Renovation of seven sanitary facilities at two schools. At the end of June, a Geberit team with eleven individuals (nine apprentices from Germany and Austria, a supervisor and a technical advisor) actively supported the renovation work for two weeks.
- Continuation of the partnership launched in 2008 with renowned adventurer Mike Horn.
- Long-term partnership with the Swiss development organization Helvetas

For further information, see → **Business Report > Business and financial review > Social engagement**.

EC9 Indirect economic impacts

There is no systematic, data-supported analysis concerning indirect economic impacts. Geberit nevertheless pursues a long-term approach in dealings with its customers and stakeholders, thereby also making a significant contribution towards their economic development.

Geberit provides important impulses for the sanitary industry through innovation and new products, which are sold and implemented throughout the world by wholesalers, plumbers and sanitary engineers, and thus make significant contributions towards economic development. This is supplemented by the intensive support of plumbers and sanitary engineers through training and advising, see → **Business Report > Business and financial review > Customers**.

Also to be emphasized are the economic effects on suppliers, transport companies and the local economic regions of the production sites. In 2011 Geberit procured goods with a purchase value of approximately CHF 610 million (prior year: CHF 570 million). Geberit has relations with a total of more than 1,100 suppliers. Geberit does not have its own transport fleet and contracts external transport companies for logistics services. Geberit places its faith in its 16 production companies in Europe, China and the USA as well as in its Logistics Center in Pfullendorf (DE), and is continuously investing.

This information covers the requirements of the GRI indicator partially.

6. Ecology (EN)

DMA-EN Management Approach Ecology

Geberit has long stood for a high level of environmental awareness and been committed to environmentally friendly, resource-efficient production as well as the development of water-saving and sustainable products. Environmental criteria are considered in all decision-making processes. In addition, processes are continuously being optimized so that a proven high standard is achieved which often greatly exceeds legal requirements. Geberit's environmental principles are defined in the → **Code of Conduct**.

Systematic, Group-wide environmental management is at the center. The corporate Environment and Sustainability Department, which reports directly to the CEO and which is responsible for this, coordinates guidelines and measures regarding all aspects of the GRI guidelines in the environmental area. Since 1992 a network of environmental managers has been practicing active environmental protection at the production plants, thus ensuring that the measures are implemented worldwide. With respect to objectives and measures for production, see → www.geberit.com > **Sustainability** > **Sustainability strategy**.

Since early 2007, Geberit has had a → **combined group certificate for quality and environment in accordance with ISO 9001 and ISO 14001**, which covers 15 production companies, including those in China and the USA. Geberit Apparate AG and Geberit Logistik GmbH will be added to the Group certificate in 2012. The responsible individuals from all sites meet at least once annually, most recently in September 2011, to exchange experiences and share best practice.

The annual preparation of a corporate eco-balance has been an established part of Geberit's environmental strategy since 1991. It covers all 16 production companies worldwide, the Logistics Center in Pfullendorf (DE) and the nine largest sales companies. The corporate eco-balance enables an overall assessment of the environmental impact and its largest contributing factors. This makes it possible to calculate the total environmental impact of the Geberit Group in terms of eco-points and monitor the implementation of the environmental targets. Key figures for environmental impact, energy consumption and CO₂ emissions which arise from the transport of Geberit products are listed separately.

For the Group as a whole, the absolute environmental impact increased slightly (by 0.4%) in the year under review due to considerably greater production quantities at Villadose (IT) and Langenfeld (DE) (prior year: increase of 3.3%). Sales after currency adjustment grew by 9.5% in the same period. The relative environmental impact with respect to sales (currency adjusted) improved by 8.3% and considerably exceeded the target figure of 5%.

More detailed key figures regarding environmental impact can be found under → **Key figures sustainability > Environment**.

EN1 Materials used

The most important materials for production are plastics, metals, semi-finished and finished products. A total of 173,000 metric tons of materials were used in 2011 (prior year: 154,000 metric tons). More detailed key figures regarding use of materials can be found under → **Key figures sustainability > Environment**.

For packaging materials used, see → **EN27**.

EN2 Percentage of recycled material

When estimating the share of recycled material in production, a distinction is made between external and internal sources of the raw material for reasons of expediency.

External sources:

The proportions of recycled metals purchased are relatively high. The data is based on Geberit's product life cycle assessments for supply pipes for buildings (2009). Extrapolated, the raw material metal purchased contains around 54% or 24,000 metric tons of recycled material.

Internal sources:

In terms of the raw material plastic, material to be recycled is generated primarily internally and is ground on site or via a decentralized mill and

fed back into the process. The proportion fluctuates depending on the manufacturing process. For blow molding it is around 35%, for fitting injection molding around 15%, depending on product class, and for pipe extrusion around 3%.

EN3 Direct energy consumption

Geberit only purchases energy. It does not produce or sell energy to any significant extent. For Geberit, only heating oil extra light, natural gas and the fuels diesel and gasoline are of relevance as direct energy carriers (Scope 1). As a result of the mild heating season, consumption of combustibles fell by 11.3%. Fuel consumption also fell slightly by 0.8%.

For more detailed key figures on energy consumption, see → **Key figures sustainability > Environment**.

EN4 Indirect energy consumption

Only electricity consumption is of significance for indirect energy consumption (Scope 2) at Geberit, and simultaneously represents the greatest environmental impact. In terms of end energy, electricity consumption increased by 5.0% due to increased production, particularly in Langenfeld (DE) and Villadose (IT).

For more detailed key figures on electricity consumption and the electricity mix, see → **Key figures sustainability > Environment**.

EN5 Energy saved

No quantitative breakdown of energy savings according to measure implemented is available. In addition to the insulation of buildings, important measures include the continuous modernization of machines, increasing the efficiency of production installations, the optimization of cooling plants through the use of natural ambient cold (free cooling), improved use of waste heat (heat recovery) as well as the careful use of compressed air. In this regard, numerous technical measures are exhibiting a payback period of less than 2 years. Injection molding machines with energy-efficient drive technology, for example, that reduce energy consumption by up to 50%. Or a new cooling system in Pottenbrunn (AT), in which the waste heat is used directly, thus resulting in an annual energy savings equivalent to 900 MWh – comparable to the electricity consumption of 200 households.

Geberit also invests in the energy-efficient infrastructure of tomorrow through corresponding planning for new buildings. The new building planned in Slovenia, for example, is being preceded by the development of a comprehensive energy strategy. The conversion of the infrastructure for the newly founded Geberit Apparate AG in Rapperswil-Jona (CH), which meets Minergie standards, and the new building currently under construction in India, which integrates rain water usage, a shading concept and optimized ventilation and cooling, are both projects in which investments have been made in cutting-edge technologies.

This information covers the requirements of the GRI indicator partially.

EN6 Energy efficient products

The greatest environmental contribution made by Geberit products lies in water conservation. This also results in indirect energy savings and reduction of CO₂ emissions. The creation of the infrastructure for drinking water supply and waste water disposal, the conveyance, processing and distribution of water and the subsequent purification of the waste water in a communal wastewater treatment plant also consume resources and energy. Thus, according to the Ecoinvent database (Version 2.1), 9.3 MJ of energy are required per cubic meter of water and 0.64 kg of CO₂ emissions are released (reference values for Europe).

Direct energy savings are implemented thanks to systematically improved energy efficiency. Two current examples are:

1. The new product Geberit DuoFresh, which was introduced on the market in March 2011, is a simple, effective and environmentally friendly way to eliminate toilet odors thoroughly: Using odor extraction consumes about 20 times less energy than the traditional practice of venting the bathroom by cracking a window for ten minutes. For further information, see → **Business Report > Business and financial review > Innovation > New products prove their mettle**.
2. With the electronic lavatory taps Types 185 and 186, environmentally friendly products that reduce water consumption have been available for a number of years already. The taps, which were awarded the water-saving label WELL, top category A, ensure economical water-saving consumption thanks to their control electronics. Starting in spring 2012, a new generator unit will use the energy of the flowing tap water to generate the required electricity, thus making electronic taps independent of mains current or batteries. For further information, see → **Business Report > Business and financial review > Innovation > New products prove their mettle**.

EN7 Reduction of indirect energy consumption

- Raw materials: The Eco-design workshop in product development generally pursues the approach of using as few materials as possible (see → EN6 and → EN26). No quantitative analyses on the resulting energy savings are available.
- Logistics: For information on reduction of energy consumption, see → EN29.
- Business travel: Travel using company vehicles is covered in → EN3. Local initiatives are implemented in order to reduce consumption (e.g. ecodrive courses). A fuel-reduction plan for new vehicles has been defined as part of the CO₂ strategy (see also → EN18). No data is available concerning energy consumption for work-related air travel.

This information covers the requirements of the GRI indicator partially.

EN8 Water consumption

Geberit uses mainly fresh water from the public water system and some rainwater. Geberit fulfills a role model function with respect to → **internal water consumption** and undertakes great efforts to improve its processes even more each year. Thanks to targeted savings measures, fresh water consumption has been reduced by 40% since 2006 and has now been kept at a low level in 2011. The slight increase resulted from an increase at the largest consumer in the Group, located in Milwaukee (US).

Key figures concerning water consumption by source can be found under → **Key figures sustainability > Environment**.

EN9 Water sources significantly affected by withdrawal of water

Geberit production plants' water consumption does not place a considerable burden on water sources as defined in the GRI guidelines.

EN10 Water recycling

Throughout the Group, two processes are responsible for a large portion of water requirements:

1. During the production of multilayer pipes in Givisiez (CH) the pipes are cross-linked in autoclaves. A total of 27,200 m³ of water was consumed in 2011 for this purpose. Around 30% or 8,000 m³ of this amount is fresh water; the remaining 70% was reused internally.
2. Newly developed products are tested at the Geberit sanitary laboratory in Jona (CH). The tests require some 175,000 m³ of water annually. Only about 3% or 5,000 m³ of this amount is fresh water. The remaining 97% is provided by a closed-circuit system. Based on these two processes, the estimated proportion of reused water in the Geberit Group is more than 60%.

EN11 Parcels in biodiversity reserves

This indicator is not relevant to Geberit. The typical activities at Geberit production sites as well as the company's products and services do not endanger any sanctuaries or areas of significant biodiversity.

EN12 Impact on biodiversity in protected areas

This indicator is not relevant to Geberit. The typical activities at Geberit production sites as well as the company's products and services do not endanger any sanctuaries or areas of significant biodiversity.

EN13 Protected or restored natural habitats

This indicator is not relevant to Geberit. The typical activities at Geberit production sites as well as the company's products and services do not endanger any natural habitats or areas of significant biodiversity.

EN14 Management of impact on biodiversity

This indicator is not relevant to Geberit. The typical activities at Geberit production sites as well as the company's products and services do not endanger any sanctuaries or areas of significant biodiversity.

EN15 Influence on IUCN Red List species

This indicator is not relevant to Geberit. The typical activities at Geberit production sites as well as the company's products and services do not endanger any sanctuaries, areas of significant biodiversity or species on the IUCN Red List.

EN16 Direct and indirect greenhouse gas emissions

CO₂ emissions are calculated as part of the annual preparation of the corporate eco-balance. The six leading substances as per the Kyoto Protocol (CO₂ fossil, CH₄, N₂O, HFC, PFC and SF₆) were used for greenhouse gas emissions and shown as a sum parameter (CO₂ equivalents or here simply CO₂). Included in the calculation are both direct emissions (Scope 1) from the burning of combustibles and fuels (see → EN3), as well as indirect emissions (Scope 2) resulting from electricity consumption (see → EN4). The emissions from the preparation of combustibles and fuels in the upstream chain (Scope 3) are included in the cumulative value (see → EN17).

Key figures concerning CO₂ emissions can be found under → Key figures sustainability > Environment.

In absolute terms, CO₂ emissions (Scopes 1 and 2) decreased by 0.8% to 76,903 metric tons in 2011 (prior year: 77,486 metric tons). If one relates these emissions to sales (currency adjusted), there is an improvement of 9.4%. At 76%, electricity consumption is by far the largest source of CO₂, followed by combustibles and fuels. Purchasing just 10 GWh of "green electricity" in Pfullendorf (DE) and 3 GWh of wind power in Daishan (CN) results in a reduction of over 8,800 metric tons of CO₂ emissions.

EN17 Other relevant greenhouse gas emissions

Other relevant greenhouse gas emissions (Scope 3) result from:

- the provision of combustibles and fuels (covered in → EN16), which in 2011 added up to around 2,200 metric tons for combustibles and fuels respectively.
- the raw materials used and the "gray energy" purchased along with them. This is estimated as part of the corporate eco-balance and is around 10,000 TJ, resulting in approximately 460,000 metric tons of CO₂ emissions.
- external logistics (see → EN29), which generated a total of 25,500 metric tons of CO₂ emissions in 2011.
- business trips involving air travel, for which no data is currently available.

EN18 Initiatives to reduce greenhouse gas emissions

Under the CO₂ strategy, the CO₂ emissions per sales (currency adjusted) are to be reduced on average by 5% each year between 2006 and 2012. With an improvement of 9.4% in this key figure, Geberit considerably exceeded the annual target value in 2011 and is on track as a whole (see → EN16).

The measures for implementing the CO₂ strategy are based on the three pillars "energy saving", "increased energy efficiency" and the "targeted expansion of the share of renewable energy carriers." An energy master plan is being implemented in the largest plants to manage and plan energy consumption. This provides a forward-thinking illustration of the development of energy consumption and CO₂ emissions. In Switzerland, Geberit is working with the Business Energy Agency and has also obtained corresponding CO₂ certificates.

In order to further reduce CO₂ emissions, Geberit has set the goal of increasing the share of renewable energies in electricity by 5% every three years and of achieving a proportion of one-third of overall consumption by 2015. In 2011, the certified green power drawn from the hydroelectric power station at Piz Palù (CH) by the largest production site in Pfullendorf (DE) was increased from 6 GWh annually to 10 GWh. Another increase, to 12 GWh annually, is planned for 2012. In 2011, the Daishan site in China again procured around 3 GWh of wind energy, or approximately 60% of the energy consumed by the local production site.

With combustibles, suitable solutions are being sought to enable the increased use of renewable energy carriers. The in-house fleet of vehicles is becoming more efficient with a consistent purchasing policy. Since early 2008, binding guidelines have applied for the purchase of new vehicles with the goal of reducing effective consumption by 10% every three years. At the same time, emission-reducing measures are being implemented. Currently 99% of all Geberit diesel vehicles have particle filters.

Geberit promotes the sensitization of all employees for the promotion of environmentally friendly behavior. New employees receive training on the subject of sustainability at Geberit as part of their job orientation program. In the largest plants, this is also tailored to the target group of production employees. Campaigns such as the "bicycle check" at Jona (CH) are also carried out.

All targets and measures for improving CO₂ emissions are disclosed in detail as part of the Company's participation in the Carbon Disclosure Project (CDP).

EN19 Ozone-depleting substances

Emissions of ozone-depleting substances, measured in CFC11 equivalents, can be calculated based on the Geberit Group's corporate eco-balance. Included in the calculation are both direct emissions from the burning of combustibles and fuels (see → EN3) as well as process emissions (solvents) and indirect emissions resulting from electricity consumption (see → EN4).

Key figures concerning ozone-depleting substances can be found under → Key figures sustainability > Environment.

EN20 NO_x, SO_x and other air emissions

Emissions of NO_x, SO₂, as well as NMVOC (non-methane VOC) and dust (PM10) can be calculated based on the Geberit Group's corporate eco-balance. Included in the calculation are both direct emissions from the burning of combustibles and fuels (see → EN3) as well as process emissions (solvents) and indirect emissions resulting from electricity consumption (see → EN4).

Key figures on these emissions can be found under → Key figures sustainability > Environment.

EN21 Total water discharge

Geberit does not carry out any unplanned water discharge. All resulting domestic waste water and all process waste water is treated. In 2011, 103,308 m³ of waste water were generated (prior year: 101,231 m³ of waste water). Of that total, 64% was domestic waste water that passes into the communal wastewater treatment plant (prior year: 73%). Five percent (prior year 6%) is domestic waste water that is pre-treated and fed to receiving waters. The remaining 31% (prior year: 21%) is waste water that is pre-treated and fed to a communal wastewater treatment plant. This proportion increased due to the noticeable increase at the plant in Milwaukee (US), which has its own pretreatment facility. Waste water is not directly reused by third-party companies.

Key figures on waste water can also be found under → Key figures sustainability > Environment.

EN22 Waste

In 2011, there was a total of 11,516 metric tons of waste (prior year: 10,863 metric tons). As in the prior year, 84% of this total was channeled to recycling processes. Future measures will focus above all on the further separation of waste and the reduction in mixed waste and hazardous waste.

Key figures concerning waste by category can be found under → Key figures sustainability > Environment.

EN23 Significant spills of chemicals

There were no significant cases in the period under review.

EN24 Transport of hazardous waste

In 2011, 203 metric tons of hazardous wastes (prior year: 151 metric tons) were disposed of by incineration and 1,180 metric tons (prior year: 1,076 metric tons) were recycled. Both figures increased due to increased production in the piping systems area. At Geberit, all waste is disposed of and recycled by licensed disposal companies.

This information covers the requirements of the GRI indicator partially.

EN25 Effects of water discharges on bodies of water

This indicator is not relevant to Geberit as no waters are affected by significant water discharge from Geberit facilities as defined in the GRI guidelines.

EN26 Mitigation of environmental impact of products

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 minimized and a high level of resource efficiency is targeted for the production process as well as the product itself. Eco-design workshops, in which different disciplines cooperate and ensure that every new product exceeds its predecessor in environmental aspects, are an integral part of the early development phase. Specially created product life cycle assessments are important decision-making aids and provide arguments for the use of products that conserve resources in construction projects. Detailed life cycle assessments have already been compiled for the following products: Drainage and supply pipes, AquaClean 8000plus, concealed cistern and urinal flush controls. Another life cycle assessment has also recently been compiled for lavatory taps types 185/186.

Examples from the product range that contribute to the reduction of environmental impact:

- Since 2011, a new technological solution has been deployed to simplify the conversion of the large flush volume on nearly all concealed cisterns from 6 or 9 liters to 4.5 liters. The gradual conversion of the product range is creating great potential for even more water conservation.
- The new water-efficiency label WELL, which was introduced by the European umbrella organization for valve manufacturers (EUnited) in 2011 and which displays the water efficiency of products analogously to the European energy label, provides more transparency in the area of water conservation (see also under → PR3). Six Geberit products were awarded the WELL label, five of them with the highest efficiency level (Class A) (Sigma UP320 concealed cistern, Monolith WC module, UP320 concealed cistern with HyTronic/Mambo activation, electronic urinal flush control and touchless lavatory taps 185/186). The urinal flush control with manual pneumatic activation was assigned to Class B.

EN27 Reclaimed packaging material

On the basis of an internal survey at the sites, the following estimations can be made: On the product side, approx. 8 metric tons (prior year: 7 metric tons) of primarily electrical appliances were taken back and disposed of professionally in 2011. In some markets (DE, CH), parts of multilayer drinking water pipes (Mepla) are also taken back. The precise quantity is not known, but is also estimated to be around 10 metric tons Group-wide. In 2011, approximately 12,480 metric tons (prior year: approximately 10,600 metric tons) of packaging material were used, over 40% of which was collected and recycled by Geberit itself or by financed contract partners. The rest is disposed of and recycled on a country-specific basis.

EN28 Sanctions due to non-compliance with environmental laws and regulations

No significant fines or non-monetary penalties were imposed in the year under review.

EN29 Environmental impacts by transports

In the area of logistics, in addition to profitability and punctuality, it is increasingly important to customers that transport services be as environmentally friendly as possible. Geberit does not maintain a vehicle fleet of its own. Because external logistics contributes over 30% of the Geberit Group's additional environmental impact, collaboration with the transport service providers that work with Geberit is central. Partners agree to actively support Geberit in its efforts to use energy efficiently and reduce emissions by signing an environmental code for transport service providers introduced in 2010. The companies are obligated to provide relevant data for Geberit's environmental reports.

The logistics calculator developed in 2010 makes it possible to record data on vehicle fleet composition, the transportation performance and fuel consumption of all transport service providers and to compile the eco-balance each year. Compared to the last reporting season, not only traffic through the logistics center in Pfullendorf (DE) but now also all traffic through the Langenfeld site (DE) as well as all air and sea transports are calculated. In the year under review, the 12 largest transport service providers handled 168 million metric ton-kilometers (prior year: 149 million metric ton-kilometers), which generated 25,500 metric tons of CO₂ emissions (prior year: 22,900 metric tons). The increase in transport services and CO₂ emissions are explained chiefly by the insourcing of additional intercompany traffic beginning in mid-2010. The proportion of Euro5 vehicles increased markedly from 70% to 85%, thereby considerably exceeding the target value of 66%. Another important step in reducing environmental impact is switching from roads to rails. For instance, 92% of the goods transported to and from Italy are moved by train (prior year: 95%). The use of mega-trailers, which can carry an approximately 15% greater load volume, also increases energy efficiency: In 2011 about 1,200 such transport runs (prior year: 1,050) between Rapperswil-Jona (CH) and Pfullendorf (DE) and around 750 transport runs (prior year: 300) between Pottenbrunn (AT) and Pfullendorf were completed in this way.

This information covers the requirements of the GRI indicator partially.

EN30 Costs of environmental protection

Approx. CHF 1.2 million was spent on environmental protection and preventative environmental management in 2011 (previous year: approx. CHF 1.4 million). This involved external advising and training, external certification and human resources expenditures on environmental management activities. The costs of disposal of hazardous and other waste, in turn, amounted to approx. CHF 0.6 million in 2011.

7. Employer responsibility (LA)

DMA-LA Management Approach to Employer Responsibility

Responsibility for all important aspects of the GRI guidelines with respect to labor practices in the Geberit Group lies with the Head Corporate Human Resources, who reports directly to the CEO. With respect to objectives and measures for employees, see also → www.geberit.com > **Sustainability** > **Sustainability strategy**.

Geberit's most important ambassadors are its employees. They forge the company's image and represent Geberit in their day-to-day contact with customers and many other stakeholders. This task can only be performed by employees who are 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 be a model of ethically unimpeachable, environmental and socially responsible operations. The → **Code of Conduct** fills this goal with concrete content and functions in addition as a definitive orientation aid.

The priority for internal employee communications is interactive, real-time communication accessible to all employees. The intranet that was introduced in 2009 is of central importance to these objectives. For production employees, special solutions are being developed with newsletters and/or large screens for group use. CEO Albert M. Baehny assesses the current state of the company, the economic framework conditions and the outlook for the future on a quarterly basis in a video that is accessible on the intranet to all employees worldwide.

In the summer of 2011, the first global employee survey since 2004 was carried out. The very high response rate of 87% shows how much the employees are interested in such survey topics as organization, structures and processes, corporate culture, leadership, objectives and performance incentives, knowledge transfer and, in general, in the opportunity to express their opinions. See also → **Business Report** > **Business and financial review** > **Employees**.

LA1 Total workforce by employment type, employment contract, and region

The number of employees rose once again in the year under review. As of the end of 2011, the Geberit Group employed 6,004 individuals worldwide (prior year: 5,820 employees), 3.2% more than in the prior year. This increase is mainly due to the adjustment of capacity in the production plants to meet the growth in volume, focused growth initiatives in individual markets and setting up own production facilities for the AquaClean shower toilet, which was previously manufactured by a subcontractor. For key figures on the workforce by employment type, employment contract, and region, see → **Key figures sustainability** > **Employees and society**.

LA2 Employee fluctuation

The average fluctuation rate (in terms of unlimited employment without natural leaves and long-term leaves of absence) was 5.3% (prior year: 4.8%). Including natural leaves, it was at 7.4% (prior year: 8.7%). For key figures on fluctuation by age group, gender and region, see → **Key figures sustainability** > **Employees and society**.

LA3 Benefits

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

LA4 Employees covered by collective bargaining agreements

An estimated 4,000 employees, and thus around two-thirds of all employees, are currently covered by collective agreements (e.g. overall work contracts, tariff agreements). Above all in Germany, Austria and Switzerland, over 90% of employees are subject to an overall work contract or tariff agreements. There are no collective agreements with the employees in the USA and China (17% of all employees).

LA5 Notice periods regarding operational changes

Except for country-specific obligations (arising from statutory requirements or collective agreements) there are no formal rules as to when and how often the employees are to be informed. In cases of major structural changes, Geberit makes every effort to involve the employees at an early stage. The completely revamped intranet introduced in autumn 2009 has become a central channel for all electronic employee communications in the Group.

LA6 Percentage of total workforce represented in health and safety committees

Each of the 16 production companies has a safety manager. Wherever possible and sensible, this function is combined with that of the environmental manager or closely linked from an organizational point of view. Ninety-five percent of the employees at all production sites and 85% of all employees worldwide have an Occupational Health and Safety Panel or Safety Committee at their site in which employer and employee representatives can discuss occupational health and safety issues. As a rule, national standards for the country concerned are implemented.

This information covers the requirements of the GRI indicator partially.

LA7 Accidents, occupational illness and lost time

The Group-wide absenteeism rate for the year under review was 3.2% (prior year: 3.2%); illness-related absences accounted for 3.0% of this rate (prior year: 3.1%), and 0.2% were accident related (prior year: 0.1%). These figures are based on the hours effectively performed. In 2011, these amounted to 10,339,632 hours (prior year: 10,160,370 hours). The statistics show only those work accidents that occur during working hours or business travel and which lead to downtimes of more than one day. A total of 144 accidents were recorded (prior year: 149 accidents), none of which was fatal, equivalent to 2,128 lost working days due to accidents at work (prior year: 1,639 lost working days). Employees at Geberit are not exposed to an unusual extent with respect to occupational illnesses. This category is therefore not covered.

The accident frequency rate (AFR) and the accident severity rate (ASR) continue to be recorded in a standardized manner. The AFR was 13.9 in 2011 (prior year: 14.7); the ASR was 206 (prior year: 161). These rates are calculated as the number of accidents or the number of lost working days per performed total working hours times 1 million hours.

All key figures concerning the absenteeism rate by regions can be found under → **Key figures sustainability > Employees and society**.

For the goals and measures for the enhancement of occupational safety, see → **www.geberit.com > Sustainability > Sustainability strategy**.

LA8 Assistance regarding serious illnesses

At Geberit there are no operational activities involving a particularly high risk of contracting a serious illness or with a high incidence of illness.

As part of its Group-wide efforts to support employees' health and well-being, Geberit offers employees the possibility of precautionary health care through various offers and measures. These include, for example, sports facilities, smoking-cessation programs, massage services, dietary and health tips, and presentations on health-related subjects. This also includes reintegration counseling, 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, in Rapperswil-Jona (CH), counseling in the event of problems, which can range from on-the-job pressure, problems in partnership and family to debt issues, and the telephone help line created in the USA to discuss problems at work in all confidentiality.

For further information, see → **Business Report > Business and financial review > Employees > Active promotion of health and low absenteeism**

LA9 Health and safety topics covered in agreements with trade unions

Geberit attaches importance to a high level of health and safety for its employees. To this end, it cooperates with authorities, trade unions and employer's liability insurance associations on a country-specific basis. With the exception of one production site, written agreements exist at all production sites as well as at individual sales companies with, for example, trade unions and employee representatives, which normally cover subjects such as personal protective equipment, regular inspections, education and further training, etc.

This information covers the requirements of the GRI indicator partially.

LA10 Employee education and further training

Education and further training are a central theme at the Company. In the year under review, employees attended on average around 15 hours of internal and external education and further training events Group-wide (prior year: 18 hours). For training hours in the context of the Potentials Management process, see → **LA11**.

In 2011, 232 apprentices were employed (prior year: 226). The transition rate to a continued, full-time employment relationship was 73%. See → **Business Report > Business and financial review > Employees > Focus on advancement**.

This information covers the requirements of the GRI indicator partially.

LA11 Programs for skills management and lifelong learning

Geberit relies on continuity and sustained promotion of its own employees to expand the management team. The Potentials Management process supports the selected internal candidates on their way into middle or upper management or to initial supervisory, project manager or specialist functions and comprises both individual development measures and collective modules. The collective activities might include, for instance, measures from the areas of communication and conflict management or in the form of networking opportunities and company tours through to fireside chats with the Group Executive Board. A total of 46 individuals went through concrete training programs as part of the Potentials Management process in 2011. During the course of the two-year program, each participant received an average of around 100 hours of training and preparation for management tasks. This process is intended to ensure that at least half of the open management positions can be filled by internal candidates. Last year, around 70% of all Group management positions were filled by in-house candidates. See also → **Business Report > Business and financial review > Employees > Focus on advancement**.

LA12 Performance and career development of employees

In everyday working life, the personal and professional development of each individual employee is encouraged in a variety of ways. This covers all areas of work, functions and age groups. Over 95% of all employees received appraisal interviews in 2011, and around 70% had target-agreement meetings at which development opportunities were also identified. Subsequently, objectives and implementation measures are defined together with the supervisor.

LA13 Workforce diversity

The proportion of female employees as of the end of 2011 was 29% (prior year: 28%); in upper management this figure was 5% (prior year: 5%). The six-member Board of Directors consists of one woman and five men.

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

Geberit and its stakeholders do not consider issues of minority group membership as relevant. Therefore, for the time being no data is being collected.

This information covers the requirements of the GRI indicator partially.

LA14 Gender-based differences in salaries

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. According to the annual binding survey of all Geberit Group companies, no differences between the basic salaries of men and women exist anywhere in the Group. Fair and equal pay for men and women is guaranteed as follows:

- Determination of salaries primarily according to function, evaluated in accordance with the proven Hay method. A score is calculated based on the assessment criteria knowledge, thinking capacity and responsibility. The resulting number of points is the basis for the determination of salary. This guarantees fair salary structures independent of gender.
- Binding tariff agreements with correspondingly agreed pay grades at many Geberit sites

- An investigation carried out at four production sites in 2011 revealed no differences between the salaries of men and women. The investigation covered the pay levels of production employees within an established site in employee-friendly Germany, at a production site of many years' standing in less regulated Slovenia and at the two Chinese sites, where employee protection and fair wages are largely the responsibility of the company itself.

8. Human rights (HR)

DMA-HR Management Approach to Human Rights

In terms of information and creation of awareness as well as controlling, human rights questions related to the business activities of the Geberit Group are primarily the responsibility of Corporate Human Resources for internal topics (see the aspects of equal treatment, freedom of association and the right to collective bargaining) and of Corporate Purchasing regarding suppliers with respect to the aspect of procurement practices.

The → **Geberit Code of Conduct** is authoritative in the field of human rights, which means, among other things, the exclusion of child labor and forced labor. Compliance with the Code of Conduct is monitored as part of a binding annual survey of all Geberit Group companies.

Long-term cooperation, reciprocal commitment, sustainability and social responsibility are important guidelines for Geberit. These acquire particular importance in the procurement of raw materials, semi-finished products, finished products and services. Consequently, Geberit's high standards with respect to environmental protection, safe working conditions and fair business practices are also expected from the suppliers. The → **Code of Conduct for Suppliers** is applicable for all Geberit suppliers worldwide. Verification is the responsibility of Corporate Purchasing.

With respect to measures and objectives regarding the Code of Conduct and Procurement, see also → www.geberit.com > **Sustainability > Sustainability strategy**.

HR1 Human rights aspects in investment agreements

There are no significant investment agreements which include human rights clauses or which have been audited in terms of human rights aspects. Agreements with suppliers include human rights clauses which must be audited and maintained by Geberit suppliers, see → **HR2**.

HR2 Screening of suppliers with regard to human rights aspects

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 minimize this risk and requires that business partners and suppliers comply with comprehensive standards, above all with respect to consistent environmental protection, socially responsible working conditions and fair business practices. At the end of 2007, a → **Code of Conduct for Suppliers** was introduced for the first time, which is aligned with, among other things, the principles of the United Nations Global Compact. Upon request by Geberit, the supplier must prepare corresponding records in order to demonstrate adherence to the standards of the Code, and must make these available at any time. Should the supplier fail to comply with the regulations laid down in this Code, corrective measures must be taken. Any such failure to comply on the part of the supplier will be regarded as a serious violation of the contractual agreements. If the supplier does not correct this non-compliance, Geberit shall terminate the cooperation.

As of the end of 2011, 603 suppliers (prior year: 563) had signed the Code of Conduct. This equates to 93% of the total procurement value (prior year 90%), only slightly below the 2011 target of 95%. Among the top 200 suppliers, the proportion of companies that have signed is 99% (prior year: 98%). The Code of Conduct is binding for each new supplier.

Geberit has continuously expanded risk management in procurement in recent years. The Purchasing Excellence project PUREX begun in 2009 is targeted at the continuous restructuring and optimization of procurement throughout the Geberit Group. As a rule, the selection of new suppliers includes a quality audit. In the year under review, the planning system for the performance of systematic audits underwent further development. Existing suppliers are assigned to a sustainability risk category depending on production country and type of production process. This is the basis for the annual audit planning. No human rights violations became known in 2011. For further information, see → **Business Report > Business and financial review > Logistics and procurement > Forward-looking procurement policy**.

HR3 Human rights training for employees

In 2008, more than 98% of all employees received training on the topics contained in the → **Geberit Code of Conduct**. Since 2009, all new employees receive training in the Code as part of their job orientation. All employees have access to the Code of Conduct via the intranet. For additional details, see → **SO3**.

This information covers the requirements of the GRI indicator partially.

HR4 Cases of discrimination

The Code of Conduct forbids discrimination as defined in the ILO core labor standards. Compliance with the Code is verified annually as part of a binding Group-wide survey. No cases of discrimination were discovered in 2011.

HR5 Guarantee of freedom of association and collective bargaining

Employees are completely free to join labor unions, associations and similar organizations. No rights with respect to exercising freedom of assembly or collective bargaining as defined in the ILO core labor standards are subject to restriction at the Geberit Group. This is verified annually as part of a binding Group-wide survey. No restrictions were in effect in 2011.

HR6 Risk of and precautionary measures against child labor

Geberit's exposure with respect to child labor is considered low because of its industry and the countries in which business activities are carried out as well as its high quality requirements. Geberit commits itself to the protection of human rights in its Code of Conduct. Child labor is categorically rejected. According to the annual, binding Group-wide survey, no cases of child labor were discovered in 2011. 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 labor standards for the exclusion of child labor.

HR7 Risk of and precautionary measures against forced labor

Geberit's exposure with respect to forced labor is considered low because of its industry and the countries in which business activities are carried out as well as its high quality requirements. Geberit commits itself to the protection of human rights in its Code of Conduct. Forced labor is categorically rejected. According to the annual, binding Group-wide survey, no cases of forced labor were discovered in 2011. 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 labor standards for the exclusion of forced labor.

HR8 Human rights training for security personnel

At its production sites in Europe, the USA and China, Geberit is not confronted by the need for special security measures that increase the risk of human rights violations. To date, this problem has therefore not been relevant to Geberit in the scope of its global activities.

HR9 Violation of rights of indigenous peoples

To date, this problem has not been relevant to Geberit in the scope of its global activities.

9. Society (SO)

DMA-SO Management Approach Society

Questions of social responsibility related to the business activities of the Geberit Group are the responsibility of the corporate departments Environment and Sustainability (aspect community) and Legal Services (aspects corruption, anti-competitive behavior, compliance with other basic laws).

Geberit aims to be a model of ethical, environmental and socially responsible operations. The → **Geberit Code of Conduct** is the definitive guide for conduct with integrity in the corporate environment. Fair competition throughout the world is an important principle, for example. Price fixing, cartels and other competition-distorting activities are rejected. As a member of Transparency International Switzerland, Geberit is committed to high standards in combating corruption. For the purposes of prevention, the guidelines are further developed and the employees comprehensively trained. Compliance with the guidelines is monitored as part of an annual, binding survey of all Geberit Group companies (see the individual indicators for the results). Internal auditing is supplemented by on-site audits. In the event of misconduct, corrective measures are taken.

With respect to measures and objectives in the Code of Conduct, see also → www.geberit.com > **Sustainability** > **Sustainability strategy**.

SO1 Impact on the community and public interests

The potential for conflict with public interests in the vicinity of Geberit facilities is generally regarded as low. A stakeholder analysis is performed at all production companies as part of the environmental management in accordance with ISO 14001. Based on this analysis, the effects of the business activities and production on local communities and regions are assessed.

Geberit maintains good relations with its neighbors and carries out appropriate measures at its sites: for example open houses, involvement in associations, etc. For further information, see → 4.16 and → 4.17.

SO2 Analysis of business units for risks of corruption

According to the annual binding survey carried out in all Geberit Group companies, there were no known cases of corruption of any kind in 2011.

The topic of corruption is also a component of the audit program for the periodic inspections of the production plants and sales companies by the Internal Corporate Audit Department. Various audit activities and interviews are carried out as part of these inspections. The Internal Corporate Audit Department is also a contact point for reporting suspicions. The annual audit planning of the Internal Corporate Audit Department is oriented to risks. One of the criteria for this is that each company must be audited at least every 4 years. The department inspected a total of 19 companies in 2011. This is approximately one-third of all Geberit companies. In addition, approximately two in-depth audits are carried out each year, whereby the audit focus is on the processes of Group-wide functions (e.g. Purchasing, Logistics, Controlling, Marketing, HR, etc.). No cases of corruption were discovered in 2011.

SO3 Training on anti-corruption policies

In 2008, more than 98% of the employees were informed of and trained in the Code of Conduct. With the aid of short films ("animatics"), the training focuses on gray areas in four topics of relevance: bribery (corruption), sexual harassment, workplace bullying and IT misuse. In 2011, as has previously been the case, new employees were also sensitized accordingly as part of welcome events. A longer-term communication campaign for training in the Code of Conduct is in preparation and will be introduced at the beginning of 2012.

In 2009, all managing directors in all countries were questioned in detail about their financial contributions. Instructions at the Group and local levels thereafter have emphasized legally permissible behaviors. This survey will be repeated in 2012.

SO4 Actions taken in response to incidents of corruption

No measures were necessary, as no cases of corruption were discovered in 2011.

SO5 Political positions and exercise of influence

Geberit issues no political statements and does not involve itself in political lobbying.

SO6 Political contributions

Geberit does not make donations to parties or politicians. All donations and related commitments (see → EC8) are neutral from a party political point of view.

SO7 Anti-competitive behavior

There are no complaints alleging anti-competitive behavior pending.

Price-fixing, cartels and other competition-distorting activities are categorically rejected. In 2010 and 2011, a total of approximately 700 employees (managing directors, employees in the sales companies at the management level and field service employees) in Europe were trained on the subject of anti-trust legislation by means of a comprehensive e-learning program. The program will be repeated every two years and expanded in the coming year, particularly to the companies in the US, Far East/Pacific, India and South Africa. In addition, new employees from the relevant business areas are trained in anti-trust legislation by means of this e-learning program.

SO8 Sanctions due to non-compliance with regulations

Geberit incurred no significant fines in 2011 resulting from violations of statutory requirements.

10. Product responsibility (PR)

DMA-PR Management Approach to Product Responsibility

At Geberit, product responsibility lies with several corporate departments: customer health and safety with Quality Management, product labeling and services, advertising and customer data with Marketing, and compliance with statutory requirements with Legal Services.

For Geberit, high quality standards mean fulfilling customers' requirements of functionality, reliability and application safety to the greatest extent possible. The company is guided by the zero-error principle. The Corporate Quality Management is responsible for ensuring that suitable framework requirements promote a quality culture throughout the company, that products undergo a defined optimization process from the first draft, and that all employees act in a quality-conscious and independent manner. This also includes the efficient handling of complaints with integrated error analysis, the initiation of sustained corrective measures and the development of concepts for customer support 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.

PR1 Health and safety impacts along the product life cycle

Generally speaking, Geberit products and services involve low risks for customers in terms of health and safety. Geberit nevertheless adopts a preventative 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, manufacture and storage to use and disposal. Among other things, Quality or Safety Management includes the use of 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 carried out in the course of product development in order to optimize the use of suitable and ecological materials. If the products or their use involves an increased risk to health or safety, Geberit's technical editorial staff ensures that this is communicated appropriately to customers (see → PR3).

PR2 Non-compliance with health and safety regulations

Group-wide, there have been no court judgments or warnings against Geberit involving contraventions of regulations on the health and safety of products and services, or product and service information.

PR3 Product labeling

Most of the installation instructions are non-verbal, consisting of detailed illustrations in order to provide the most important customer-relevant information. For products that involve the use of electricity, gas or dangerous substances, comprehensive instructions regarding target group, qualifications, use, maintenance, safety, disposal and constituent materials are provided and translated into all languages required in the respective markets. Where possible, all plastic components feature material labeling to facilitate recycling.

The WELL label (Water Efficiency Label) of the European umbrella organization for valve manufacturers EUnited that was introduced at ISH 2011, the world's largest sanitary trade fair, in Frankfurt (DE) is intended to address the growing environmental awareness of consumers. It takes its direction from the well-known and well-established energy labels for electric household appliances, and fulfills a similar function. WELL provides consumers with information about the product's water efficiency at a glance. The new classification system will also encourage responsible use of the resource of water. Six Geberit products received the WELL label in 2011. For further information, see → **Business Report > Business and financial review > Innovation > Six Geberit products already classified with WELL.**

PR4 Non-compliance with labeling requirements

In the period under review there were no known significant cases of violation of applicable laws or of voluntary codes.

PR5 Customer satisfaction

High customer satisfaction in the respective regional markets is central to the Geberit's success. For instance, a survey of a total of 700 plumbers, sanitary engineers and wholesalers was carried out in Germany in the year under review. Compared with the competition, it was determined that Geberit is the industry benchmark in all aspects, and above all in the important areas of corporate image, customer and after-

sales service. More than 80% of the customers and partners surveyed expressed very high satisfaction overall. Moreover, Geberit has an extremely loyal clientele: More than 90% of the plumbers and sanitary engineers who responded would recommend Geberit with no hesitation. According to another survey on the Geberit AquaClean shower toilet carried out in Switzerland, 83% of customers would purchase an AquaClean again, and more than 95% would recommend it to others. For further information, see → **Business Report > Business and financial review > Customers**.

PR6 Compliance with laws and standards with regard to marketing communications

Geberit adheres to the Group-wide Code of Conduct with respect to advertising. All advertising materials worldwide are inspected from this point of view prior to each publication. Geberit does not sell any products that are forbidden to be sold on certain markets or which are the subject of public controversy.

PR7 Non-compliance with marketing communications regulations

There were no significant incidents in 2011.

PR8 Complaints regarding customer privacy

There are no known cases of complaints based on violation of data protection.

PR9 Sanctions due to non-compliance with product liability regulations

No significant fines have been imposed in connection with Geberit products and services or their use.

Key figures environment

Environmental impact

Environmental impact	2011 UBP	2010 UBP	Deviation %
Electricity	58,427	57,637	1.4
Combustibles	5,430	6,105	-11.0
Fuels	5,948	6,017	-1.2
Disposal	3,836	3,629	5.7
Solvents	653	626	4.3
Water	470	459	2.2
Total environmental impact	74,764	74,473	0.4

UBP = Ecopoints in accordance with the Swiss Ecological Scarcity Method (2006 version)

Material usage

Material usage	2011 Metric tons	2010 Metric tons	Deviation %
Raw material plastics	56,102	51,724	8.5
Raw material metal	44,333	40,166	10.4
Other raw materials	956	880	8.6
Semi-finished products	27,528	23,120	19.1
Finished products	44,201	38,303	15.4
Total material usage	173,120	154,193	12.3

Energy consumption

Energy consumption	Unit	2011	2010	Deviation %
Electricity	GWh	114.2	108.8	5.0
Heating oil extra light	Metric tons	33.5	88.0	-61.9
Natural Gas	m ³	4,240,229	4,703,535	-9.9
Gasoline	Liter	233,497	264,141	-11.6
Diesel	Liter	1,498,105	1,482,427	1.1

Energy consumption	2011 TJ	2010 TJ	Deviation %
Electricity	411.1	391.6	5.0
Heating oil extra light	1.4	3.8	-61.9
Natural Gas	154.3	171.2	-10.0
Fuels (Gasoline, Diesel)	62.2	62.6	-0.6
Total energy consumption	628.4	629.1	-0.1

Electricity mix

Electricity mix 2011	GWh	Renewable %	Fossil %	Nuclear %	Others %
Europe	87.5	16.0	45.2	35.6	3.2
USA	7.7	8.8	70.0	19.6	1.6
China	6.0	16.1	81.8	2.1	-
Green electricity Germany	10.0	100.0	-	-	-
Green electricity China	3.0	100.0	-	-	-
Total electricity mix	114.2	25.1	43.7	28.7	2.5

Electricity mix 2010	GWh	Renewable %	Fossil %	Nuclear %	Others %
Europe	86.7	16.0	45.2	35.6	3.2
USA	7.4	8.8	70.0	19.6	1.6
China	5.6	16.1	81.8	2.1	-
Green electricity Germany	6.0	100.0	-	-	-
Green electricity China	2.0	100.0	-	-	-
Total electricity mix	108.8	21.7	45.8	29.8	2.7

Water and waste water

Water and waste water	2011 m³	2010 m³	Deviation %
Fresh water	130,037	125,592	3.5
Rain water	9,687	8,558	13.2
Waste water	103,308	101,231	2.1

Emissions

Absolute CO ₂ emissions	2011 Metric tons	2010 Metric tons	Deviation %
from combustibles	11,020	12,400	-11.1
from fuels	6,741	6,789	-0.7
from electricity	59,142	58,297	1.4
Total absolute CO₂ emissions	76,903	77,486	-0.8

Relative CO ₂ emissions	2011 g CO ₂ / CHF	2010 g CO ₂ / CHF	Deviation %
from combustibles	4.7	5.8	-18.8
from fuels	2.9	3.2	-9.3
from electricity	25.2	27.2	-7.4
Total relative CO₂ emissions	32.7	36.1	-9.4

CO₂ emissions in relation to sales in CHF, currency adjusted

		2011	2010	Deviation
		Kilogram	Kilogram	%
Air emissions				
NO _x	from combustibles/fuels	24,336	24,640	-1.2
	from electricity	99,975	95,200	5.0
Total NO_x		124,311	119,840	3.7
SO ₂	from combustibles/fuels	4,065	4,140	-1.8
	from electricity	194,535	185,300	5.0
Total SO₂		198,600	189,440	4.8
NMVOC	from combustibles/fuels	40,287	39,070	3.1
	from electricity	11,684	11,100	5.3
Total NMVOC		51,971	50,170	3.6
Dust (PM10)	from combustibles/fuels	2,971	2,950	0.7
	from electricity	18,650	17,800	4.8
Total dust		21,621	20,750	4.2
CFC11 equivalents	from combustibles/fuels	0.68	0.72	-4.9
	from electricity	0.98	2.84	5.0
Total CFC11 equivalents		3.66	3.56	3.4

Waste

		2011	2010	Deviation
		Metric tons	Metric tons	%
Waste				
to incineration		660	612	7.8
to inert waste landfill		363	382	-5.0
to mixed waste landfill		561	550	2.0
to external recycling		8,549	8,092	5.6
to hazardous waste incineration		203	151	34.4
to hazardous waste recycling		1,180	1,076	9.7
Total waste		11,516	10,863	6.0

Key figures employees and society

Workforce

Workforce as of December 31	2011	Share %	2010	Share %
Germany	2,345	39	2,308	40
Switzerland	1,184	20	1,123	19
China	764	13	774	13
Austria	490	8	457	8
USA	250	4	242	4
Slovenia	214	3	214	4
Italy	101	2	95	2
Others	656	11	607	10
Total	6,004	100	5,820	100
Production	3,267	54	3,201	55
Marketing and sales	1,727	29	1,624	28
Administration	567	9	558	9
Research and development	211	4	211	4
Apprentices	232	4	226	4
Total	6,004	100	5,820	100
Unlimited	4,613	77	4,437	76
Temporary	1,391	23	1,383	24
Total	6,004	100	5,820	100
Full-time	5,706	95	5,542	95
Part-time	298	5	278	5
Total	6,004	100	5,820	100
Management	155	3	150	3
Employees	5,849	97	5,670	97
Total	6,004	100	5,820	100

Information in full-time equivalents

Diversity

Diversity as of December 31, 2011		Management %	Employees %	Total %
Proportion of female employees		5	29	29
Age structure	> 45 years	57	37	37
	30 - 45 years	42	41	41
	< 30 years	1	22	22

Diversity as of December 31, 2010		Management %	Employees %	Total %
Proportion of female employees		5	29	28
Age structure	> 45 years	51	36	36
	30 - 45 years	49	42	42
	< 30 years	-	22	22

Information in full-time equivalents

Fluctuation

Fluctuation		2011	Rate %	2010	Rate %
Fluctuation		250	5.3	220	4.8
Fluctuation incl. attrition		2011	Rate %	2010	Rate %
Age group	> 45 years	144	7.3	182	10.1
	30 - 45 years	127	6.1	120	6.0
	< 30 years	80	12.1	81	13.8
Gender	Male	246	7.4	241	7.5
	Female	105	7.7	143	12.2
Region	Germany	82	4.2	146	8.0
	Switzerland	114	10.2	95	9.3
	China	15	13.3	14	13.5
	Austria	29	6.4	32	7.9
	USA	28	12.4	30	13.5
	Slovenia	9	4.3	10	4.7
	Italy	2	2.5	4	5.7
	Others	72	12.5	52	8.1
Total fluctuation incl. attrition		351	7.4	383	8.7

Information in full-time equivalents

attrition includes e.g. temporary absences, retirements

Training and education

Training and education	Unit	2011	2010	Deviation %
Apprentices	Number	232	226	2.7
Training and education	Hours per employee	15	18	-16.7

Personnel expenses

Personnel expenses	2011 MCHF	2010 MCHF	Deviation %
Wages and salaries	327.9	337.6	-2.9
Pension contributions	23.5	23.5	0.0
Other social benefits	56.1	58.6	-4.3
Other personnel expenses	28.1	27.4	2.6
Total personnel expenses	435.6	447.1	-2.6

Social engagement

Social engagement	Unit	2011	2010	Deviation %
Donations and contributions	MCHF	2.7	2.9	-6.9
Orders to social institutions	MCHF	3.5	4.0	-12.5
Charitable work	Hours	2,390	2,200	8.6

Health and Safety

Health and Safety	2011	2010	Deviation %
Number of occupational accidents	144	149	-3.4
Accident frequency rate (AFR)	13.9	14.7	-5.0
Lost days due to occupational accidents	2,128	1,639	29.8
Accident severity rate (ASR)	206	161	27.6

Accident frequency rate (AFR) = Number of occupational accidents per performed total working hours times 1 million hours

Accident severity rate (ASR) = Number of lost working days due to accidents per performed total working hours times 1 million hours

Absenteeism rate per region 2011	Illness %	Accident %	Total %
Europe	3.8	0.2	4.0
Asia	0.1	0.1	0.2
USA	1.1	0.1	1.2
Others	0.8	0.0	0.8
Total absenteeism rate	3.0	0.2	3.2

Absenteeism rate per region 2010	Illness %	Accident %	Total %
Europe	3.9	0.1	4.0
Asia	0.4	0.1	0.5
USA	1.2	0.1	1.3
Others	0.7	0.0	0.7
Total absenteeism rate	3.1	0.1	3.2

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