
Corporate Governance

We are open in saying what we stand for and how we want to achieve our goals. Clearly defined, transparent corporate governance is integral to our success. It enables us to build trust outside and inside the company.

1. Group structure and shareholders

Group structure

The operational Group structure is shown in the diagram on pages 8/9 («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 pages 4/5 («Geberit share Information»).

The Group's consolidated subsidiaries are listed in the Notes to the Consolidated Financial Statements, Note 34. 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.

On December 31, 2010, the following significant shareholders within the meaning of Art. 663c of the Swiss Code of Obligations were registered in the share register as holding more than 3% of the share capital.

	31.12.2010
	In %
Capital Group Companies Inc., Los Angeles	9.72
Geberit AG, Jona	4.11
Black Rock Inc., New York	3.23
Credit Suisse Asset Management Funds AG, Zurich	3.00

Notifications reported to Geberit and the Disclosure Office of the SIX Swiss Exchange AG during 2010 and published via their electronic publishing platform 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.

2. Capital structure

Capital

Ordinary capital:	MCHF	4.1
Conditional capital:	MCHF	0.2
Authorized capital:		-

For more details, please refer to the following sub-chapters.

Conditional and authorized capital details

For conditional capital details, please refer to the Financial Statements of Geberit AG, page 106, 1.6, 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.

As of December 31, 2010, 1,718,095 shares had been issued from conditional capital.

At the General Meeting on April 19, 2011, the Board of Directors will propose the cancellation of the existing conditional share capital of CHF 28,190.50 by the deletion without replacement of Art. 3a of the articles of incorporation currently in effect.

As of December 31, 2010, the Geberit Group had no authorized capital.

Changes in capital

Geberit AG's changes in capital were as follows:

	31.12.2010	31.12.2009	31.12.2008
	MCHF	MCHF	MCHF
Share capital	4.1	4.1	4.3
Reserves	891.8	901.1	1,041.5
Available earnings	457.0	224.5	308.3

For further details on changes in capital, reference is made to the Geberit Group's Consolidated Financial Statements in this Annual Report 2010 (consolidated statements of changes in equity and statements of comprehensive income and Note 22 [capital stock and treasury shares]), to the information in the Financial Statements of Geberit AG (pages 101-113) as well as to the 2008 figures in the 2009 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, pages 124-134).

Shares, participation and profit-sharing certificates

The share capital of Geberit AG is fully paid in and amounts to CHF 4,123,801. It is divided into 41,238,005 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. 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 (pages 101-113).

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, 2010, the Board of Directors was composed of seven members.

1 Günter F. Kelm (1940)
Chairman Board of Directors since 2005
Non-executive, independent member of the Board of Directors since 2005, elected until 2011
German citizen
Resident in Kreuzlingen (CH)

Having passed the university entrance examination (Abitur) in Berlin, Günter F. Kelm studied business engineering at the local Technical University. From 1966, his career, via various positions and management functions (including Assistant to the Management Board, Head of Corporate Development, Managing Director, Board Member) with internationally operating industrial companies such as Deutsche Luft-hansa, Dornier, Eckes and Sommer Allibert, led him to the Geberit Group. In 1986, he joined the Group as Chairman of the Management Board of Geberit GmbH Deutschland and member of the Group Executive Board. In 1991, he was appointed Chief Executive Officer (CEO) of the Geberit Group and held this position until December 2004. From 1997 to April 2005, Günter F. Kelm was simultaneously President of the Board of Directors. He has had no significant business relations with the Geberit Group in the past five years.

2 Randolph 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; member of the Board of Directors, Franke Artemis Holding AG, Aarburg

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, Randolph 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. Randolph Hanslin retired in April 2006 from his operational activities within the Group Executive Board.

3 Dr 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; member of the Board of Directors, Gurit Holding AG, Wattwil; member of the Board of Directors, Coltène Holding AG, Altstätten

Dr 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. Lenz & Staehelin, a law firm, has advised Geberit in some legal matters, although Dr Robert Heberlein was not involved in this capacity.

4 Hans Hess (1955)

Non-executive, independent member of the Board of Directors since 2006, elected until 2011
Swiss citizen

Resident in Auslikon (CH)
Chairman of the Board of Directors, Burckhardt Compression AG, Winterthur; Chairman of the Board of Directors, Comet AG, Flamatt; Chairman of the Board of Directors, Reichle & De-Massari, Wetzikon; member of the Board of Directors, Schaffner AG, Luterbach

Hans Hess graduated as a materials engineer from the Swiss Federal Institute of Technology (ETH) Zurich and holds an MBA degree from the University of Southern California. He started his career in 1981 in the research and development division of Sulzer. In 1983, he transferred to Huber & Suhner where he initially worked as a Production Manager until 1988 and subsequently headed a business unit. In 1996, seven years after joining the Leica Group, he became CEO and in 1999 President of the Board of Directors of Leica Geosystems AG, which went public in the year 2000 on the SWX Swiss Exchange. In the wake of the acquisition of Leica Geosystems AG by the Swedish Hexagon AB, Hans Hess retired from his duties at the end of 2005. Since then he has been a member of the Board of Directors of various public corporations. He has had no significant business relations with the Geberit Group in the past five years.

5 Hartmut Reuter (1957)

Vice Chairman Board of Directors since 2009; non-executive, independent member of the Board of Directors since 2008, elected until 2011

German citizen
Resident in Nürensdorf (CH)
Member of the Shareholders Committee and Supervisory Board of Vaillant GmbH, Remscheid; Chairman of the Advisory Board of GBT-Bücolit GmbH, Marl

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.

6 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; member of the Industry Advisory Board Computer Science, ETH Zurich

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.

7 Robert F. Spoerry (1955)

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 of Mettler-Toledo International Inc., Greifensee (CH); member of the Board of Directors of the publicly owned companies Holcim, Sonova, Conzzeta and Schaffner

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.



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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.

Hans Hess's, Günter F. Kelm's and Hartmut Reuter's terms of office will end with the General Meeting of April 19, 2011. Hans Hess is not available for reelection due to numerous other duties. Having reached the age limit specified in the articles of incorporation, Günter F. Kelm's tenure as Chairman of the Board of Directors will end at the 2011 General Meeting after 25 years in Management of the Geberit Group. Subject to the vote on his proposed election to the Board of Directors, current CEO Albert M. Baehny will succeed Günter F. Kelm on the Board. Hartmut Reuter is standing for reelection to another three year term.

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 page 51 «Definition of areas of responsibilities»).

The Board of Directors is self-constituting. In the first meeting following the relevant 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. Günter F. Kelm holds the position of Chairman, Hartmut Reuter that of Vice Chairman.

The Board of Directors meets whenever business so requires, usually six times every year for one day each (2010: 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. One Member of the Board was unable to attend one of the seven board meetings in 2010.

The Board of Directors has formed two committees from among its members:

→ Personnel Committee

The members of the Personnel Committee are Hans Hess (Chairman), Susanne Ruoff, Dr Robert Heberlein, Günter F. Kelm and Robert F. Spoerry. The committee meets at least twice every year for a half day each (2010: three 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), Susanne Ruoff, Randolph Hanslin, Dr Robert Heberlein, Hans Hess, Günter F. Kelm and Robert F. Spoerry. It meets at least twice every year for a half day each (2010: 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 and external audits and coordinates them. 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 the following «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. Bernd Kuhlín, Head of Sales Europe, decided in May 2010 to leave the Geberit Group after having served for three and one-half years on the Group Executive Board. The Board of Directors of Geberit AG has appointed Dr 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 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 under Infoservice/Downloads/Corporate Governance.

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 of 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, 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 Chairman 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 risk 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. At regular intervals, the Group Executive Board issues a risk report to the attention of the Audit Committee. See Notes to the Consolidated Financial Statements (pages 69-71) on the management of financial risks. 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

1 Albert M. Baehny (1952)
Chief Executive Officer (CEO)
since 2005
Member of the Group Executive Board since 2003, with Geberit since 2003
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 Specialities. 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, refer also to pages 8/9, Management Structure.

2 Roland Iff (1961)
Member of the Group Executive Board since 2005, with Geberit since 1993
Swiss citizen
Resident in Herrliberg (CH)
Head of Group Division Finance (CFO)
Member of the Board of Directors, VZ Holding AG, Zurich

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 pages 8/9, Management Structure.

3 William J. Christensen (1973)
Member of the Group Executive Board since 2009, with Geberit since 2004
US/Swiss citizen
Resident in Wilen, Wollerau (CH)
Head of Group Division Sales International

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 of Group Marketing. William J. Christensen is Head of the Group Division Sales International, effective 2009, refer also to pages 8/9, Management Structure.

4 Dr Michael Reinhard (1956)
Member of the Group Executive Board since 2005, with Geberit since 2004
German citizen
Resident in Uerikon (CH)
Head of Group Division Products

Dr 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, Dr 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, Dr Michael Reinhard became Head of Group Division Sales 2005. He has been Head of the Group Division Products since 2006, refer also to pages 8/9, Management Structure.



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