

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 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 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) 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 Nürens Dorf (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 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 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 TCHF 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.