

# 1. GROUP STRUCTURE AND SHAREHOLDERS

## 1.1 GROUP STRUCTURE

The operational Group structure is shown in the diagram → **Annual Report 2017, Business report, Management structure.**

Geberit AG, the parent company of the Geberit Group, has its headquarters in Rapperswil-Jona (CH). For the place of listing, market capitalisation, Swiss securities identification number and ISIN code, please refer to → **Annual Report 2017, Business report, Geberit share information.**

The Group's consolidated subsidiaries are listed in the → **Annual Report 2017, Financials, Consolidated financial statements Geberit Group, Notes to the Consolidated Financial Statements, Note 33**, stating the company name and head office, share capital and equity interest held by the Group companies. Except for Geberit AG, the scope of consolidation does not include any listed companies.

## 1.2 SIGNIFICANT SHAREHOLDERS

The significant shareholders within the meaning of Art. 663c of the Swiss Code of Obligations (Schweizerisches Obligationenrecht, OR) and Art. 120 Para. 1 of the Financial Market Infrastructure Act (Finanzmarktinfrastrukturgesetz, FinfraG) were entered in the company's share register on 31 December 2017 as holding more than 3% of the voting rights or share capital recorded in the Commercial Register, or held more than 3% of the voting rights or share capital recorded in the Commercial Register on 31 December 2017.

Disclosure notifications reported to Geberit during 2017 and published by Geberit via the electronic publishing platform of SIX Swiss Exchange can be viewed at → [www.six-exchange-regulation.com/en/home/publications/significant-shareholders.html](http://www.six-exchange-regulation.com/en/home/publications/significant-shareholders.html).

## 1.3 CROSS-SHAREHOLDINGS

In terms of equity interests or voting rights, the Geberit Group has no cross-shareholdings with any other companies that exceed a threshold of 5%.

## 1.4 IMPORTANT CHANGES TO THE ARTICLES OF INCORPORATION

No amendments to the Articles of Incorporation were made in the 2015 and 2017 financial years. In the 2016 financial year, the Articles of Incorporation were amended due to the capital reduction agreed on 6 April 2016 (see → **Annual Report 2017, Business report, Corporate Governance, 2. Capital structure, 2.4 Shares and participation certificates, p. 2**).

The current Articles of Incorporation can be viewed online at → [www.geberit.com/investors/downloads/publications](http://www.geberit.com/investors/downloads/publications).

### Significant shareholders\*

(as of 31 December 2017)

in %

BlackRock Inc., New York, USA	4.99
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\* In accordance with the corresponding reports to the company/SIX Swiss Exchange

## 2. CAPITAL STRUCTURE

### 2.1 CAPITAL

Amount of ordinary, authorised and conditional capital of the company as of 31 December 2017:

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

### 2.2 AUTHORISED AND CONDITIONAL CAPITAL DETAILS

As of 31 December 2017, the Geberit Group had no conditional or authorised capital.

### 2.3 CHANGES IN CAPITAL

For Geberit AG's changes in capital, see the following table.

For further details on changes in capital, reference is made to the Geberit Group's Consolidated Financial Statements in the Financial Report of this Annual Report 2017 (→ **Annual Report 2017, Financials, Consolidated financial statements Geberit Group, Consolidated Statements of Changes in Equity** including the Notes to the Consolidated Financial Statements, → **Annual Report 2017, Financials, Consolidated financial statements Geberit Group, Notes to the Consolidated Financial Statements, Note 21**), to the information in the → **Annual Report 2017, Financials, Financial statements Geberit AG** as well as to the 2015 figures in the 2016 Annual Report (Consolidated Financial Statements Geberit Group: → **Annual Report 2016, Financials, Consolidated Financial Statements Geberit Group, Consolidated Statements of Changes in Equity, pp. 91-92** and → **Annual Report 2016, Financials, Consolidated Financial Statements Geberit Group, Notes to the Consolidated Financial Statements, Note 21, pp. 122**; → **Annual Report 2016, Financials, Financial Statements Geberit AG, pp. 138**).

The changes in capital in 2016 are attributable to the cancellation of 757,000 shares as part of the share buyback programme announced in March 2014. This capital reduction was entered in the Commercial Register on 20 June 2016.

### 2.4 SHARES AND PARTICIPATION CERTIFICATES

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

With the exception of the treasury shares held by the company, each share registered with voting rights in the share register of the company carries one vote at the General Meeting and each share (whether or not it is entered in the share register) carries a dividend entitlement. All dividends that have not been collected within five years of their due date are forfeited to the company in accordance with the company's → **Articles of Incorporation** and allocated to the general reserve. As of 31 December 2017, the company held 391,640 treasury shares.

No participation certificates of the Geberit Group are outstanding.

The current Articles of Incorporation can be viewed online at → **[www.geberit.com/investors/downloads/publications](http://www.geberit.com/investors/downloads/publications)**.

### 2.5 PROFIT-SHARING CERTIFICATES

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

	31.12.2015	31.12.2016	31.12.2017
	MCHF	MCHF	MCHF
Share capital	3.8	3.7	3.7
Reserves	875.1	617.2	637.2
Retained earnings	305.0	393.6	505.2

## 2.6 LIMITATIONS ON TRANSFERABILITY AND NOMINEE REGISTRATIONS

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

The Board of Directors has the power to delete entries in the share register retroactively as of the date of entry if the registration has been made on the basis of false information. It may give the concerned shareholder the opportunity to comment in advance. In any case, the shareholder concerned is informed without delay about the deletion.

Furthermore, the → **Articles of Incorporation** do not contain any restrictions in terms of registration or voting rights.

In the reporting year 2017, there were no registrations in the share register of shares held by nominees of up to a maximum of 3% of the share capital or in excess of this registration limitation. Moreover, the Board of Directors did not have to delete any entries in the share register retroactively as of the date of entry in the reporting year.

According to the → **Articles of Incorporation**, amendments to the provisions regarding the restriction of the transferability of registered shares require a resolution of the general meeting passed by at least two-thirds of the votes represented. For the procedure and the conditions for cancelling the restriction of the transferability, see → **Annual Report 2017, Business report, Corporate Governance, 6. Participatory Rights of Shareholders, p. 16**.

The current Articles of Incorporation can be viewed online at → [www.geberit.com/investors/downloads/publications](http://www.geberit.com/investors/downloads/publications).

## 2.7 CONVERTIBLE BONDS AND WARRANTS/OPTIONS

No convertible bonds are outstanding.

No options were issued to any external parties. As regards options issued to employees of the Geberit Group, reference is made to the → **Annual Report 2017, Business report, Remuneration Report, 7. Summary of share and option plans 2017** and → **Annual Report 2017, Financials, Consolidated financial statements Geberit Group, Notes to the Consolidated Financial Statements, Note 17** in the Consolidated Financial Statements of the Geberit Group.

## 3. BOARD OF DIRECTORS

### 3.1/3.2 MEMBERS OF THE BOARD OF DIRECTORS

At the end of 2017, the Board of Directors was composed of six non-executive members. The composition of the Board of Directors should reflect strategic requirements, the company's targets, geographical presence and corporate culture. The Board of Directors should be diverse in every respect, i.e. in terms of gender, nationality, geographical/regional experience and business experience.

#### Albert M. Baehny (1952)

- **Non-executive Chairman of the Board of Directors since 2015 (Executive Chairman of the Board of Directors from 2011 to 2014), Member of the Board of Directors since 2011**
- **Swiss citizen**
- **Member of the Board of Directors Lonza Group AG, Basel (CH); Member of the Board of Directors Investis, Crans-Montana (CH)**

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



#### Felix R. Ehrat (1957)

- **Non-executive, independent member of the Board of Directors since 2013**
- **Swiss citizen**
- **Group General Counsel and Member of the Executive Committee Novartis since 2011, Basel (CH); Chairman of the Board of Directors Globalance Bank AG, Zurich (CH); Member of the Board of Directors Hyos Invest Holding AG, Zurich (CH); Member of the Board of Trustees Avenir Suisse, Zurich (CH)**

Felix R. Ehrat received his doctorate of law from the University of Zurich (CH) in 1990, where he previously also received his law degree in 1982. He was admitted to practice as a lawyer in Switzerland in 1985. In 1986, he completed an LL.M. at the McGeorge School of Law in Sacramento (US). During his career to date, he has completed a number of management training courses, including at Harvard University in Boston (US). He has been Group General Counsel of Novartis since October 2011 and, since 1 January 2012, a member of the Executive Committee of the Novartis Group, a company in which he has held a number of other executive positions (e.g. Global Head Compliance, Country Management). Felix R. Ehrat is a leading practitioner of corporate, banking and mergers and acquisitions law, as well as an expert in corporate governance and arbitration. He started his career as an Associate with Bär & Karrer in Zurich (CH) in 1987, became Partner in 1992 and advanced to Senior Partner (2003–2011) and Executive Chairman of the Board of Directors (2007–2011) of the firm. During his career to date, Felix R. Ehrat was a chairman and member of various Boards of Directors at listed and non-listed companies, including a chairman and member of various respective audit committees.



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

### Thomas M. Hübner (1958)

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

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

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



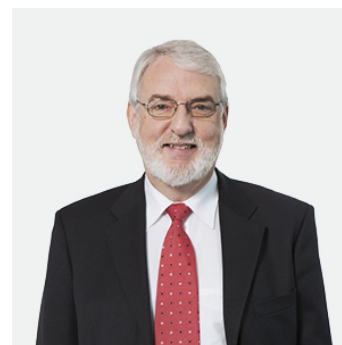
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### Hartmut Reuter (1957)

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

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

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



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### Jørgen Tang-Jensen (1956)

- **Non-executive, independent member of the Board of Directors since 2012**
- **Danish citizen**
- **CEO VELUX A/S, Hørsholm (DK); Member of the Board of Directors Coloplast A/S (DK); Member of the Confederation of Danish Industry Business Political Committee; Chairman of the Board of Directors Danish Green Investment Fund (DK); Member of the Board of Directors Rockwool International A/S, Hedehusene (DK)**



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

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

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#### Eunice Zehnder-Lai (1967)

- **Non-executive, independent member of the Board of Directors since 2017**
- **Citizen of Switzerland and Hong Kong**
- **Board member of the Asia Society Switzerland**

Eunice Zehnder-Lai holds a Master of Business Administration from Harvard Business School (US) and a Bachelor of Arts from Harvard University (US). She is CEO of IPM Institut für Persönlichkeitsorientiertes Management, a firm headquartered in Pfäffikon (CH) that offers solutions for enhancing the efficiency of interaction with customers, teams and employees in companies. Before joining IPM, she spent almost 20 years working in the finance industry for LGT Capital Partners, Goldman Sachs and Merrill Lynch in New York, London, Hong Kong and Switzerland. She worked in asset management, private wealth management and corporate finance, as well as for Procter & Gamble in marketing and brand management.



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

### 3.3 REGULATIONS IN THE ARTICLES OF INCORPORATION CONCERNING THE NUMBER OF PERMISSIBLE ACTIVITIES IN ACCORDANCE WITH ART. 12 PARA. 1 CLAUSE 1 OAEC

Members of the Board of Directors may hold up to five mandates in profit-oriented legal entities and up to five mandates in non-profit-oriented legal entities or charitable legal entities outside the Geberit Group.

Mandates of a member of the Board of Directors in legal entities which are controlled by the company, or which control the company as well as mandates held by such member in their capacity as a member of the Board of Directors of the company, or held by order and on behalf of the company or legal entities controlled by it, shall not count as mandates in legal entities outside the Geberit Group.

Mandates of a member of the Board of Directors of the company in legal entities outside the Geberit Group which are under common control, as well as mandates held by such member in their capacity as a member of the supreme governing body or of the group management of a legal entity outside the Geberit Group or held by order and on behalf of such legal entity or legal entities controlled by it, shall be deemed one mandate outside the Geberit Group.

Mandates held by a member of the Board of Directors in their main activity as a member of the group management of a legal entity outside the Geberit Group or held by order and on behalf of such legal entity or legal entities controlled by it, shall not count as mandates within the meaning of this provision.

Mandates in the sense of the → **Articles of Incorporation** are mandates in supreme governing bodies or in an advisory board of legal entities that are required to be recorded in the Commercial Register or in a corresponding foreign register.

The current Articles of Incorporation can be viewed online at → [www.geberit.com/investors/downloads/publications](http://www.geberit.com/investors/downloads/publications).



### 3.4 ELECTIONS AND TERMS OF OFFICE

The term of office for a member of the Board of Directors is one year and ends at the closing of the following ordinary General Meeting. Members of the Board of Directors are elected on an individual basis. Re-election is possible.

In addition to the members of the Board of Directors, the Chairman of the Board of Directors is also elected by the General Meeting. The term of office for the Chairman of the Board of Directors is also one year and ends at the closing of the following ordinary General Meeting. Re-election is possible. If the position of Chairman of the Board of Directors is vacant, the Board of Directors is to appoint a new Chairman of the Board of Directors from among its members for the remaining term of office.

The members of the Nomination and Compensation Committee are elected annually and on an individual basis by the General Meeting. Only members of the Board of Directors are eligible. Their term of office ends at the closing of the following ordinary General Meeting. Re-election is possible.

The members of the Board of Directors, Chairman of the Board of Directors and members of the Committees retire from their positions at the next ordinary General Meeting following their 70th birthday.

Regi Aalstad no longer stood for re-election at the ordinary General Meeting on 5 April 2017. Eunice Zehnder-Lai was newly elected to the Board of Directors. Hartmut Reuter (Chairman), Jørgen Tang-Jensen and Eunice Zehnder-Lai were elected to the Nomination and Compensation Committee. The constitution subsequent to the ordinary General Meeting resulted in the following composition of the Audit Committee: Felix R. Ehrat (Chairman), Thomas M. Hübner, Hartmut Reuter. Hartmut Reuter continues to hold the office of Vice Chairman of the Board of Directors.

The Chairman of the Board of Directors and all members of the Board of Directors will be standing for re-election for a further year. The composition of the committees and holder of the office of Vice Chairman are also to remain unchanged.

### 3.5 INTERNAL ORGANISATIONAL STRUCTURE

The organisation of the Board of Directors is governed by law, the company's → **Articles of Incorporation ([www.geberit.com/investors/downloads/publications](http://www.geberit.com/investors/downloads/publications))** and the → **Organisational Regulations of the Board of Directors of Geberit AG ([www.geberit.com/investors/downloads/publications](http://www.geberit.com/investors/downloads/publications))** (see also → **Annual Report 2017, Business report, Corporate Governance, 3. Board of Directors, 3.6 Definition of areas of responsibility, p. 9**).

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

The Board of Directors meets whenever business so requires, but at least four times a year generally for a half day each (2017: nine meetings or telephone conferences). Each meeting or telephone conference that took place in 2017 lasted four hours on average. Meetings shall be chaired by the Chairman or, in the event of his incapacity, by the Vice Chairman. The Board of Directors shall appoint a Secretary, who need not be a member of the Board of Directors. The Chairman of the Board of Directors may invite members of the Group Executive Board to attend meetings of the Board of Directors. During the reporting year, one or more members of the Group Executive Board took part in the nine meetings, with one particular meeting involving the participation of external consultants.

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

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

The participation rate for meetings of the Board of Directors in 2017 was 96%.

	8 Mar	13 Mar	5 Apr	22 Jun	16 Aug	30 Aug	31 Aug	27 Oct	8 Dec
Albert M. Baehny	X	X	X	X	X	X	X	X	X
Regi Aalstad <sup>1</sup>	X	X	-	n/a	n/a	n/a	n/a	n/a	n/a
Felix R. Ehrat	X	X	X	X	X	X	X	X	X
Thomas M. Hübner	X	X	X	X	-	X	X	X	X
Hartmut Reuter	X	X	X	X	X	X	X	X	X
Jørgen Tang-Jensen	X	X	X	X	X	X	X	X	X
Eunice Zehnder-Lai <sup>2</sup>	n/a	n/a	n/a	X	X	X	X	X	X

1) Regi Aalstad was a member of the Board of Directors until 5 April 2017.

2) Eunice Zehnder-Lai has been a member of the Board of Directors since 5 April 2017.

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

#### NOMINATION AND COMPENSATION COMMITTEE (NCC)

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

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

The members of the Nomination and Compensation Committee as of 31 December 2017 were Hartmut Reuter (Chairman), Jørgen Tang-Jensen and Eunice Zehnder-Lai. The committee meets at least three times a year generally for a half day each (2017: three meetings). Each meeting or telephone conference that took place in 2017 lasted three hours on average.

The participation rate for meetings in 2017 was 100%.

	8 Mar	30 Aug	8 Dec
Hartmut Reuter	X	X	X
Regi Aalstad <sup>1</sup>	X	n/a	n/a
Jørgen Tang-Jensen	X	X	X
Eunice Zehnder-Lai <sup>2</sup>	n/a	X	X

1) Regi Aalstad was a member of the Nomination and Compensation Committee until 5 April 2017.

2) Eunice Zehnder-Lai has been a member of the Nomination and Compensation Committee since 5 April 2017.

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

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

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



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

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

### AUDIT COMMITTEE (AC)

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

As of 31 December 2017, the Audit Committee was composed of Felix R. Ehrat (Chairman), Thomas M. Hübner and Hartmut Reuter. It meets at least twice a year, generally for a half day each (2017: five meetings). Each meeting or telephone conference that took place in 2017 lasted four hours on average.

The participation rate for meetings in 2017 was 93%.

	24 Feb	28 Apr	11 Aug	30 Aug	7 Dec
Felix R. Ehrat	X	X	X	X	X
Hartmut Reuter	-	X	X	X	X
Thomas M. Hübner	X	X	X	X	X

The Audit Committee supports the Board of Directors in fulfilling its duties specified by law, in particular in the areas of financial control (supervision of the internal and external auditors and monitoring of financial reporting) and ultimate supervision of the persons entrusted with the management (internal control system). The Audit Committee determines the scope and planning of the internal audit and coordinates them with those of the external audit. For every meeting, the internal and external auditors provide a comprehensive report on all audits carried out and the measures to be implemented. The Audit Committee monitors the implementation of the conclusions of the audit. It also assesses the functionality of the internal control system, including risk management (see also → **Annual Report 2017, Business report, Corporate Governance, 3. Board of Directors, 3.7 Information and control instruments vis-à-vis the Group Executive Board, p. 10**). The Audit Committee supports the Board of Directors with corporate governance and compliance issues, monitors the relevant corporate governance and compliance aspects and develops them further. The overall responsibility for the duties and competencies assigned to the Audit Committee remains with the Board of Directors.

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

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

### 3.6 DEFINITION OF AREAS OF RESPONSIBILITY

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

- The ultimate management of the Company and the giving of the necessary directives

- The establishment of the organisation
- The structuring of the accounting system and the financial controls, as well as the financial planning
- The appointment and removal of the persons entrusted with the management and the representation
- The ultimate supervision of the persons entrusted with the management; in particular, in view of compliance with the law, → **Articles of Incorporation**, regulations and directives
- The preparation of the annual report and of the compensation report as well as the preparation of the General Meeting and the implementation of its resolutions
- The notification of the judge in case of overindebtedness

The Board of Directors determines the strategic objectives and the general resources for achieving these, and decides on major business transactions. Further areas of responsibility of the Board of Directors are set out in the → **Organisational Regulations of the Board of Directors of Geberit AG** ([www.geberit.com/investors/downloads/publications](http://www.geberit.com/investors/downloads/publications)) and the → **Supplement to the Organisational Regulations** ([http://annualreport2017.geberit.com/geberit/annual/2017/gb/English/pdf/supplement\\_BoD.pdf](http://annualreport2017.geberit.com/geberit/annual/2017/gb/English/pdf/supplement_BoD.pdf)).

To the extent legally permissible and in accordance with its → **Organisational Regulations of the Board of Directors of Geberit AG**, the Board of Directors has assigned the operational management to the Chief Executive Officer (CEO). The individual duties assigned to the CEO are governed in particular by the → **Supplement to the Organisational Regulations**. The CEO is authorised to further delegate powers to individual members of the Group Executive Board and/or to other executives of the Geberit Group.

As of the end of 2017, the Group Executive Board is composed of the Chief Executive Officer and six other members. The members of the Group Executive Board are appointed by the Board of Directors based on the proposal of the Nomination and Compensation Committee.

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

The current → **Articles of Incorporation** as well as the → **Organisational Regulations of the Board of Directors**, the → **Nomination and Compensation Committee (NCC)** and the → **Audit Committee** can be viewed at → [www.geberit.com/company/downloads/publications](http://www.geberit.com/company/downloads/publications).

### 3.7 INFORMATION AND CONTROL INSTRUMENTS VIS-À-VIS THE GROUP EXECUTIVE BOARD

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

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

Based on the → **Organisational Regulations of the Board of Directors of Geberit AG ([www.geberit.com/investors/downloads/publications](http://www.geberit.com/investors/downloads/publications))** and the → **Organisational Regulations for the Audit Committee ([www.geberit.com/investors/downloads/publications](http://www.geberit.com/investors/downloads/publications))** of the Board of Directors, the Audit Committee has implemented a comprehensive system for monitoring and controlling the risks associated with the business activities. This process includes risk identification, analysis, control and reporting. Operationally, the Group Executive Board is responsible for controlling risk management. In addition, responsible persons are designated in the company for significant individual risks. These responsible parties decide on specific actions for risk mitigation and monitor their implementation. Every other year, the Internal Audit department issues a risk report for the attention of the Board of Directors. Significant risks are also constantly discussed in the meetings of the Group Executive Board and Board of Directors, which take place on a regular basis (see → **Annual Report 2017, Business report, Business and financial review, Strategy and goals, Risk management**). For information on the management of financial risks, refer to → **Annual Report 2017, Financials, Consolidated financial statements Geberit Group, Notes to the Consolidated Financial Statements, Note 4**. In addition, the Internal Audit department reports to the Audit Committee at every meeting on completed audits and on the status of the implementation of findings and optimisation proposals of previous audits.

The → **Organisational Regulations of the Board of Directors**, the → **Nomination and Compensation Committee** and the → **Audit Committee** can be viewed online at → **[www.geberit.com/investors/downloads/publications](http://www.geberit.com/investors/downloads/publications)**.

## 4. GROUP EXECUTIVE BOARD

### 4.1/4.2 MEMBERS OF THE GROUP EXECUTIVE BOARD

At the end of 2017, the Group Executive Board was composed of seven members.

#### Christian Buhl (1973)

- **Chairman of the Group Executive Board since 2015**
- **Member of the Group Executive Board since 2015**
- **with Geberit since 2009**
- **Swiss citizen**

Christian Buhl studied physics (Dipl. Phys. ETH) at the Swiss Federal Institute of Technology (ETH) in Zurich (CH) before undertaking his doctorate (Dr. oec. HSG) in the area of financial market research at the University of St. Gallen (CH). From 2000 to 2003, he worked as a teaching and research assistant at the Swiss Institute of Banking and Finance in St. Gallen and in research and teaching at the Centre for Economic Research at the University of Basel (CH). From 2004 to 2008, Christian Buhl worked at McKinsey & Company, Zurich (CH), where he undertook projects for various Swiss and international industrial companies, supporting them in the areas of strategy, M&A, marketing and organisation. He joined Geberit in 2009, initially as Head of Strategic Planning, before taking over responsibility for the Geberit AquaClean shower toilet business. From 2012 to the end of 2014, Christian Buhl was Managing Director of the German sales company – the most important sales unit within the Geberit Group. He has been the Chief Executive Officer (CEO) of the Geberit Group since 2015; see also → **Annual Report 2017, Business report, 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**
- **Vice Chairman of the Board of Directors VZ Holding AG, Zurich (CH)**

Roland Iff studied economics at the University of St. Gallen (CH) and graduated with the degree of lic. oec. (major: accounting and finance) in 1986. He started his professional career in 1987 as internal auditor with the American Mead Corporation in Zurich (CH) and at the company's headquarters in Dayton (US). Subsequently he worked on different market development projects in Brussels (BE) before he was appointed Chief Financial Officer of Mead's Italian subsidiary in Milan (IT) in 1990. In 1993, Roland Iff joined Geberit as Head of Corporate Development. In 1995, he became Head of Group Controlling. Beginning in October 1997, he served as Head of Group Treasury. Roland Iff has been Head of Group Division Finance (CFO) of the Geberit Group since 2005; see also → **Annual Report 2017, Business report, Management structure.**



#### Martin Baumüller (1977)

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

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



business of the Geberit Group. He has been Head of Group Division Marketing & Brands since 2016; see also → **Annual Report 2017, Business report, Management structure.**

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#### **Michael Reinhard (1956)**

- **Member of the Group Executive Board since 2005**
- **with Geberit since 2004**
- **Head of Group Division Operations**
- **German citizen**
- **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 management functions of increasing overall responsibility. 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 in 2005. From 2006 to 2016, he was Head of Group Division Products. Since 1 September 2016 he has been Head of Group Division Operations; see also → **Annual Report 2017, Business report, Management structure.**



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#### **Egon Renfordt-Sasse (1957)**

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

Egon Renfordt-Sasse completed his mechanical engineering studies at RWTH Aachen University (DE) in 1986. He began his career at Battenfeld-Fischer in Troisdorf (DE), where he held several positions until 1997, the last of which as manager of the Technical Parts profit centre. In 1997, he joined the Geberit Group as product manager responsible for the Installation Systems product line. From 2001 to 2003, he was responsible for Sales Engineering – among other things – at Geberit's German sales company. He then became Head of Products Sanitary Systems at the Group, a position he held until 2012. Since then, he has been Head of Group Marketing. From 2015 to 2016 he was Head of Group Division Marketing & Brands. He has been Head of Group Division Product Management & Innovation since 2016; see also → **Annual Report 2017, Business report, Management structure.**



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#### **Karl Spachmann (1958)**

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

Karl Spachmann graduated in business and organisational studies at the University of the German Armed Forces in Munich (DE). He began his career with the German Armed Forces in 1983 where he served as radar commanding officer and press officer until 1990. In 1990, he joined Adolf Würth GmbH & Co. KG in Künzelsau (DE), initially as Assistant to the Managing Director of Sales and later as Regional Sales Manager for North Rhine-Westphalia. In 1995, he moved to Friedrich Grohe AG in Hemer (DE) to work as responsible Sales Manager for Germany. Since 1997, he has been responsible for the German sales company of the Geberit Group, initially as Managing Director focusing on field service, and since 2000 as Chairman of the Management Board. Karl Spachmann has been Head of Group Division Sales Europe since 2011; see also → **Annual Report 2017, Business report, Management structure.**



## Ronald van Triest (1969)

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

Ronald van Triest completed his Master's degree in Management and Organisation at the University of Groningen (NL) in 1996. He started his career at Royal Philips, where he held various roles until 2006. These were initially in the areas of marketing and sales, before a second phase where he took on wide-ranging responsibilities in the areas of product management, M&A and executive management. He operated predominantly from Singapore and Hong Kong. From 2007 to 2009, he was General Manager Sales at China Electronics Corporation in Shenzhen (CN), where he was responsible for sales, marketing, service and logistics and managed staff in China, Singapore, Russia and Turkey. From 2010 to 2015, he worked for Ellipz Lighting in Singapore. As CEO and Managing Director, he was responsible for setting up and developing the Asian business. Among other things, he established a joint venture in Beijing, set up the local production, R&D and sales and created sales channels in Southeast Asia and the Middle East, as well as a joint venture in India. Since 2015, Ronald van Triest has been Head of Group Division Sales International of the Geberit Group; see also → **Annual Report 2017, Business report, Management structure.**



The Board of Directors of Geberit AG has appointed Martin Ziegler as the new Head of Operations and a member of the Group Executive Board. He has taken up his role on 1 January 2018, replacing Michael Reinhard, who has retired having worked at Geberit for 13 years.

### 4.3 REGULATIONS IN THE ARTICLES OF INCORPORATION CONCERNING THE NUMBER OF PERMISSIBLE ACTIVITIES IN ACCORDANCE WITH ART. 12 PARA. 1 CLAUSE 1 OAEC

Members of the Group Executive Board may hold up to two mandates in profit-oriented legal entities and up to four mandates in non-profit-oriented legal entities or charitable legal entities outside the Geberit Group.

Mandates of a member of the Group Executive Board in legal entities which are controlled by the company, or which control the company as well as mandates held by such member in their capacity as a member of the Group Executive Board of the company, or held by order and on behalf of the company or legal entities controlled by it, shall not count as mandates in legal entities outside the Geberit Group.

Mandates of a member of the Group Executive Board of the company in legal entities outside the Geberit Group which are under common control, as well as mandates held by such member in their capacity as a member of the supreme governing body or of the group management of a legal entity outside the Geberit Group or held by order and on behalf of such legal entity or legal entities controlled by it, shall be deemed one mandate outside the Geberit Group.

The acceptance of mandates from members of the Group Executive Board in legal entities outside the Geberit Group must be approved in advance by the Board of Directors or, if delegated to it, the Nomination and Compensation Committee.

Mandates in the sense of the → **Articles of Incorporation** of Geberit AG are mandates in supreme governing bodies or in an advisory board of legal entities that are required to be recorded in the Commercial Register or in a corresponding foreign register.

The current Articles of Incorporation can be viewed online at → **[www.geberit.com/investors/downloads/publications](http://www.geberit.com/investors/downloads/publications)**.

### 4.4 MANAGEMENT CONTRACTS

The Group has not entered into any management contracts with companies (or natural persons) outside the Geberit Group.



## 5. COMPENSATIONS, SHAREHOLDINGS AND LOANS

See → **Annual Report 2017, Business report, Remuneration Report**. The Remuneration Report is also available at → [www.geberit.com/investors/corporate-governance/remuneration-report](http://www.geberit.com/investors/corporate-governance/remuneration-report).

# 6. PARTICIPATORY RIGHTS OF SHAREHOLDERS

## 6.1 VOTING RIGHTS RESTRICTIONS AND REPRESENTATION

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

According to the → **Articles of Incorporation**, resolutions may also be passed and elections carried out at General Meetings by electronic means at the instruction of the Chairman.

Shareholders can be represented at the General Meeting only by their legal representative, another voting shareholder or the independent proxy in accordance with the company's → **Articles of Incorporation**. The company recognises only one representative per share.

The Board of Directors determines the requirements concerning powers of attorney and instructions in accordance with the legal provisions and can issue regulations to this effect.

For limitations on transferability and nominee registrations, see → **Annual Report 2017, Business report, Corporate Governance, 2. Capital structure, 2.6 Limitations on transferability and nominee registrations, p. 3.**

Art. 10 f. of the → **Articles of Incorporation** contains provisions regarding voting rights, proxy and independent proxy. The current Articles of Incorporation can be viewed online at → [www.geberit.com/investors/downloads/publications](http://www.geberit.com/investors/downloads/publications).

## 6.2 QUORUMS REQUIRED BY THE ARTICLES OF INCORPORATION

The company's → **Articles of Incorporation** do not stipulate any resolutions of the General Meeting that can be passed only by a larger majority than that envisaged by law.

The current Articles of Incorporation can be viewed online at → [www.geberit.com/investors/downloads/publications](http://www.geberit.com/investors/downloads/publications).

## 6.3/6.4 CONVOCAION OF THE GENERAL MEETING OF SHAREHOLDERS/ AGENDA

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

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

## 6.5 INSCRIPTIONS INTO THE SHARE REGISTER

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

# 7. CHANGES OF CONTROL AND DEFENCE MEASURES

## 7.1 OBLIGATION TO MAKE AN OFFER

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

The current Articles of Incorporation can be viewed online → [www.geberit.com/investors/downloads/publications](http://www.geberit.com/investors/downloads/publications).

## 7.2 CHANGE OF CONTROL CLAUSES

For agreements and plans in the event of a change of control, see → **Annual Report 2017, Business report, Remuneration Report.**

## 8. AUDITORS

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

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

### 8.2 AUDITING FEES

In 2017, PricewaterhouseCoopers invoiced the Geberit Group TCHF 1,731 for services in connection with the audit of the financial statements of Group companies as well as the Consolidated Financial Statements of the Geberit Group.

### 8.3 ADDITIONAL FEES

For additional services, PricewaterhouseCoopers invoiced TCHF 539 relating to tax consultancy and support as well as TCHF 58 for other services. Therefore, the non-audit fees amount to 34% of the audit fees.

### 8.4 INFORMATION TOOLS OF THE EXTERNAL AUDITORS

Before every meeting, the external auditor informs the Audit Committee in writing about relevant auditing activities and other important facts and figures related to the company. Representatives of the external and internal auditors attend the meetings of the Audit Committee for specific agenda items, and to comment on their activities and answer questions. The external auditors attended three meetings of the Audit Committee in the reporting year 2017.

The Audit Committee of the Board of Directors makes an annual assessment of the performance, fees and independence of the auditors, and supports the Board of Directors in the nomination of the auditor for the attention of the ordinary General Meeting. The Audit Committee uses the following criteria to assess the performance and fees of the auditors: technical and operational expertise; independence and objectivity; adequate use of resources; focus on areas that involve significant risk for Geberit; willingness to challenge and re-evaluate; ability to provide effective, practical recommendations; open and effective communication and coordination with the Audit Committee, the internal auditors and the Group Executive Board. Every year, the Audit Committee determines the scope and planning of the internal audit, coordinates them with those of the external audit and discusses the audit results with the external and internal auditors. For more details on the Audit Committee, see → **Annual Report 2017, Business report, Corporate Governance, 3. Board of Directors, 3.5 Internal organisational structure, Audit Committee (AC), p. 7.**

## 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 of Corporate Communications & Investor Relations as direct contacts.

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

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

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

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

For further details on the Geberit Group's information policy, including a time schedule, please refer to the → **Annual Report 2017, Business report, Geberit share information, Communication.**