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 GEBERIT

Report 2010

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An interview with CEO Albert M. Baehny

Mr. Baehny, a frank word in the economic crisis: Does the topic of sustainability have to take a back seat in times of crisis?

Whether there is a crisis or not, people have to think about sustainability today and act accordingly. Many claim that sustainability is a cost driver. But this is often a misunderstanding. Sustainable production is only more expensive initially. Our good position in the market also stems from our efforts to produce sustainable products ever more efficiently. Our energy and water consumption is continually falling and we are more economical with raw materials. This has a positive effect on our cost structure.

So is resource efficiency Geberit's recipe for success?

It's not quite as simple as that. Success is based on many factors. For instance, a healthy corporate culture, a clear strategy that is not questioned in response to every minor change, and a stable structure with committed employees. In order to have skilled people in the right place, we must advance employees' skills internally and at the same time enthruse suitable external candidates for Geberit. This is sustainable action.

And the external requirements? What does the market want and what does the environment need?

There are clear trends here. On the one hand, for instance, urbanization is in full swing in Asia. Water shortages and water quality are becoming major issues. With a steadily growing population, the effect of water-saving systems will be enormous. On the other hand, an increasing number of people want nicely designed bathrooms, and wellness is playing an increasingly important role. Our products are resource efficient and meet the latest standards for sustainable construction. But they also have an attractive design – a logical combination for us.

Everyone is talking about sustainability. What has Geberit achieved in recent years?

We can – and do – measure our improvements systematically: The energy used per production unit, for instance, is clearly declining. It is always a mix of broadly applied and small measures that has a positive effect. In the meantime, all plants are ISO 14001 certified and all employees are trained in accordance with our Code of Conduct. Individual initiatives also have a great impact. At our Swiss Givisiez plant, internal water consumption has been virtually halved thanks to an excellent suggestion from an employee. I am also



“We plan to roll out new products, setting new standards in water conservation and water quality.”

Albert M. Baehny,
Chief Executive Officer (CEO)



proud that we are supporting the Pangaea project. It calls on young people to identify environmental issues and act. At the same time, with Pangaea we are implementing social projects in developing countries and helping with better sanitary facilities. Our reporting in accordance with the guidelines of the Global Reporting Initiative highlights improvements in all areas.

“Sustainable production is only more expensive initially.”

What can we expect from Geberit in the future?

We plan to roll out new products, setting new standards in water conservation and water quality. A reduction in the amount of flush water and the intended application of gray water are important topics. The standard of sanitary installations needs to rise globally, because good sanitary facilities improve people's lives significantly. But there are not enough trained plumbers in many regions. The systems therefore need to become even simpler and safer. What should not be changed is the Geberit culture and the palpable enthusiasm of every individual.

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Geberit sets standards globally – in sanitary technology as well as in sustainable corporate action.

The Geberit Group

- European market leader in sanitary technology
- Sales of 2.2 billion Swiss francs and an operating cash flow margin of 28% in 2009
- 5,608 employees in 67 countries

The Geberit Group, with its headquarters in Rapperswil-Jona (CH), is the European market leader in sanitary technology and is globally oriented. Since its foundation in 1874, the company has been one of the pioneers in the industry and is constantly setting new trends with its products.

In 2009 Geberit achieved sales of 2.2 billion Swiss francs. The Group employs approximately 5,600 people worldwide. The company has been listed on the Swiss Stock Exchange since 1999.

Market leader in Europe – globally active

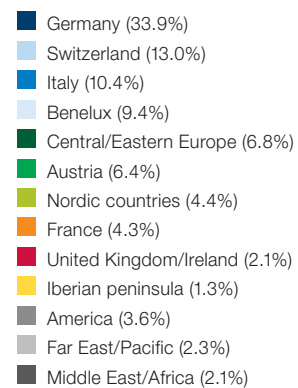
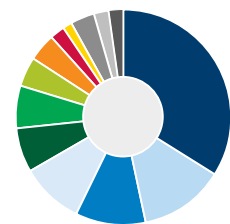
Geberit has its own representatives in 40 countries. The products are sold in 106 countries throughout the world. The sales emphasis is on the main European markets. Good long-term growth perspectives exist in Central and Eastern Europe, France, Great Britain, the Iberian peninsula, North America, China and Southeast Asia. The Asian and North American markets are served with products adapted to regional requirements. To this end, local competence centers exist in Shanghai (CN) and Chicago (US).

The company has 15 specialized production sites in 7 countries close to the most important sales markets. The main production plants are located in Germany, Austria and Switzerland. The Group also operates production plants in the USA, China, Italy and Slovenia.

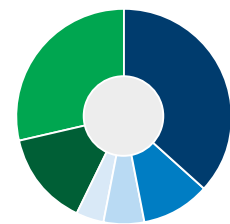
Comprehensive product range

The products are conceived both for new construction as well as for renovations and modernizations. The product range includes six product lines in the areas of sanitary systems (installation systems, cisterns and mechanisms, faucets and flushing systems, waste fittings and traps) and piping systems (building drainage systems, supply systems).

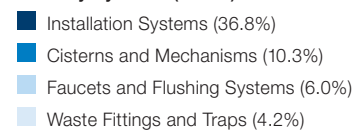
Sales 2009 by markets



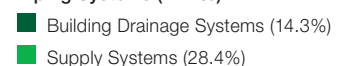
Sales 2009 by product areas and product lines



Sanitary Systems (57.3%)



Piping Systems (42.7%)



Sustainable products

HyTronic electronic lavatory tap
Water-saving and energy-efficient faucet



Geberit AquaClean 8000plus
Toilet for gentle, natural cleaning with water



Duofix frame with concealed cistern and Sigma20 dual-flush actuator plate
Tool-free installation, water-saving dual flush system for flexible application



Geberit Silent-PP
Drainage system with optimum sound insulation, winner of a design award



Pluvia roof drainage system
Fast, efficient roof drainage system



**Uniflex PushControl
bathtub drain**

Optimally shaped bathtub
drain in terms of flow properties,
winner of a design award



Urinal trap

Water-saving trap with optimal
flow properties



Geberit PushFit

Simple, secure push-fit system,
suitable both for drinking water
and heating, fully recyclable



Geberit Mepla

Multilayer drinking water pipe
which can be taken apart and
fully recycled



Sustainability practiced in all business areas

- Geberit – a proven leader in the area of sustainability
- Saving water, resource efficiency and sustainable construction as core topics
- Sustainability strategy continually updated and integrated

Geberit has been leading the sanitary sector in sustainability for decades and proves that economic growth and over the long term successful business activities are compatible with environmentally friendly and socially responsible action.

Role model as objective

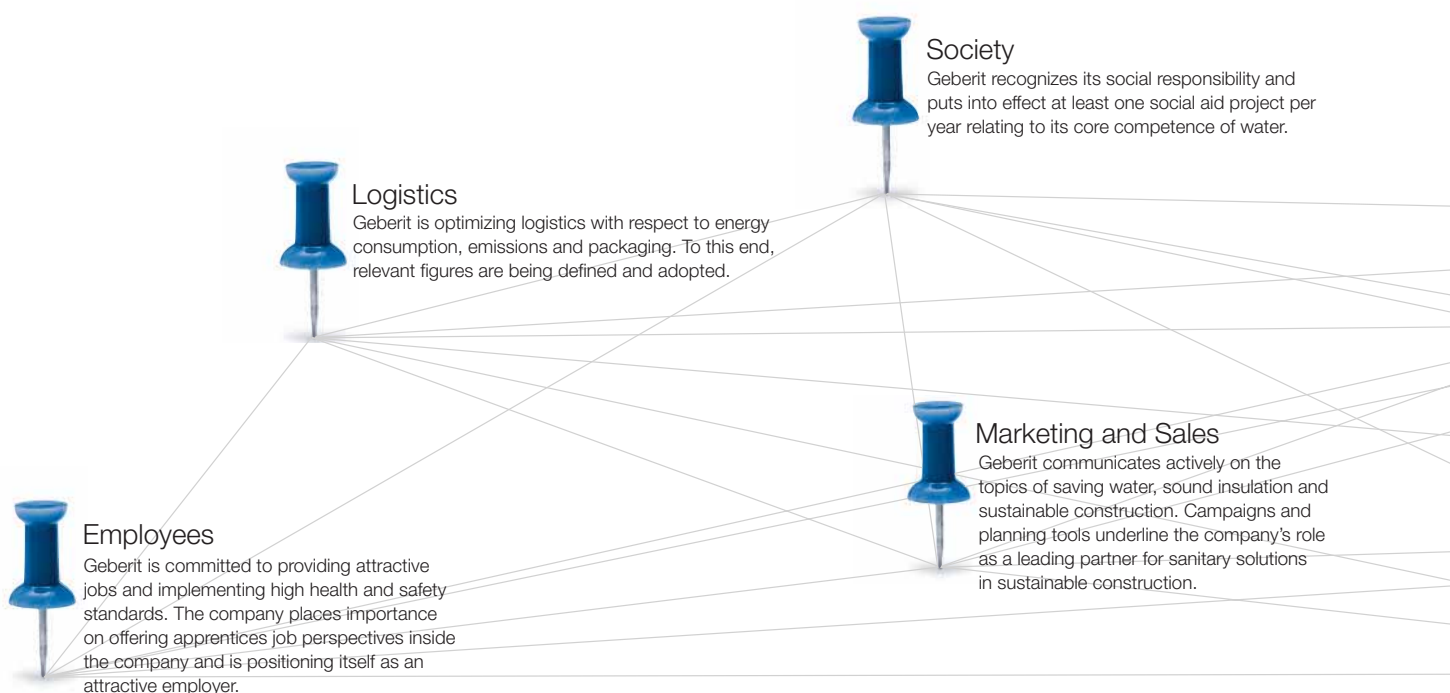
Sustainability must be lived in all company sectors. Geberit aims to be a role model to and set standards for partners, customers and suppliers. This includes safe, environmentally friendly and resource-efficient production with an increasing proportion of renewable energies, procurement and logistics with high environmental and

ethical standards, as well as good working conditions and a high level of training for the more than 5,600 employees across the globe. Geberit also assumes its corporate responsibility when promoting social aid projects and cooperations for innovative developments.

Products with a major leverage effect for saving water

Sustainability means satisfying the needs of today's generation in a manner that will ensure a solid basis for the livelihoods of future generations. A growing population's rising consumption of energy and water is a major challenge for sustainable

development. And this challenge is also the motivation for Geberit to offer the highest standards of environmental friendliness, resource saving and durability in its products. Water-saving Geberit products achieve impressive results: By 2009, the entire dual-flush and stop-and-go "fleet of cisterns" produced since 1998 had saved over 8,800 million cubic meters of water compared to traditional flushing systems. That is two-and-a-half times the annual consumption of all households in Germany.



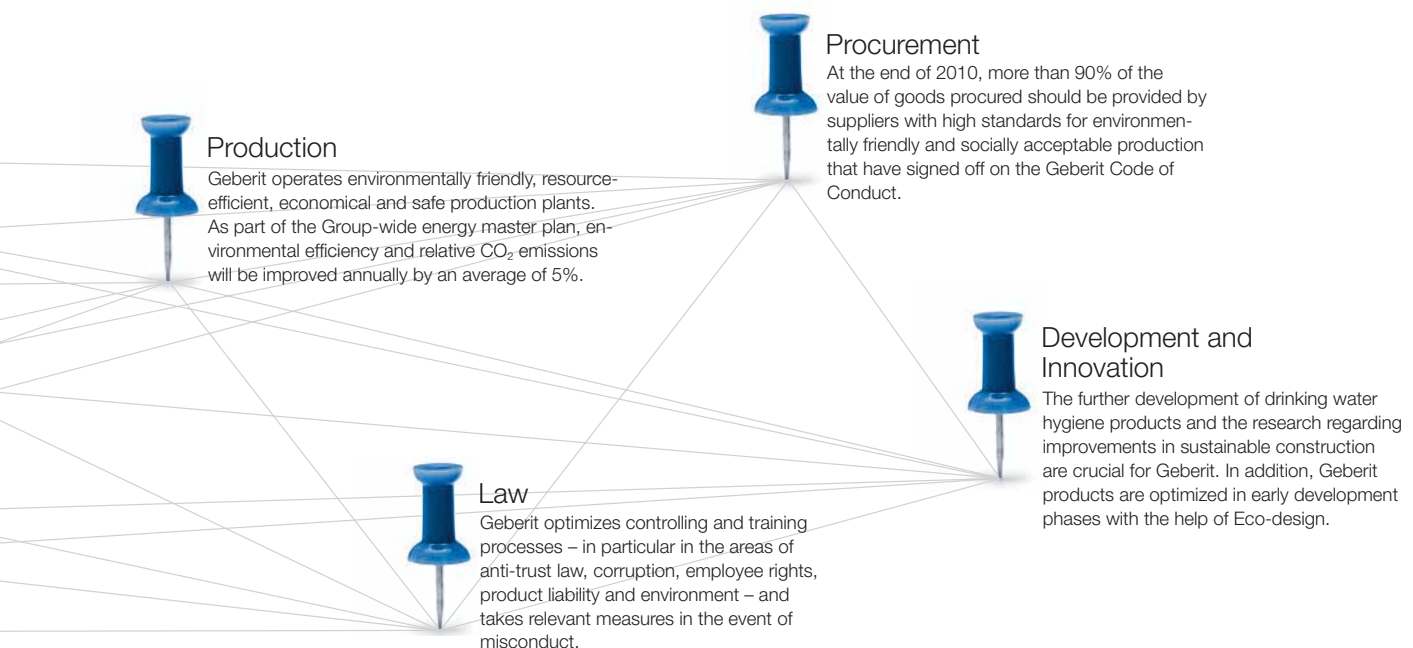
Intelligent solutions for sustainable construction

The global trend towards sustainable construction (“green building”) means that investors, building owners, sanitary engineers and plumbers are facing new challenges. Geberit already offers water- and energy-saving, low-noise, durable products, which allow a high level of flexibility and meet sustainable construction standards. Geberit aims to be the leading systems provider for intelligent sanitary solutions in sustainable construction.

Binding, transparent implementation

Geberit is committed to internationally recognized sustainability principles and since 2008 has been a member of the United Nations Global Compact, a global agreement between companies and the UN designed to create a more socially and environmentally friendly globalization. This commits Geberit to presenting an annual progress report on ten defined principles in the areas of human rights, labor practices, environmental protection and combating corruption. The first report from 2008 is posted on the website of the United Nations

Global Compact as exemplary (www.unglobalcompact.org/COP/notable_cops.html). Geberit understands sustainability to be a strategic task. Targets and measures in all business areas are therefore continuously updated and integrated. Comprehensive monitoring ensures that measurable progress is made. This progress is presented annually in the GRI Report in accordance with the Global Reporting Initiative (GRI) guidelines and has for three years achieved the top level of transparency of A.



In dialog with all stakeholders

- Continuous dialog at all sites
- Planning crucial topics with a view to the future
- Business relations built on partnership and fairness

Success at the international level is also a matter of dialog. The demands on Geberit are manifold: Customers, suppliers and employees have their own concerns, while social issues and the environment also play an important role. Geberit relies on partnership in business relations and fairness in interaction with competitors and associations. Systematic dialog helps to identify possible conflict issues or opportunities for further development and to become active early. At the national and international levels, the Geberit Group maintains relations with all organizations and institutions in the respective countries that direct requests or suggestions to

the company. Here, a broad range of topics is regularly raised (see graph).

Geberit relies both internally and externally on dialog. One example is the Europe Forum, a committee in which the works council chairmen of the European sites convene to discuss current challenges with the management. This also includes the future demographic development of the work force. Suggestions and needs of local interest groups are recorded at all production sites as part of systematic environmental management in accordance with ISO 14001.

Problems, such as noise emissions, can thus be effectively alleviated as they occur.

More examples of how Geberit involves its contact groups can be found in the following sections.





Richard Sykes is Manager of Natural Resources at the communal utility in East Bay. The company is responsible for supplying fresh water to and processing the waste water of the approx. 1.3 million inhabitants of the eastern side of San Francisco Bay (US).



Dr. Thomas Dyllick is Professor of Business Administration with a special focus on environmental management at the Institute for Economy and Ecology (IWÖ-HSG) and Vice Dean of the University of St. Gallen (CH).



Andreas Knörzer is Head of Sustainable Investment at Bank Sarasin in Basel (CH). He has developed a concept of investing funds in an ecologically and socially sustainable way. His ideas have contributed to the shaping of the area of sustainable investment.

“We recently held meetings with leading industry representatives to draft a new bill. The bill aims to significantly reduce the level of lead in water pipes and faucets and will apply to sales in California beginning January 1, 2010. Chicago Faucets (Geberit USA) supported us greatly here. The Managing Director came personally to discuss the implementation and Geberit was one of the first companies to offer corresponding products for sale before the target date.”

“Stakeholder dialogs, which are designed to drive a company forward, are very demanding. They must be led by the ‘right’ company representatives with the ‘right’ interest groups at the ‘right’ time. The value added for a company is in receiving information early and creating trust in critical areas. This is particularly important in such a sensitive area as water, where we are facing major challenges on a global level.”

“I regard transparency as key when discussing sustainability. Courage to leave gaps is acceptable, but a company should report on all crucial topics, in particular the non-financial ones. I would like Geberit to clearly present its contribution to handling water and to continue efforts towards setting standards for sustainability.”

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Healthy growth and high profitability are more than short-term goals for Geberit. The economic success of today creates the foundation for us to defend our leading position in the markets of tomorrow.

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Leading position further expanded

- Market position strengthened, excellent results
- Infrastructure further expanded
- Sustainability-conscious investors relying even more on Geberit

The global economic crisis has not left even the Geberit Group unscathed. For the first time in many years, sales declined in 2008 and 2009. Nevertheless, sales have increased by an average of 6.2% p.a. over the past ten years (CAGR). At the same time, operating profitability was maintained at a very high level. Each year, the company generates a substantial amount of free liquid funds. These are used for further investments in the future.

These funds are also available for the repayment of debts, for dividend payments, the repurchase of shares or for acquisitions. Thanks to its healthy financial situation, Geberit is a dependable employer and partner for customers, suppliers and the interested public. Shareholders participate in success thanks to the company's increased value and higher dividends.

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

1. Focus on sanitary technology

Geberit will continue to focus on sanitary technology, relying on the traditional three-tier sales channel. The company concentrates on those business areas in the sanitary industry where it has profound expertise and its core competencies. The activities focus on technologies for the transport of water in buildings. Here, superior quality, integrated, water-saving sanitary technology is offered.

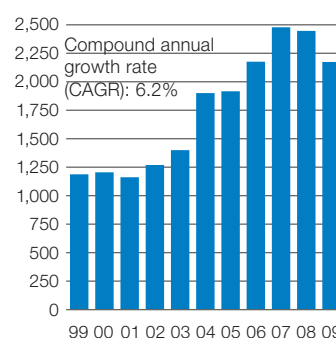
2. Commitment to innovation

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

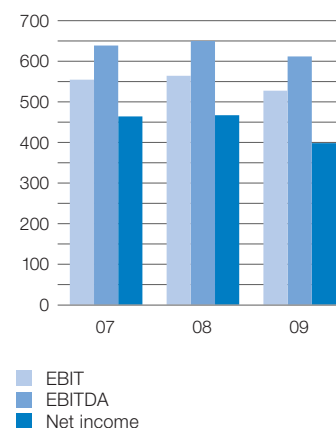
3. Selective geographic expansion

The accelerated penetration of markets such as France, Great Britain, the Iberian peninsula, Eastern Europe and the Nordic countries is an important factor in long-term success. Outside Europe, Geberit focuses on the most promising markets, including North America, China, Singapore, Australia and the United Arab Emirates. In these regions the company mainly operates in the project business, except for North America. In this context, the existing

Group Sales development 1999–2009 (in CHF million)



EBIT, EBITDA, net income 2007–2009 (in CHF million)



high standards with respect to quality and profitability are always maintained.

4. Continuous optimization of business processes

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

Strong reputation on the capital market as a result of efforts in the area of sustainability

The efforts in terms of sustainable corporate management are being rewarded by the capital market. Geberit is well represented in the continuously growing sector of sustainability share indices and sustainability funds. For instance, Geberit stock is part of the Dow Jones Sustainability Index (DJSI STOXX) and the FTSE4Good Index series. In addition, renowned sustainability funds hold Geberit shares in their portfolios. Geberit's objective is to continue to play a significant role in the constantly growing investment segments of Sustainability and Water.

The sustained positive development of the share price also bears witness to a long-term, successful strategy implementation. In the period between the initial public offering in June 1999 and the end of 2009, the Geberit share rose by an average of 17.7% p.a.

Corporate Governance

Geberit practices clear decision-making processes and a policy of transparent information, including in terms of corporate governance in particular. This ensures that the company is managed with a long-term orientation and that the interests of shareholders are safeguarded.

An extensive illustration of its corporate governance in accordance with the corresponding guidelines of the Swiss Stock Exchange (SIX) is included in the annual report.

Share price performance from June 22, 1999 (IPO), to December 31, 2009 (in CHF)



(Source: Bloomberg)

Basis: 1:10 share split on May 8, 2007

An overview of quantitative economic aspects

(in CHF million)	2007	2008	2009
Direct economic value added			
Sales	2,486.8	2,455.1	2,181.2
Operating profit (EBIT)	553.8	563.4	526.7
Economic values passed on			
Operating expenses, net excluding personnel expenses	1,185.1	1,155.4	958.1
Personnel expenses	467.4	460.2	446.2
Wages and salaries	359.2	356.4	334.8
Pension contributions	18.3	17.2	24.5
Other social benefits	64.0	62.4	60.3
Other personnel expenses	25.9	24.2	26.6
Payments to providers of capital	172.1	217.7	220.0
Dividends	159.0	206.9	210.9
Interest	13.1	10.8	9.1
Taxes (income taxes paid)	126.5	100.1	161.4
Social commitments (contributions and donations)	2.2	2.6	3.2
Retained economic values			
Purchase of property, plant and equipment	103.5	152.5	106.4
Proceeds from property, plant and equipment	13.6	5.7	2.9
Share buyback	0.0	311.4	0.0

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Geberit customers are constantly faced with new challenges in their day-to-day operations. They must meet the demands of various building owners. Geberit customers must focus fully on these tasks. Therefore, we supply them with products which they can handle with ease.

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Enthusiating customers with quality

- Intelligent sanitary solutions for sustainable construction
- More than 90,000 training participants worldwide
- Successful partnership model for the sale of Geberit AquaClean

To enthruse customers anew every day, Geberit relies on the production of reliable and practical quality products and an uncontested leading position in terms of training. The three criteria with which the company aims to stand out from competitors are know-how, innovation and integration. The Know-How Installed marketing concept is implemented by building on this goal. It underscores Geberit's position as market leader.

Market development further optimized

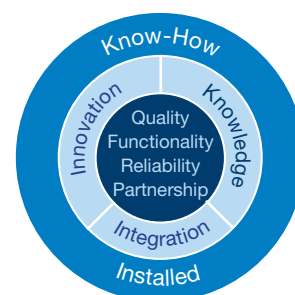
Over the past three years, Geberit has brought a wealth of new products to the market. In order to meet the needs of the markets as best possible, Geberit has further optimized cooperation between central marketing and the local sales companies. In particular in growth areas, such as drinking water hygiene and sustainable construction, and for major product launches, joint marketing campaigns have huge benefits and set new standards for the sanitary sector. In an increasingly international business, this results in the desired synergy effects. In terms of market development, Geberit relies on a three-stage distribution channel. The products are distributed via wholesale trade. Dealerships then sell them to plumbers and present them at exhibitions and other venues where end customers can gain information.

At the same time, Geberit provides plumbers and sanitary engineers with intensive support through training and advising, which in turn leads to increased demand for Geberit products from wholesalers.

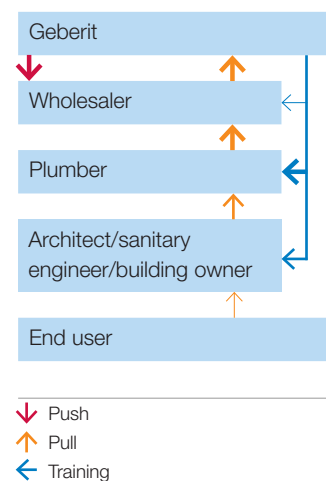
New partnership model for Geberit AquaClean

Design-oriented, comfortable and, in terms of hygiene, optimized products are seeing greater demand from end users. Geberit AquaClean, newly launched in 2009, is oriented toward this trend. The associated "I love Water" campaign aims to free the toilet with the shower principle from taboos. The focus is on cleanliness and freshness which ensures greater brand awareness. In sales, Geberit is breaking new ground, for instance with the development of specialized Geberit AquaClean partners, which are intensely supported in end-customer marketing. The partners are integrated on the www.i-love-water.com end-customer website and their employees trained for consulting by Geberit experts.

The marketing concept Know-How Installed



The business model



Intelligent sanitary solutions for sustainable construction

- Requirements for sustainable construction increasing worldwide
- Geberit products score high in water and energy consumption as well as sound insulation
- Geberit as a partner in training for sustainable solutions

Sustainable construction: a global trend

Sustainable construction aims to achieve ecologically friendly and resource-efficient solutions in an economical way and with as much quality of life for users as possible. The global trend towards sustainable construction and green building means that building owners and sanitary specialists are facing new challenges. Whether it is LEED in the U.S., Minergie in Switzerland, Green Mark in Singapore or Deutsches Gütesiegel für nachhaltiges Bauen (German Seal of Quality in Sustainable Construction), there are already specific guidelines today that determine what is considered sustainable construction. In particular, criteria for low energy and water consumption, environmentally friendly materials and the well-being of users must be met. Thanks to forward-looking development, Geberit is already able to offer a range of products that integrate sustainable sanitary solutions in construction.

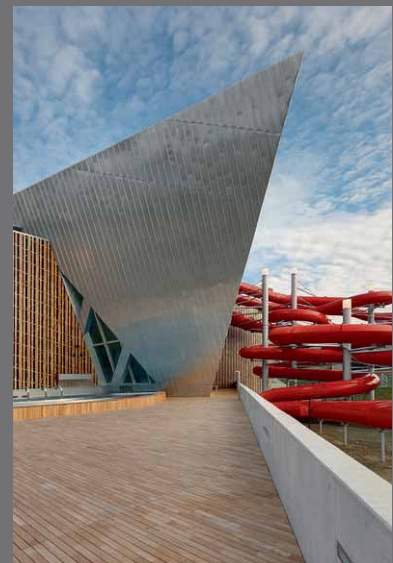
Sustainable construction: more than saving energy

Geberit sanitary systems meet the need for great flexibility in construction. Two examples here are the Duofix and GIS installation systems. Both can be used as lightweight construction systems in new buildings or renovations and can be easily modified for con-

versions. The benefits of Geberit products in operation include their low water consumption. The operating energy required is minimized by reducing the heat loss of hot water through optimum pipe layouts, dimensioning and pipe-in-pipe hot-water circulation systems. Sound insulation is also becoming increasingly important for the well-being of occupants. Silent-PP, the new drainage plug-in system, makes low-noise drainage a standard in domestic installation. Good recyclability is also part of responsible product design. This means that the consumption of so-called "gray energy", the energy used for production, is kept to a minimum.

Sustainable construction: promoting its application

Geberit takes future challenges seriously, in particular customers' need for support when planning sustainable sanitary solutions. The right tools support training: ProPlanner helps sanitary engineers to optimize environmental friendliness, profitability and design. In this way, Geberit products and planning systems make daily contributions worldwide to more sustainable construction.



© Architect Daniel Libeskind AG/Burckhardt+Partner AG; Photo: Jan Bitter

Westside: Leisure and shopping center biggest Minergie building in Switzerland

In western Bern (CH), a vision of American architect Daniel Libeskind has come true: A contemporary building unique in Europe has been constructed with businesses, restaurants and boutiques. Westside also houses a retirement home, a hotel and a leisure pool & spa. Geberit provided all installation systems and the complete building and roof drainage systems for this unique meeting place, which is currently the largest Minergie building in Switzerland.

Why is sustainable construction so important?

Climate change and a shortage of resources are the main drivers of the discussion and the need to act. In the case of the city of Zurich, in November 2008 the population approved with 76% of votes the establishment of a 2,000-watt society in the municipal code. For the long-term implementation of this vision – whereby only one-third of today's energy consumption and one ton of CO₂ emissions per head should be required without diminishing the quality of life – the building area plays a key role. In the two construction standards of Minergie and the more comprehensive Minergie-P, specific guidelines already exist in Switzerland as to the practical implementation of these criteria in construction. The city of Zurich is already erecting 70% to 80% of new builds in Minergie.

But isn't sustainable construction more than energy-efficient construction?

Yes, we agree on that point. It also involves the aligned optimization of building materials, water, user requirements, life cycle costs and design. So, a complex task

indeed. Minergie as a label is already no longer alone. Minergie-Eco also includes health and green construction criteria.

What is the role of the sanitary area here?

On the one hand, water-saving products have a positive influence on energy consumption. In well-insulated houses, the majority of operating energy is now used to provide hot water. The gray energy of installation is also a focus in the new data sheet of the leading Swiss Association for Engineers and Architects (SIA). Flow noise can become a nuisance in well-insulated buildings; sound insulation is therefore an important issue. And the use of recycled materials has a positive impact on materials usage. This applies not only to concrete, but to all building materials.

And sustainable construction is set to become even more important in the future?

Yes, I am convinced it will. New solutions are coming to the market and transparency is increasing, if you think of the recently launched buildings certificate, for instance, with which a building's energy fig-



Dr Heinrich Gugerli has headed the Office for Sustainable Construction of the Structural Engineering Department (HBD) of the city of Zurich (CH) for ten years. The HBD manages a portfolio of 4,000 buildings, making it one of Switzerland's largest building owners.

ures are established. It is becoming increasingly clear that thinking in life cycles also makes economic sense and that the value of sustainable buildings is rising. In countries like Switzerland, where buildings have a long life cycle, the greatest leverage is with existing buildings. The implementation of comprehensive measures for overall refurbishments or conversions is a huge opportunity for the construction industry and also a challenge for all parties involved.

Top quality as the guideline

For Geberit, high quality standards mean fulfilling its customers' requirements of functionality, reliability and application safety to the extent possible. The company is guided by the zero-error principle. The central Quality Management department is responsible for ensuring that suitable framework requirements promote a quality culture throughout the company, that products undergo a defined optimization process from the first draft, and that all employees act in a quality-conscious and responsible manner. This also includes the efficient handling of complaints with integrated error analysis, the initiation of sustained corrective measures and the development of concepts for customer support in cooperation with Sales, Production and Development. Geberit has achieved a high standard in the processing of complaints, and reacts directly and in a solution-oriented manner in each individual case.

Training as a central component

Planning and installation are crucial to the success of the products on the market. Some 500 technical advisers working in the field are in daily contact with plumbers, sanitary engineers and architects. In the 25 information centers in Europe and overseas, some 30,000 participants are trained in Geberit systems and

software tools every year. External events held by local sales companies, at which training and education measures are held in cooperation with partners, represent an additional training element. In this way, a further approximately 60,000 customers came into contact with Geberit know-how and products in 2009.

Development plan for Chinese students launched

The sanitary sector depends on qualified young talent, including in China, where sustainable construction is regarded as an important trend. As an investment in the future, Geberit China therefore launched a university development program in March 2009 in combination with the Geberit series of lectures on sanitary technology. Future architects and sanitary engineers are to be informed of the latest products and integrated systems as well as benefit from Geberit's experience with sustainable projects. The program is initially being held at five selected universities in China. As awareness grows, it is also to be launched at other educational institutions. The participating universities' three best theses in the area of sanitary technology win an award.



Simple systems for plumbers

Products facilitating simple, safe and economical installation show a high level of acceptance on the market. The UP320 concealed cistern, which was introduced in 2008, can be installed without tools and still be adjusted precisely to customer needs. In 2009 a flexible, robust plastic plug-in system for heating and drinking water installations was introduced in Geberit PushFit, which ensures reliable connections with minimum effort thanks to a new fitting with an inspection window. An additional level of safety was ensured for the further development of Geberit Mpress pipe joints: A new film, which detaches when the pressing operation is performed correctly, indicates immediately if the process was performed properly.

Planning software as effective support

With the ProPlanner software, plumbers and sanitary engineers are supported in training modules and in their day-to-day work. With the light version, which has been available free of charge since 2007, Geberit has significantly increased its number of users. Users of this software can easily execute the draft and preliminary planning of Geberit drinking water, wastewater, heating and installation systems. This includes the cost assessment and the practical composition of materials lists. The professional module versions have additional functions, which also support detailed planning and installation.

Drinking water quality – a hot topic

In dialog with customers, the topic of water is particularly important. Geberit has developed in-depth expertise in drinking water quality in the area of supply systems. This is embodied by products such as Geberit Mepla, which have ensured optimum water quality for decades. Sanitary engineers and plumbers are increasingly interested in hygiene-conscious planning. To meet growing demand, Geberit has offered the special training module “Drinking Water Hygiene in Domestic Installations” since 2007. Since then in Germany, Switzerland and Austria, more than 2,200 participants have been trained in the foundations of

drinking water hygiene, health aspects, laws, directives and regulations. In doing so, plumbers’ awareness has been raised: they are not simply installing pipes, but the means of transport for the most vital life-supporting comestibles – drinking water.

High satisfaction among Geberit AquaClean customers

Customer satisfaction is closely linked to various needs in the regional markets. When introducing the new toilet generation of Geberit AquaClean in Switzerland, Geberit attached great importance to receiving feedback from customers. They are given a questionnaire three months after purchase, which attained a markedly high return rate in 2009 of about 30%. More than 90% of all respondents were very happy with the product. The quality of consulting during purchase is also assessed as very good by more than 90%, while more than 90% intend to recommend Geberit AquaClean. Thanks to the systematically recorded suggestions from customers, the product has already been further developed.



Training in drinking water

At the Geberit Information Center in Langenfeld (DE), the real installation of a pipe system is demonstrated. The tower simulates the drinking water installation of a multi-story house, making the system easier to understand.



Live test of a concealed cistern via Internet

By clicking on the actuator plate, www.geberit.de visitors trigger a real flush of the new UP320 Geberit concealed cistern at the Geberit Information Center in Pfullendorf (DE). More than 75,000 flushes have already been initiated in this way.

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Work and career occupy a prominent role in our contemporary lives. In Geberit's sustainable corporate culture, people are to be able to develop their abilities and personalities. We nurture young talents and promote them individually – at all levels and in every phase of their careers.

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Working for Geberit: Identity creates enthusiasm

- Tangible values thanks to Living Geberit and Code of Conduct
- Forward-looking approach to age structure and young talents
- Programs to promote professional and personal development

Geberit's most important ambassadors are its employees. They forge the company's image and represent Geberit in their day-to-day contact with customers and many other stakeholders. Only employees who are aware of what their company stands for and what its objectives are can perform this task. In the Living Geberit project (see also page 26), some 3,000 employees worldwide discussed the central corporate and brand values in numerous workshops in 2007 and 2008.

Clarity thanks to Code of Conduct

Geberit's Code of Conduct contributes greatly to clear guidelines regarding interaction with other employees as well as with customers and partners. It was published in 2007 in 14 languages. It clearly specifies how employees are to behave and how Geberit assumes responsibility as an employer. This also applies to sensitive issues such as discrimination, workplace bullying and conflicts of interest, for which designated local contacts are available in all confidentiality. To ensure that the content of the Code is understood and lived in day-to-day operations, four animated short films were made in 2008 regarding gray areas such as sexual harassment, workplace bullying, bribery and IT abuse. The films do not use any words and could therefore easily be shown to all employees worldwide in training measures and

team meetings and discussed with supervisors.

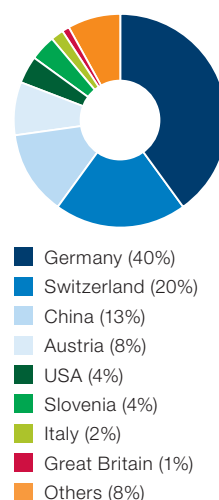
Good working conditions globally

Geberit employees work in all parts of the world. As of the end of 2009, Geberit employs 5,608 people in 67 countries. The turnover rate was 10.4% in 2009. The proportion of women was 28% at the end of 2009, with 5% in top management. Wages and social benefits amounted to CHF 446.2 million in 2009. Equality of opportunity and equal pay for men and women are a matter of course. The entire work force can also participate in share plans at beneficial conditions.

Broad counseling and health care measures supported

Geberit is committed to the well-being of its employees. Examples are the offer of counseling in Rapperswil-Jona (CH) in the event of problems, which can range from pressure on the job, partnership and family to debt issues, or the telephone help line created in the U.S. to discuss problems at work in all confidentiality. Furthermore, in addition to numerous projects in health care, this also includes reintegration counseling, which aims to get people back to work as soon as possible in the event of long-term illness. Line supervisors and managers are specifically trained in this respect. Together with the efforts in

Employees 2009 by countries



all plants for safe working conditions in production and development, such actions contribute to the low absenteeism rate: In 2009 it was only 2.8%, of which 2.7% was illness related. The other 0.1% can be traced to occupational accidents.

Taking changed age structures into account

A longer working life, later retirement and low-birth-rate age groups – changes to the age structures are hitting Geberit in different ways at its international locations. In countries like China, for instance, the work force is very young, while in countries like Germany there is a clear peak in the middle age groups.

Even more so than today, Geberit will be competing for the best candidates in the future. To retain skilled employees for the long term and attract potential young talent, Geberit has developed a package of ideas to successfully cope with demographic development. In the future, the need for further training for employees above the age of 40 will, for instance, be systematically evaluated and individual working hour models will be pursued.

Part-time work will also be increasingly offered to better integrate career and family. Furthermore flexible retirement solutions are being promoted. Jürgen Hahn, coordinator of the

Europe Forum at Geberit Mapress in Germany, comments, “We want employees – depending on their personal needs and plans – either to be able to voluntarily work beyond their retirement age or take early retirement in full or part in a socially responsible way.”

Education and further training crucial

Education and further training is a central topic at Geberit. This affects not only the 211 apprentices who were employed at Geberit at the end of the reporting period. In 2009, all employees attended internal and external education and further training events for around 19 hours on average. But technical aspects are not always the focus. The apprentices, for instance, can contribute to Geberit’s social commitment and strengthen their social skills (see Ecuador aid project, p. 46).

Potentials Management secures leadership quality

To ensure the high quality of the leadership team and to find internal candidates for at least 50% of the vacant management positions, Geberit relies on its Potentials Management process. The requirement to participate is that the potential for a move up the career ladder within the next two to three years be identified in the annual employee evaluation. This can either be a move to upper management,



Valuable contribution even after retirement

Albert Gübeli was known at Geberit as a tinkerer with special CAD designer development software. He continued to support Geberit’s product management for five years after officially leaving the company and helped to design and implement product ideas.

middle management or to an initial leadership, project manager or specialist position.

After acceptance to one of the various programs, an individual performance agreement is made, stating personal objectives, development measures and next steps. Individual development measures are, as required, combined with collective modules, for instance, from the communication and conflict management area or in the form of networking opportunities and company inspection to informal chats with the Group Executive Board.

Exchanging know-how across sites

Also key to the further development of employees and the exchange of know-how across sites is the Job Flash offering, which promotes mutual understanding and allows new insights through a short deployment in a different department. Like many others, Kornél Stribli jumped at this opportunity. The product manager for Mapress piping systems with Geberit Hungary visited the Industry Competence Center in Germany for two weeks. Here, he not only improved his knowledge of the approach to industrial projects, but also made contacts to German companies interested in investing in Hungary.

Expats – important members of the Geberit family

In addition to employees who go abroad for short-term deployments, some at Geberit also remain away from their home country for longer periods on behalf of the company as expats. They support the host companies with technical and management know-how, contribute to the development and expansion of a network with the company they are deployed to, and can further develop their skills personally, technically and as regards management experience in a new business and cultural environment. These people play a decisive role in achieving Geberit's strategic objective of internationalization.



A week in the mountains of Graubünden

Joint forestry work on steep slopes, clearing and planting, even going to their limits together. This was the experience of 31 apprentices from Geberit Rapperswil-Jona (CH) in 2007, and they were enthusiastic despite the hard work. Every other year, a group of apprentices spends such a special week together during their vacation. On a voluntary basis, far from day-to-day business, and afterwards many experiences richer. In the mountain woods, the apprentices not only contributed to the care of the environment, their joint efforts also bonded them. The participants are from the commercial and technical areas. The head of Geberit's training center, Peter Gasner, reports, "A close bond is created when working together in the woods, and already after this one week, participants treat each other far more consciously."

Employee's interests – Living Geberit

- Cultivating a corporate culture and values
- 50 workshops around the world, 3,000 Geberit employees
- Making identification tangible



Even when everything runs smoothly, or precisely because everything works, things may tend to turn too much into a routine. A globally positioned company like Geberit is therefore advised to keep up enthusiasm. The Living Geberit initiative has shown how this works.

When thousands of employees in many countries every day design and manufacture new products together, process projects, develop strategies, speak to customers and suppliers, sell, train and manage, it is often not easy for individuals to keep an eye on the big picture. "It is extremely important to cultivate our corporate culture and values", says Christian Ernst, one of the project's 70 ambassadors in 2007 and 2008. "This results in employees being far more committed, and that is precisely the reason we do some things better than competitors."

For some 3,000 Geberit employees Living Geberit meant experiencing the Geberit brand and values in 50 workshops worldwide. Many small and big ideas came up, many personal contacts were made, and for all the participants who had not been with the company long, it was the best way to understand what Geberit stands for.

"It got quite rough and frank in the workshops at times. Here are some typical questions in this vein: How

can collaboration work better, internally, with customers or between branches; where does this not only have to do with management methods, but also with corporate values?" These are important questions, reports Christian Ernst, who amongst others ran the workshop in Barcelona.

The findings from the workshops were, on the one hand, incorporated in day-to-day operations at the local level. And, on the other hand, many employees again became aware what Geberit is all about: as regards the brand, the fundamental Know-How Installed concept, but also the central values of interpersonal and friendly relationships in day-to-day operations. And they brought new momentum and enthusiasm for the common cause and showed what drives a successful company like Geberit: convinced employees who identify with their company.

How did you end up in the emirate of Dubai?

Foreign cultures and countries have always interested me, and I was often travelling for business before. Getting to know a country not only as a vacation destination, but also as a place to live and work – that attracted me. The fact that I ended up in Dubai is a coincidence, because I was open to many countries. After getting to know the office and employees in Dubai, I quickly agreed. I immediately sensed that the Geberit culture is also lived in the Dubai office: flat hierarchies, open doors and honest discussions.

Was the preparation for the culture and language of the Arabian peninsula difficult?

The country and the city are decidedly international; that makes it very interesting. People from all over the world live and work here, so that you can easily get by using English. It even works at the checkout in the supermarket. There is no sense of a language barrier.

What does your daily work involve?

The office in Dubai has 15 employees – South Africans, Germans, Swiss, Indians and Lebanese. I joined them in June 2008 and am responsible for sales in the United Arab Emirates. My colleagues support the neighboring countries of Saudi Arabia, Kuwait, Oman, Yemen, Qatar and Bahrain. Our projects are often bigger than those in Central Europe. This means, in particular, large quantities: An order for two hotels, for instance, might contain 2,000 cisterns. Business decisions are slow to be made, and a lot of things drag on. But once a decision is made, everything happens very quickly. Some building sites are busy 24 hours a day.

Life in Dubai is probably very different ...

... from life in Switzerland? Life is generally pleasant and easy. The work day starts later than in Switzerland: Most people start to work at around 8:30 or 9:00 a.m. The traditional Arabian midday break lasts from 1 to 4 p.m., then people work until 9 p.m. Similar to the Spanish siesta, however, the Arabian lunch break is gradually



Marc Attenhofer was born in Switzerland and currently lives and works as Technical Consultant with Geberit International Sales AG in Dubai. His stay is temporary until 2012.

becoming the globalized lunch break from 1 to 2 p.m.

If you take stock, how have you experienced your time in Dubai?

I arrived during Dubai's boom time. There were more people and there was more traffic. But growth fell off dramatically with the global economic crisis, and suddenly we had to orient ourselves in an entirely new way and consider issues such as: Which of the contacts at our partners' still works there? Who can still supply? Where can potential still be found? We have been through an eventful period, and the figures are not as we originally hoped. But I think that the crisis has brought our team closer together.

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Geberit plans to actively participate in designing the global trend towards sustainable construction. We are the uncontested forerunners in the development of water-saving, low-noise, flexible and durable sanitary solutions. To maintain this position in the future, we conduct our own basic research and quickly convert findings into new products.

Sustainable products set standards

- Research and development of great importance
- Leading in water- and energy-saving measures as well as sound insulation
- Geberit AquaClean – the next-generation toilet

As a future-oriented company, Geberit has been practicing applied research and development at the highest level for decades. In addition to high quality, durability and easy installation, the new products are designed for the economical use of water and energy as well as model sound insulation. This creates intelligent solutions for the global growth market of sustainable construction.

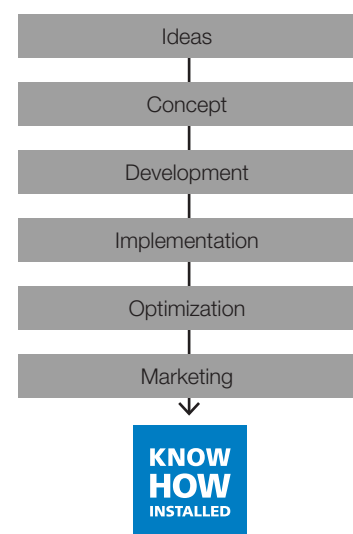
Innovative culture as the decisive factor

Creativity cannot be forced, but it can be encouraged. Geberit has created and further developed the Innovation Process Development (IPD) in order to promote employees' creativity and convert ideas into successful innovations. The IPD is at the heart of all business processes. The process has a clear goal: to equip customers with the best options available. This means providing end customers with environmentally friendly, high-quality, esthetic products; plumbers with installation- and maintenance-friendly systems; and architects and sanitary engineers with sophisticated system solutions according to the latest standards. Geberit works on this in all areas – in the development, production and marketing of sanitary and piping systems. Many ideas are gained globally from customer meetings. New needs and trends with potential are sought out, evaluated and incorporated in the development process.

Eco-design comprehensively integrated

Geberit regards Eco-Design as the key to environmentally friendly products. Already in the development process, the most environmentally friendly materials and functional principles are used, risks are minimized and high resource efficiency is pursued for the production process as well as the product itself. Eco-design workshops, which are attended by representatives of various sectors, are an integral part of the early development phase. Every new product is to be better than its predecessor with respect to environmental aspects. Specially created product life cycle assessments are valuable decision-making aids (example: Geberit AquaClean, see page 30). These workshops include a systematic product analysis across all life phases, the verification of statutory requirements as well as the analysis of competitors' products. The results of the Eco-design workshop are documented systematically and serve as the basis for developing solutions that are being included in the specifications and documents enclosed with the products.

The Innovation Process Development (IPD)



The next-generation toilet: Geberit AquaClean

- Water instead of paper: more convenience, better hygiene
- Positive impact: life cycle assessment results comparable to normal toilet
- Optimized power consumption: state-of-the-art control technology pays off

The toilet that cleans with water

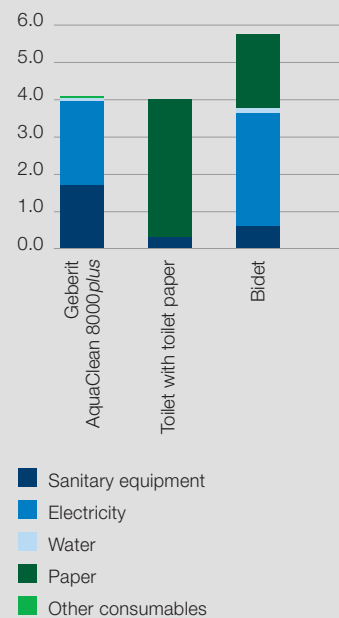
Geberit AquaClean is a special toilet. Water is not only used to flush it, but for personal hygiene after using it. A warm jet of water touches the body and allows natural, smooth and pleasant bodily hygiene. The Geberit AquaClean range was carefully designed to be flexible: from the seat model to the complete system, from simple fittings to luxurious. The seat models are solutions for customers who do not wish to replace an existing toilet. Due to their easy installation, they are also particularly suitable for rented apartments. The complete systems combine convenience with a very attractive design. The Geberit AquaClean 8000*plus* is designed to be particularly convenient: The water temperature and the strength of the shower spray are adjustable; it also comes with a warm air dryer, odor extraction unit and programmable user profiles. Its easy operation can also be controlled via remote control.

Convenience and environment can be matched

It is a particular achievement of Geberit's that the convenient hygiene functions of Geberit AquaClean have been implemented in an environmentally friendly way. In cooperation with Empa, the Swiss Materials Testing and Research Institute, a comprehensive life cycle assessment of Geberit AquaClean 8000*plus* was created. It shows that paper consumption with traditional toilets has the greatest impact on the environment. Bidets have the greatest environmental impact due to the consumption of paper and electricity. With Geberit AquaClean 8000*plus*, which uses virtually no paper at all, the power to heat the water is used very efficiently. In normal operation, its environmental impact is therefore comparable to that of a normal toilet. Users can further reduce the environmental impact of Geberit AquaClean by setting a lower water temperature or switching the storage water heater to "user detection". Additional details can be found in the product life cycle assessment for Geberit AquaClean 8000*plus* at www.geberit.com.

Environmental impact of Geberit AquaClean 8000*plus*

(assessed by the Dutch impact assessment method with Eco-indicator points, EIP99)



The Geberit AquaClean 8000*plus* achieves good results in the life cycle assessment.

Can a product such as Geberit AquaClean be designed in an ecologically sustainable way?

The answer is yes for many reasons: We already took into account the ecological aspects when conceiving the product. As part of the Eco-design workshop, all aspects in the entire product life cycle were subjected to a detailed analysis. In doing so, we considered the production processes, operation over several years and, finally, its disposal. In order to achieve high environmental compatibility, we are also careful when selecting materials. We clearly label all plastics, so that sensible ecological actions are also possible at the end of the product life – during recycling.

What is the result, what does the life cycle assessment reveal?

Geberit AquaClean 8000*plus* has virtually the same environmental impact as a traditional toilet. We compared Geberit AquaClean 8000*plus* to a traditional toilet, including the use of toilet paper, and a bidet. We assumed a family of four using it for one year. The longest and environmentally decisive phase in the product life cycle is its use with the consumption of water, electricity, paper and other consumables. This

has nearly double the impact on the environment as the production and disposal of the sanitary appliance.

How was it possible to reduce the environmental impact during use?

An obvious benefit is the clearly more economical use of toilet paper as a result of cleaning with water. On the other hand, the power consumption for heating the water outside of times of use, i.e. in stand-by, is Geberit AquaClean's biggest environmental impact. With an intelligent control technology and optimum settings, in which the water is only heated as required, we were able to significantly reduce power consumption. In stand-by mode, it is now only two watts instead of the original five.



Armin Gierer is Head of Products Geberit AquaClean, Geberit International AG, Rapperswil-Jona (CH).

What about reliability over a long period of use?

Geberit AquaClean products are very carefully tested during development. We simulate unusually high strain and a period of use of more than 10 years. In the climate chamber, humidity is increased and decreased in order to test the effect of condensation on electronic components. All components are subjected to temperature fluctuations between -20°C and $+70^{\circ}\text{C}$ and checked for their stability. Robots repeat use sequences about 50,000 times. This enables us to achieve a high level of reliability and very good life cycle assessment results.

Exceeding the statutory minimum

An example of the principle of implementing more than the statutory minimum is the lead-free faucets product line ECAST™, with which Geberit USA is acting as an environmental pioneer. The backdrop is the hazardous effect of lead, a topic which is being intensely discussed in the U.S. As of 2010, California has enacted a law setting the limit on the lead content in faucets at 0.25%. Although Geberit USA has been using a specific brass with only minimal lead content since 1994, the further development of the production tools allows processing a harder brass with even lower lead contents. Geberit USA has launched in ECAST™ a product range that already meets the requirements a year before the law came into force.

Using state-of-the-art technology

The development of the products is based on a combination of core competencies, professional project management, interdisciplinary teams and the latest laboratory and test equipment. Technologies that considerably reduce both the development times and costs of new products are increasingly being utilized. The speedy availability of models and sample parts is thus particularly important. This is provided on the basis of computer-assisted designs (CAD). Subsequently, a method called rapid prototyping facilitates the generation of prototypes in just a few

hours, thus making it possible to test and optimize various versions within a short period of time. For example, this way the design decision and selection of the manufacturing process for the next generation of actuator plates were able to be pushed up by several weeks.

Saving water with great leverage

The economical use of water is a topic that is becoming particularly important in Australia and Asian markets such as China and Singapore. Proven water-saving Geberit products contribute to the daily solution to this problem. In addition to the further development of the established water-saving dual and stop-and-go flush functions, development is continuously working towards expanding the water-saving range. The Impuls260 range of flush valve systems, which was launched in 2009, is a complete and flexible system that was developed for worldwide use in most ceramic cisterns. The flush volume can be variably adjusted and thus reduced. This provides yet more options to save water.



A prototype is created over night

Thanks to rapid prototyping, the development time of new products is shortened.

High levels of reliability and hygiene in urinal range

Minimal water consumption and optimum hygiene are the focus for the urinal range, which was completely updated in 2009. Hygiene thanks to touchless flush release is one of the most important aspects for urinals in public places. The further developed infrared controls are also reliable in heavily frequented sanitary installations. This is not a matter of course, because electronics in sanitary technology require a great deal of technical skill given the wet environment. Sensor detection methods are becoming ever more sophisticated. Optionally, hidden urinal controls are now being used, which are triggered by a sensor in the trap and meet the needs for optimum design and a lower risk of vandalism. The new urinal valves are particularly resistant to contamination and designed to achieve a high level of functional reliability and thus long maintenance intervals in many hours of tests at the Geberit sanitary laboratory. Various flush programs optimize the flush volume, meaning that water is saved and hygiene ensured. High performance is supplemented by attractive design: The new cover and actuator plates for urinals are matched to the toilet actuator plates and allow esthetic and individual design.

A quiet revolution in drainage

At Europe's only Geberit Building Technology and Acoustics Laboratory, entire installation systems are checked for their acoustic and static properties. This allows, among other things, simulation of the sound transmission of drinking-water and discharge pipes in a multi-story residential building. This and the use of high-quality materials are the main principles for the development of the Silent-PP drainage plug-in system, which was launched in 2009. Solid three-layer pipes and the hydraulically improved fitting geometry reduce the noise level of the water outflow significantly and thus contribute to the well-being of house users.

Safety included: efficient fire protection

In 2009 Geberit brought reliable fire protection for drainage systems to market. In the event of a fire in the building, the new Rohrschott90 Plus fire protection sleeve prevents the spread of the fire via discharge pipes. The heat of the fire causes the material of the fire protection sleeve to expand, thereby compressing the pipe. This prevents the fire from spreading to other rooms and floors. The installation of Rohrschott90 Plus is fast and therefore particularly cost effective.



High-performance sanitary laboratory

At the Geberit sanitary laboratory, newly developed products, in particular, are tested. The tests require some 200,000 m³ of water annually. Only about 5% or 10,000 m³ of this amount is fresh water. The remaining 95% is provided by a closed-circuit system.

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We go to great lengths to continuously improve production. Geberit continuously invests in production processes in order to save even more energy and further reduce emissions. Thanks to finely orchestrated processes, we achieve a huge leverage effect.

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Production with high resource efficiency

- Eco-efficiency improved by an average of 6% since 2006
- Relative greenhouse gas emissions reduced by 15% since 2006
- Water consumption reduced by 44% since 2006

Environmentally friendly, resource-efficient, safe and profitable production has long been a high priority for Geberit. Environmental criteria are considered in all decision-making processes. In addition, processes are continuously improved so that a demonstrably high standard, which often greatly exceeds statutory requirements, is achieved.

Environmental management established globally

Since 1992, a network of environmental managers has been practicing active environmental protection in all production sites. The central environment and sustainability department – which reports directly to the CEO – plays an important role in this respect and contributes towards raising the awareness of these aspects among decision makers. A systematic group-wide environmental management is at the center: Since early 2007, Geberit has had a combined group certificate for quality and environment in accordance with ISO 9001 and ISO 14001, and all production sites, including those in China and the U.S., are now uniformly certified. Two measures are at the heart of further developing the high environmental and safety standards: Geberit creates a comprehensive corporate eco-

balance every year, which includes all 15 production sites and the important sales companies. Its key results are presented in the GRI Report. Additionally, a global meeting of the environmental and safety managers is held annually, at which experiences are exchanged and new joint targets are defined.

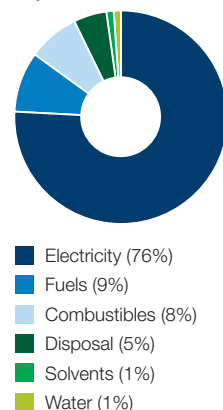
Environmental footprint reduced in targeted manner

The environmental performance of production is best presented by calculating the overall environmental impact. This is calculated in eco-points (UBP) in a comprehensive breakdown in accordance with the Swiss Ecological Scarcity Method (2006 version). Geberit's absolute environmental impact has dropped by approximately 17% since 2006. As Geberit's value added has increased over the same period, the environmental impact per value added, known as eco-efficiency, has increased by an average of 6% annually. This even exceeds the target of 5%. Energy consumption clearly dominates the environmental impact of the production sites with a share of over 90%.

Environmental impact and eco-efficiency 2007–2009



Distribution of environmental impact 2009



What is so special about Geberit's production site in China?

Here in China we produce mainly for the Asia-Pacific market, but also for the European market. One of our plants is on an island some 60 km out to sea. A wind park with 48 wind turbines was recently installed on this island, which supplies us with clean electricity. Around 60% of the island plant's energy comes from wind power. Particularly progressive is the fact that we have an environmental-management system certified in accordance with ISO 14001 and an occupational health and safety system certified in accordance with OHSAS 18001.

What is the significance of these certifications in China?

The effect of such standards here in China is far greater than in Europe, as there is still a lot of catching up to do. The two certifications are new for China and important signs for both our employees and our customers. Important incentives are coming from the government for better company environmental protection, however, the main task is to raise people's awareness.

How do you interest employees in this?

We must set an example of how to comply with standards and what continuous improvement means. Supervisors and I occasionally correctly separate waste that has been incorrectly disposed of. I need to be a role model every day. We comply with all legal requirements: Our workstations are clean, bright and safe. We work a 40-hour week, have clear overtime regulations and pass the Geberit culture on to the employees. With great success: In our office we have an average staff turnover that is no greater than that at Geberit's headquarters in Switzerland. The nice thing about working in China is being able to see that major changes are still possible and that the team can be motivated to joint efforts. This requires grassroots work, which I hugely enjoy.



Christian Steiger is Head Operations Asia Pacific at Geberit Plumbing Technology Shanghai in China. He is responsible for production and logistics at two plants.

What other developments are planned?

We are building new headquarters near today's site in Shanghai, where our entire production and logistics will be combined as of spring 2010. It is a state-of-the-art building oriented towards European standards for sustainable construction regarding insulation and shading – not a matter of course in China. Also, we will be able to significantly reduce our water consumption in production thanks to new systems. These are examples of the fact that we understand environmental management to be an ongoing process.

Comprehensive management of substances and materials

The environmental risks of Geberit production are, in general, small due to the type of the production processes. In addition, the amount of polluting materials can be kept to a minimum thanks to the Eco-design approach in development. This also pays off for waste management. With a share of 5%, waste is production's second biggest environmental impact after energy consumption. This although, with a share of 83%, a large proportion of the total amount of 11,045 metric tons of waste was recycled in external processes in 2009. The measures taken focus above all on the further separation of waste and the reduction of mixed waste and hazardous waste. This is achieved by using new processes and machines as well as introducing closed substance cycles. A good example is the new foaming plant at the Weilheim (DE) site, which was commissioned in autumn 2009. This system produces mineral foam for installation elements in the Sanbloc product line. Thanks to the new closed-circuit system, some 250 tons of cleaning waste are now avoided annually. Also, the environment of the system can be kept virtually dust-free without the need for air extraction. Geberit also achieved remarkable success when using fresh water in production: Consumption was reduced over the past three years by 44% thanks to saving measures.

Processes and infrastructure for health and safety improved

Geberit aims for high occupational health and safety standards in its plants and has established, among other things, comprehensive hazardous-materials management to protect employees from unnecessary risks. The individual plants implement health and safety measures independently. The sites in China wanted to make a point regarding the topic of occupational health and safety and certified the internal management system in accordance with OHSAS 18001 in 2008. For structural measures and improvements to the infrastructure, the health and well-being of the employees at all sites are specifically taken into account. One example is the restructuring of the production facilities at the Lichtenstein (DE) site. Noisy production steps were concentrated in a newly built hall and special sound-absorbing concrete protects employees from most of the noise.

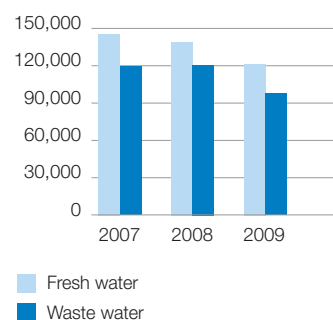
Material consumption 2007–2009

(in metric tons)	2007	2008	2009
Raw material plastics	55,691	52,139	50,870
Raw material metal	33,956	32,323	36,552
Other raw materials	1,047	1,025	906
Semi-finished products	28,245	27,796	24,563
Finished products	42,066	45,795	38,172
Material consumption total	161,005	159,078	151,063

Waste 2007–2009

(in metric tons)	2007	2008	2009
Incineration	648	712	709
Incineration of hazardous waste	133	113	108
Recycling of hazardous waste	1,650	1,891	1,662
Inert waste landfill	613	466	457
Mixed waste landfill	890	679	598
External Recycling	7,366	7,719	7,511
Waste total	11,300	11,580	11,045

Fresh water and waste water 2007–2009
(in m³)



Continuously reducing energy consumption and CO₂ emissions

- Energy master plan to implement CO₂ strategy
- Supply of 8 GWh of green electricity
- Already 8% of employees use personal CO₂ monitor

Electricity, combustibles and fuel consumption represents the greatest environmental impact for production and sales and generated approx. 74,000 metric tons of CO₂ emissions in 2009. As part of the CO₂ strategy, Geberit has reached its first milestone: In the last three years the relative CO₂ emissions per value added was reduced by 15%. This meets the reduction target. For the period between 2010 and 2012, a further reduction by 15% is to be achieved, resulting in an average reduction by 5% per year compared to early 2007. To this end, Geberit is relying on a three-level action plan, which includes saving energy, increasing energy efficiency and expanding renewable energies.

Saving energy and energy efficiency have an effect

Energy, and in particular electricity, is necessary to produce plastic products by injection molding, blowing and extrusion processes in shapes suitable for sanitary and piping systems. Production plants and methods are continuously being improved. Beginning in 2006, systematic energy management was gradually introduced in eight plants with the energy master plan. Important measures include increasing the efficiency of production installations, the optimization of cooling plants through the use of natural ambient cold (free-cooling), improved use of waste heat (heat recovery) as well as the careful

use of compressed air. More often than not, this also greatly reduces energy costs, as the use of a new cooling system in Pottenbrunn (AT) shows: Switching from the cooling agent R22 to more environmentally friendly ammonia and the use of highly efficient technology which re-uses process energy has enabled the site to save 945 MWh of energy, 200 metric tons of CO₂ emissions and energy costs in the amount of EUR 55,000 per year.

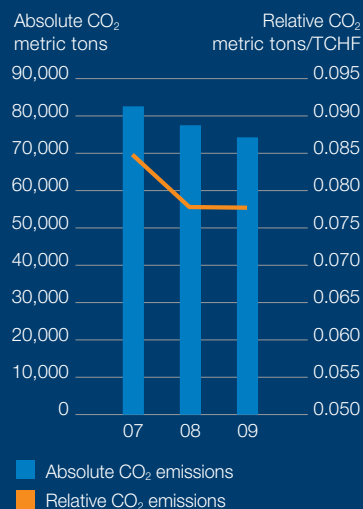
The in-house fleet of vehicles is becoming more efficient with a consistent purchasing policy. Since early 2008, binding guidelines have applied for the purchase of new vehicles. The effective consumption of new vehicles shall be reduced by 10% every three years. At the same time, emission-reducing measures are being implemented. Currently 89% of all Geberit diesel vehicles have a particle filter.

Thanks to a combination of measures, a total reduction of 6.6% in energy consumption has been achieved over the past three years despite increased value added.



Energy-efficient cooling system in Pottenbrunn (AT)

Absolute and relative CO₂ emissions 2007–2009



Energy consumption 2007–2009

	2007	2008	2009
Electricity (GWh)	112.4	107.3	105.1
Heating oil extra light (t)	208	253	70
Natural gas (m ³)	4,025,564	4,153,668	4,462,378
Gasoline (l)	341,014	292,192	253,911
Diesel (l)	1,356,100	1,378,670	1,515,537

Greater use of renewable energy

The reduction of energy consumption also has its limits. Even if all reduction options are used, a certain amount of energy will always be needed for operations. A further improvement in the impact is only possible by using CO₂-optimized energy. In order to further reduce CO₂ emissions, Geberit has set the goal of increasing the share of renewable energies by 5% per year and of achieving a proportion of one-third of overall consumption by 2015. Since 2008, the biggest production site Pfullendorf (DE) has been drawing 6 GWh of certified green electricity of “naturemade star” and “naturemade basic” qualities. At this location green electricity replaces some 20% of conventional electricity consumption. This means that a CO₂ reduction of more than 3,000 metric tons per year is achieved. By 2012 another 6 GWh of renewable electricity are to be added. Part of this was already achieved in 2009: The Daishan site in China has been supplied with approx. 2 GWh of wind power since 2009.

CO₂ monitor:

employees make their contribution

The personal CO₂ emissions of Geberit's more than 5,600 employees correspond approximately to the CO₂ emissions of all production plants and represent significant leverage. In 2008 Geberit launched the CO₂ monitor, a voluntary climate project for employees desiring an easy way to monitor and reduce their CO₂ emissions. The main tool of the project is the online platform www.co2-monitor.ch, where every user can record his personal CO₂ profile, set reduction targets and then receive topic-related saving tips. This includes, for instance, ideas such as forming carpools, heating one degree lower in the winter, switching off the stand-by mode of electrical appliances or using a water-saving shower head. Simple but effective activities, such as checking car tire pressure, are also presented. The project was launched by roadshows at the five major sites and presented in internal means of communication. After only one year, 8% of Geberit employees of the main countries are already participating in the project.



Cutting CO₂ in Dubai

“For instance, I never leave my electrical appliances in stand-by mode, but switch them completely off; I use air conditioning only to a sensible temperature – here in the Gulf region that's 28 degrees centigrade (82 °F). And I of course separate my waste”, says Sayied Afzal, Geberit employee in Dubai. Sayied Afzal is one of the winners of the CO₂ competition. The eleven people – from eight countries worldwide – with the lowest CO₂ footprint were rewarded for their commitment.



C A

R E

F U

At Geberit, good corporate management ranges far beyond the bounds of our own business. Our suppliers are also carefully selected, comprehensively supported and regularly vetted. We encourage and challenge them, so that they understand and share our culture of sustainability.

L

High standards for procurement and logistics

- Code of Conduct signed by 77% of top 200 suppliers
- Annual evaluation of suppliers with high risk
- New central logistics center built in Pfullendorf

Geberit sets high standards for ethical, environmentally friendly and socially acceptable business. The same is also expected of business partners, suppliers and transport companies, which make an important contribution to the value added chain.

Western Europe the dominant procurement market

In 2009 Geberit procured goods with a purchase value of approx. 600 million Swiss francs. With an unchanged 90% share, Western Europe has been the dominant procurement market for many years. As part of the internationalization, Asia's share has nearly doubled since 2006 and is now 5%. Although Geberit has relations with a total of more than 1,200 suppliers, 5% of them already make up two-thirds of the purchase value. Geberit pursues a procurement policy focusing on low costs, safety and independence.

Binding Code of Conduct, for suppliers as well

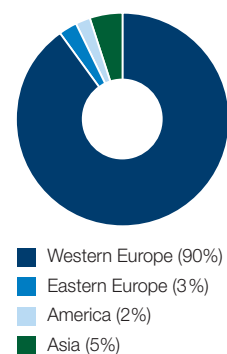
Suppliers are committed to high standards for environmental protection, socially acceptable working conditions and fair business practices. At the end of 2007, a Code of Conduct for suppliers was introduced, which is guided by, among other things, the principles of the United Nations Global Compact. The Code of Conduct is presented to existing and new suppliers personally and they

must confirm their compliance by signing. By the end of 2009, 363 suppliers have signed the Code of Conduct, including 77% of the top 200 suppliers. This corresponds to 79% of the overall purchase value. By the end of 2010, 90% of the purchase value is to come from suppliers who have taken this step.

Continuous analysis and audits lower risks

Over the past years, Geberit has continuously expanded risk management, with a special focus on environmental and social risks. Before an agreement is concluded, a multi-stage risk analysis and audit is conducted for every supplier from the highest risk category. The existing suppliers are evaluated depending on production country and processing of the materials. Suppliers in the highest risk category are included in Group-wide annual audit planning. The audits are coordinated by the central procurement organization and performed in coordination with the Environmental/Sustainability and Quality Management departments.

Purchasing value 2009 by region



Transco is one of Geberit's logistics partners. What does that mean exactly?

We have been working with Geberit for some 20 years and provide intra-company transport. We also supply the Italian market for procurement and distribution. We collect goods from the various production sites and forward them to their respective recipients. Over the course of our long-standing collaboration, we have specialized in Geberit products and continuously improved our processes. For instance, our vehicles are available directly at Geberit production sites. This makes us very flexible. In addition, our logistics centers are ideally located among the individual Geberit sites.

Long-haul transportation always impacts the environment.

How does Transco keep its impact low?

We have aligned our logistics chains to a combination of road and rail, because rail has a far smaller impact on the environment than transportation by road. Our entire fleet is compatible with rail transportation; all our containers fit on railcars. We transport 95% of goods in north-south/south-north

transit by rail. First of all, the goods are collected by truck from the plant. The main transportation is provided by rail through the Gotthard tunnel to Chiasso and then Milan. Local distribution is then provided by truck again.

Do you have other plans to reduce your environmental impact?

We have started early converting our fleet. Yet in 2010, we will only have vehicles which meet the strictest Euro 5 emissions norm. This pays off, both from a business and environmental perspective. CO₂ emissions are much lower; fuel consumption of the new Euro 5 trucks is on average about 2 liters less per 100 km than that of the old vehicles. We have also fitted the long haul trucks with air conditioning units that run independently of the truck's engine. Until now, the engine always had to run for the air conditioning to work. With this change in technology, we save 1.5 liters of diesel per hour. Furthermore, we prepared a sustainability report for the first time this year, in which our environmental figures are aligned with Geberit's figures. This allows us to directly compare key figures and jointly agree on further environmental targets.



Christian Bücheler is Managing Director and Partner of Transco Süd Internationale Transporte GmbH in Konstanz (DE). Transco is an important logistics partner of Geberit's.

How does Geberit benefit from your environmental efforts?

There is a consensus between Geberit and us to include rail in the entire transport chain. As our largest customer, Geberit benefits directly from combined transport. In traffic from and to Italy, the environmental impact can be reduced by up to 80% compared to transport by road. This corresponds to savings of 2 million liters of diesel per year. Using rail also reduces the risk of accidents and delays significantly. Transport by rail therefore not only lessens our environmental impact, but also has other tangible benefits.

“Green logistics” becoming increasingly important

The global distribution of Geberit products is an important part of our service to customers. It corresponds to a global trend that, in addition to cost-effectiveness and timeliness, the environmental impact of transport services is becoming an increasingly important decision-making criterion. Geberit does not have its own transport fleet and contracts external companies for logistics services. In Europe there are nearly ten companies which ensure the transport of Geberit products. Trucks assume an important transport function. Whenever possible, Geberit shifts transport to rail.

New logistics center in Pfullendorf (DE)

Already before 2007 some 50% of shipments to customers were provided by the logistics center in Pfullendorf in Germany. In order to meet the growing demand and to design logistics processes more efficiently, a new logistics center was built in Pfullendorf as the central hub for Central Europe. The center will start operations in spring 2010. In the future, more than 70% of deliveries will be processed from Pfullendorf (DE), which is almost exactly in the geographical center of Geberit’s European customers. Geberit is not only expecting an improvement of internal processes, but also an ideal distribution structure and route planning.

Eco-balance provides clarity and requirements for transport area

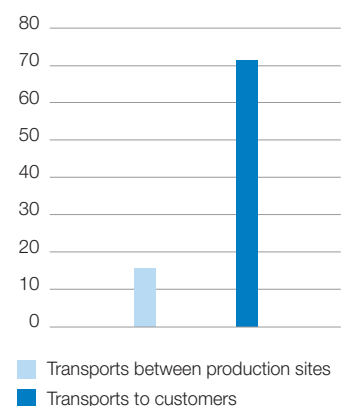
In order to reduce the environmental impact, the focus is on cooperating with select freight forwarders. Above all, Geberit wants to create more transparency for the environmental impact of logistics. In 2009 a start was made to extend the comprehensive corporate eco-balance, which has been proven for Geberit production over many years, to the area of transportation by contracted companies. The total environmental impact and individual indicators, such as CO₂ or polluting emissions, are to be calculated taking into account the type of transport and composition of the vehicle fleet. At the same time, an environmental logistics code will be defined from 2010, which obliges the main freight forwarders to clear targets and the most environmentally friendly transport possible. The measures are being supported by new approaches. For example, an increasing number of vehicles with particularly large loading volumes are being used to reduce energy consumption per ton of freight.



New logistics center in Pfullendorf (DE)

Beginning in spring 2010, more than 70% of deliveries will be processed at the state-of-the-art logistics center in Pfullendorf (DE).

Transport distance Europe 2009
(in million tonne kilometres)



STAR

EN

As many people as possible should benefit from our technical achievements for a better quality of life – including those who do not lead a charmed life. For this reason, we are actively supporting select social projects. We strengthen the impact of financial commitment throughout the world with our expertise and personal efforts.

GTH

EN

Shared responsibility for the development of society

- Social aid project for 1,000 schoolchildren in Ecuador
- Long-term partnership in the Pangaea project
- Compliance training and reporting expanded

Geberit wants to make a contribution to the improvement of people's quality of life. This principle is also central to the company's social commitment. With its products and expertise regarding water, Geberit supports the implementation of the United Nations Millennium goal of global access to clean drinking water and basic sanitary facilities.

Social commitment in harmony with the vision

Geberit has commitments in social areas as well as sporting and cultural activities. Importance is attached to the fact that the social projects relate to the topic of water and to Geberit's core competence and culture. The commitment is usually not only financial, but also involves non-cash benefits and aid on site. Wherever possible, Geberit apprentices from all professional areas and from various countries actively share in the work of the social aid projects in accordance with their abilities and willingness. In 2008 social aid projects were completed in Cambodia and Indonesia. At the same time, Geberit entered into a long-term partnership with adventurer Mike Horn, who is conducting a four-year expedition around the whole world with his Pangaea project. Geberit is accompanying him on his voyage: Social aid projects in the area of basic sanitary facilities and hygiene are being financed and implemented along

Pangaea's route. In addition, awareness and training around the topic of water are one focus of the project. The online platform www.respecting-water.com provides an overview of the various Geberit activities.

Two aid projects in two years

In 2008 Geberit launched an aid project in a public school with some 1,000 pupils in Ecuador. The objective was to improve the sanitary installations of the Colegio Pomasqui. This included two new toilet buildings with solar-powered water heating, the installation of sufficient toilets, urinals, washbasins and showers for daily hygiene and the construction of a facility to treat the waste water and to protect the drinking water resources.

The Solomon Islands, an island nation in the southwest Pacific, is one of the poorest countries in Oceania. In 2009 Geberit implemented a toilet block and showers as well as a new water supply system and water tanks in a primary school and a hospital on the island of Guadalcanal. Mike Horn and his team actively supported the work on site.



Pangaea: around the world in four years

On his voyage around the world, Mike Horn wishes to make people aware of environmental issues and contribute to finding solutions with his Pangaea project. Mike Horn supports Geberit's aid projects by making an important contribution as an ambassador, but also with specific work on site.

Support with a focus

From 2007 to 2009, Geberit made donations and financial contributions amounting to a total of CHF 8 million. In addition, Geberit employees contributed approximately 900 hours of charitable work towards social projects in 2009. Furthermore, institutions for disabled persons and the long-term unemployed were awarded orders in the amount of CHF 3.9 million from most European production sites for simple assembly and packaging work. All donations and related commitments are neutral from a party political point of view. Geberit does not make donations to parties or politicians, issues no political statements as a rule and does not involve itself in political lobbying. This is verified globally in the annual audit of the Code of Conduct.

Fair play in interaction with other stakeholders

For Geberit, high ethical standards are a matter of course. The Code of Conduct introduced in 2007 set the cornerstone regarding conduct with integrity in the business environment. For instance, a fair competitive conduct throughout the world is an important principle in this respect. Price-fixing, cartels and other competition-distorting activities are rejected. As member of the international organization Transparency, Geberit is committed to high standards in combating corruption.

At Geberit several departments work together on the topic of compliance in order to further optimize the internally existing processes. The five topical areas of compliance with anti-trust laws, prevention of corruption, employee rights, product liability and environmental protection are the most important aspects from a compliance perspective. The measures taken are based on one another. For prevention, the guidelines were further developed and employees trained comprehensively. Compliance with the guidelines is monitored as part of the binding reporting on the Code of Conduct. Internal auditing is supplemented by on-site audits. In the event of misconduct, corrective measures are taken. Since 2007, Geberit has been reporting annually on the results of these controls. They are



Apprentices on assignment in Ecuador

Geberit implemented a social aid project in 2008 near Quito, Ecuador. In addition to comprehensive project planning, eight Geberit apprentices from Switzerland, Germany and Austria traveled to Ecuador in October 2008. There they worked voluntarily for two weeks so that the schoolchildren were later able to use new sanitary systems.

specified in detail in the GRI Report in accordance with the criteria of the Global Reporting Initiative (GRI). Reporting on compliance was again expanded in the GRI Report 2010.

Why are you and the WTO promoting toilets?

Some 2.6 billion people do not have access to a toilet. This often results in the contamination of ground water from feces. This is a major health issue. According to estimates, every year 1.5 million children under five die of illnesses involving diarrhea that have to do with water contamination due to insufficient sanitary systems. Unfortunately, toilets are often a taboo topic. Everybody knows how many times they eat per day. But nobody counts how often they go to the toilet. Going to the toilet is a fundamental need and very important, but the taboo prevents a frank discussion. This is true for rural areas in particular.

What needs to be changed to achieve an improvement?

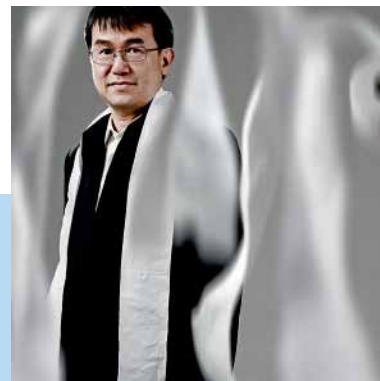
Many poor people buy a tv or even a cell phone as soon as they have saved some money, but not a toilet. One has to understand the psychology of poverty to effect a change. Ultimately, we have to market toilets as a status symbol. The image of toilets as desirable luxury goods can change things. If someone acquires a toilet in the village, others will want to follow suit.

How can your organization, the WTO, contribute to this?

We bring together the movers and shakers in this area. For instance, every year at the World Toilet Summit, which Geberit also supports. Here, researchers, charitable associations, companies and government organizations discuss ways of promoting sanitary systems and hygiene globally. The number of members is growing fast. Currently there are 217 organizations in 57 countries consistently demanding solutions for the insufficient sanitary infrastructure in many regions of the world. The WTO can achieve a great deal through networking.

How do you help people specifically?

We take a broad approach to the topic, for instance in a World Toilet College system, to develop and pass on knowledge. Demonstration projects also play an important role. But it must be stressed that it also makes economic sense to address this issue – 2.6 billion people without toilets represent a market. A simple, clean sanitary system could be sold in a franchise system. In combination with micro-financing methods, there is also



Toilets are **Jack Sim's** passion. The 52-year-old Singapore national, previously a successful businessman, established the non-profit WTO (World Toilet Organization, www.worldtoilet.org) in 2001. Its objective is for all people to have access to hygienic, safe, affordable sanitary systems.

huge potential for implementation in poor countries.

What drives you personally?

I worked hard to earn money in the first half of my life. Now I want to do something sensible, because the time available is ultimately the most important commodity in life. I work on a volunteer basis for the World Toilet Organization.

Global Reporting Initiative (GRI)

The preparation of this report is based on the guidelines of the Global Reporting Initiative (GRI). GRI has set itself the objective of making global corporate reporting more transparent and more comparable (www.globalreporting.org). The guidelines cover reporting on overriding matters such as sustainability objectives and strategy. Furthermore, management approaches (Disclosures on Management Approach – DMA) and numerous performance indicators in the fields of economics (EC), environment (EN), product responsibility (PR), labor practices (LA), human rights (HR) and society (SO) are to be dis-

closed. The following table includes a list for specially interested parties concerning the sections of the report in which GRI indicators are described for Geberit. Further information on all GRI indicators for Geberit can be found in the detailed GRI Report 2010 on the Internet (www.geberit.com) in the sustainability section. This report and the detailed GRI Report 2010 cover the GRI guidelines in full, thus fulfilling the highest application level A of the GRI G3 guidelines. This was checked and approved by GRI. In this way, Geberit wishes to underline its role as a leader in sustainability.



Section of the report	Pages	GRI points described
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The Geberit Group	4–5	2.1, 2.2, 2.4, 2.5, 2.7, 2.8
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About this report

This is Geberit's third Sustainability Report. It expands on and updates the second report on sustainability from the spring of 2007. Through this report, Geberit is fulfilling its stated intention of publishing a detailed report on sustainable corporate management every three years. As such, the report covers 2007 to 2009. As a rule, the information is based on this three-year period or on the situation as of the end of the period under review, i.e. 12/31/2009, as regards values for a specific point in time (inventory values) or on 2009 as far as annually determined values are concerned (cumulative values). In cases where individual information is based on other periods, this is stated explicitly.

Generally speaking, the report concerns the entire Geberit Group. If only part of the company is meant as an example or due to the availability of data, this is clearly indicated. Together with the GRI Report 2010, all relevant economic, environmental or social effects of the company based on the GRI guidelines have been discussed insofar as corresponding information was available. The G3 guidelines of the GRI reporting standard were applied wherever the data situation permitted this.

Geberit also provides information on aspects of sustainability in its annual reports. Additionally, regularly updated information on the subject is available on the Internet.

All statements included in this report which do not concern historic facts are future statements which give no guarantee whatsoever in terms of future performances; they include risks and uncertainties, including, but not restricted to, future global economic conditions, currency exchange rates, statutory regulations, market conditions, activities of competitors as well as other factors outside of the control of the company.

The Sustainability Report 2010 is published in German and English, and is also available as an online version on the Internet. The printed German version is binding.

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