

+GF+

Sustainable for you

Sustainability
Report 2013

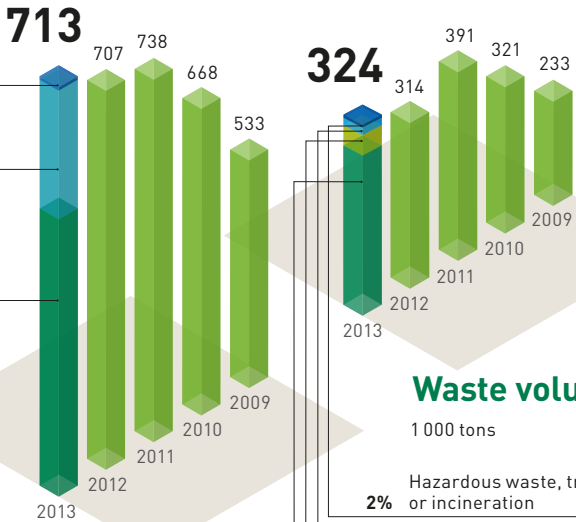


At a glance 2013

CO₂ emissions

1 000 tons

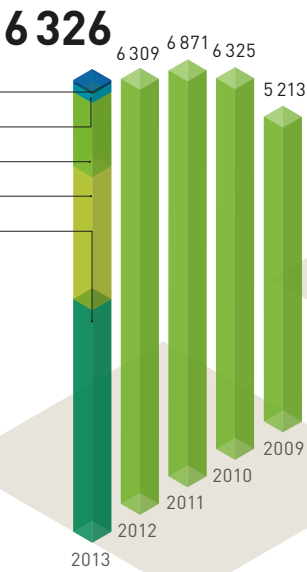
- 1% Indirect emissions: business travel
- 35% Direct emissions: energy use
- 64% Indirect emissions: electricity and district heating



Energy consumption

1 000 gigajoules

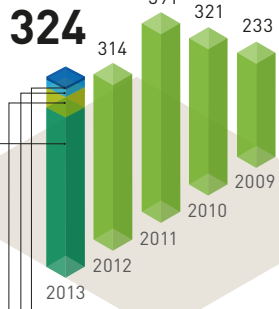
- 1% Other energy sources
- 4% Oil/fuels
- 19% Natural gas
- 29% Coke/coal
- 47% Electricity



Waste volumes

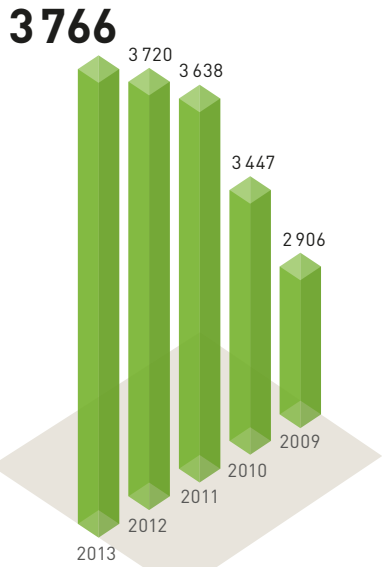
1 000 tons

- 2% Hazardous waste, treatment or incineration
- 4% Hazardous waste, recycling
- 11% Normal waste, landfill or incineration
- 83% Normal waste, recycling



Sales

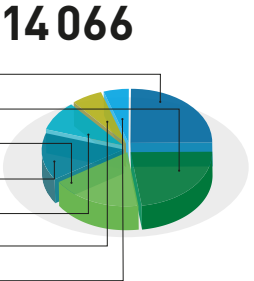
million CHF



Employees

Employees by region (in %)

- 25% Asia
- 23% Germany
- 18% Switzerland
- 14% Austria
- 9% Americas
- 6% Rest of Europe
- 5% Rest of world



476 apprentices

GF has a long tradition of training apprentices. In 2013, GF offered a total of 476 positions, of which 199 were in Switzerland, for training in various technical or commercial professions.

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GF and the sustainability cycle



Dear Readers,

Sustainability is an integral part of the GF business model. GF contributes to its customers' sustainability by designing and delivering piping systems that can safely supply water without leaks or contamination, lighter components for the automotive industry, or innovative high-precision machine tools that can be used to produce more efficient aero engines and thus help to reduce aircraft fuel consumption.

In our factories we invest to automatize our operations as well as in technologies to reduce energy consumption, emissions, and waste volumes. This is in the common interest of our company and the environment.

We also purchase yearly more than 500 000 tons of scrap metal as raw material for our iron foundries and are thus one of the largest metal recyclers in Europe.

We constantly invest to foster the professional and technical skills of our employees and managers with more than two days of training per year per employee. The purpose of these programs is to differentiate ourselves from competition by offering the best possible products and services to our customers.

We look forward to your feedback as a source of inspiration.

Yves Serra
CEO

Highlights 2013

Secure and reliable gas supply for Berlin



Innovative pipe systems supplied by GF Piping Systems guarantee a safe gas and water distribution in major cities. In 2013, the Berlin (Germany) gas network operator GASAG introduced the technology to renovate and replace old gas lines. The piping system increases the security of supply and has a long service life.

Clean water for typhoon victims

In November 2013, Typhoon Haiyan devastated countless towns and villages in the Philippines. Just a few days later, GF's Clean Water Foundation donated CHF 20 000 to the American NGO Water Missions International to restore drinking water supplies. The aid organization installed over two dozen transportable water treatment systems, which are meeting the needs of over 160 000 people.

Less CO₂, lower energy costs

Engineers at the GF Automotive foundry in Herzogenburg (Austria) have developed an innovative system for using the waste heat from the sand processing plant to provide heating and hot water. The site was able to save 138 tons of CO₂ over the year. Its annual energy costs also fell by around CHF 50 000.

Lightweight design for utility vehicles



Since 2014, low-emission Euro 6 engines have been mandatory for newly registered trucks. But the additional emission control systems increase a vehicle's overall weight and therefore its fuel consumption. In partnership with truck manufacturer DAF, GF Automotive developed extra-lightweight castings such as the rear axle of the new DAF XF. This component alone weighs 68 kilograms less than its predecessor.

Using high precision to reduce consumption

Leading Munich-based aero engine manufacturer MTU is using high-precision milling technology (Mikron) from GF Machining Solutions in the manufacture of "blisks" – extremely efficient, lightweight engine blades. The new Airbus A320neo should use 15% less fuel than its predecessors.

Luxury without real leather

The interior of the new BMW i3 electric town car is characterized by ultra-modern surfaces made from sustainable materials. To save weight and give the i3 a contemporary design, the pillar trim and seat shells have been manufactured on GF Machining Solutions' laser texturing machines (AgieCharmilles).

All about GF

Our Profile // GF comprises three divisions GF Piping Systems, GF Automotive, and GF Machining Solutions. Founded in 1802, the Corporation is headquartered in Switzerland and is present in 32 countries, with 124 companies, 48 of them production facilities. Its approximately 14 000 employees generated sales of CHF 3.77 billion in 2013. GF is the preferred partner of its customers for the safe transport of liquids and gases, lightweight casting components in vehicles, and high-precision manufacturing technologies.

GF Piping Systems

GF Piping Systems is a leading supplier of piping systems made of plastics and metal. The division focuses on system solutions and high-quality components for the safe transport of water and gas in industry, utility, and building technology. Its product line includes fittings, valves, pipes, automation and jointing technology and covers all water cycle applications.

GF Piping Systems supports its customers in over 100 countries through its own sales companies and representatives. The division is present in Europe, Asia and the Americas with more than 30 manufacturing sites and research and development centers, which also support energy-saving use of raw materials and resources.

GF Automotive

GF Automotive is a technologically pioneering development partner and manufacturer of lightweight cast components and systems made of ductile iron, aluminum and magnesium for the global automotive industry as well as a variety of industrial applications. The highly complex lightweight components contribute to making modern vehicles lighter and reducing the CO₂ emissions.

GF Automotive manufactures some 600 000 tons of lightweight components at 9 production plants in Germany, Austria, and China. In those countries as well as in Switzerland, Korea and Japan it operates sales offices. The lightweight research and development competency is in Schaffhausen (Switzerland) and Suzhou (China).

GF Machining Solutions

GF Machining Solutions' electrical discharge, high-speed milling and laser texturing machines, along with automation solutions, make it the world's leading provider to the tool and mold making industry and to manufacturers of precision components. Most important customer segments are information and communication technology, aerospace, and the automotive industry.

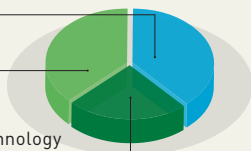
The division has its own sales companies in more than 50 countries and production plants in Switzerland, Sweden, and China. GF Machining Solutions operates research and development centers in Meyrin, Losone, and Nidau (Switzerland), Vällingby (Sweden), Beijing, and Changzhou (China).

Sales: CHF 1 402 million

540 Utility

524 Industry

338 Building Technology

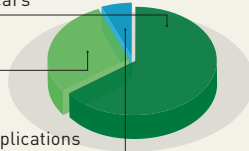


Sales: CHF 1 498 million

975 Passenger cars

433 Trucks

90 Industrial applications



Sales: CHF 867 million

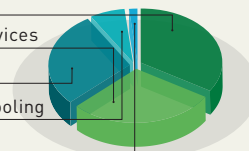
295 EDM

254 Customer services

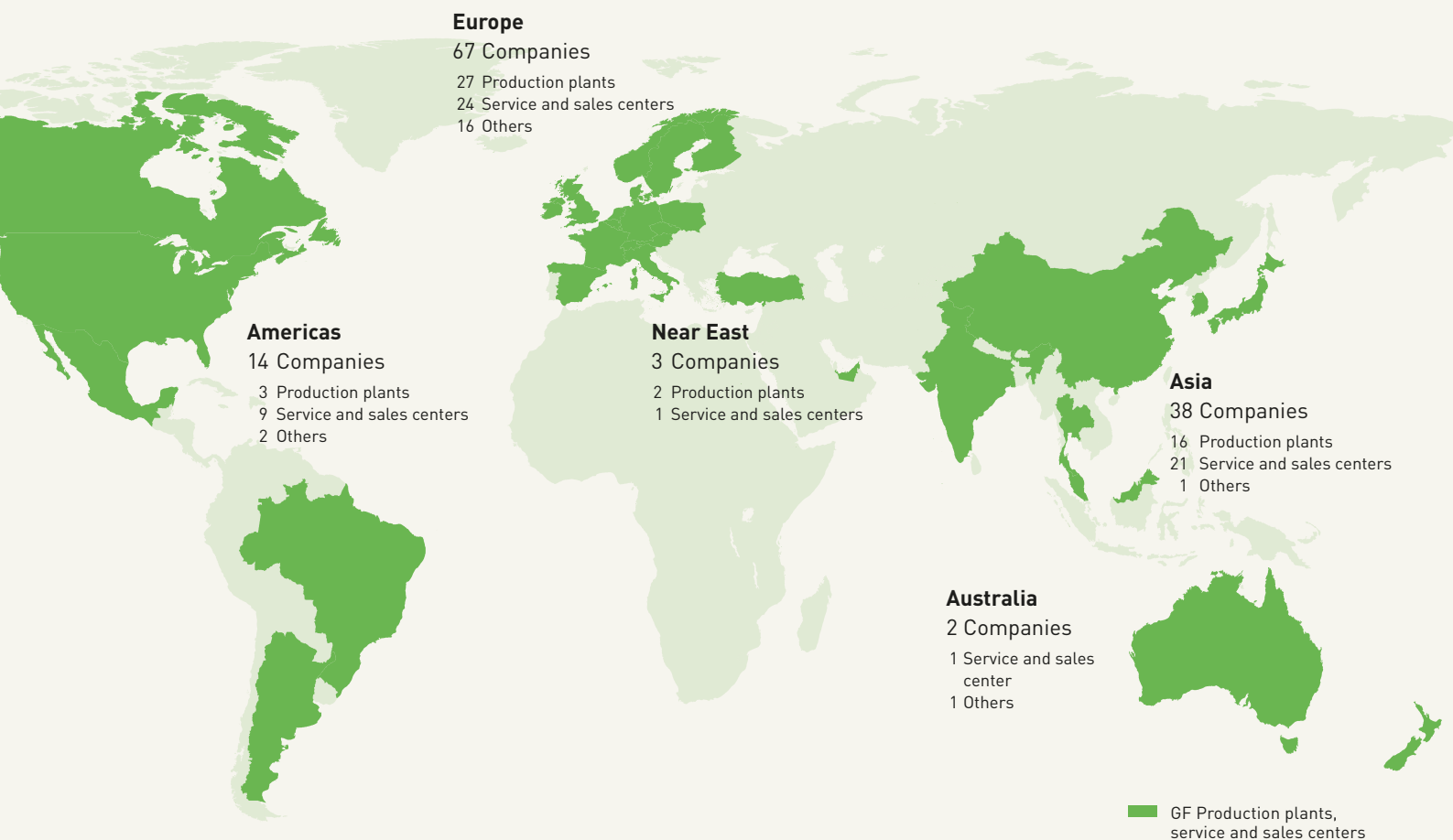
245 Milling

60 Automation/Tooling

13 Laser



million CHF	GF Piping Systems		GF Automotive		GF Machining Solutions	
	2013	2012	2013	2012	2013	2012
Sales	1 402	1 299	1 498	1 579	867	842
EBIT	141	135	70	53	51	45
Return on sales (EBIT margin) %	10.1	10.4	4.7	3.4	5.9	5.3
Invested capital (IC)	621	559	384	437	274	273
Return on invested capital (ROIC) %	18.7	18.6	16.1	12.1	15.2	16.4
Employees at year-end	6 095	5 282	4 947	5 188	2 873	2 798



Worldwide for you



Bearing responsibility

As an industrial corporation with international operations, GF is at the center of society. This means having to balance economic, environmental, and social considerations. In line with this responsibility, our industrial and social activities are set up to be long-term and sustainable.



Setting objectives

As an international company active in 30 countries, our goal is to anchor sustainability in all of our companies. We act upon our sustainability objectives and communicate their achievement regularly and transparently.

The Executive Committee has set the current sustainability objectives for the five-year period between 2010 and 2015. Clearly quantified, Corporation-wide targets provide a framework for the environmental and social objectives of our divisions and corporate subsidiaries. The global reporting system monitors compliance with these objectives. On the environmental front, for example, significant effort is being invested in continuously reducing CO₂ emissions and improving energy efficiency. The social objectives include firmly embedding employees in the company. In this case, the focus is on reducing accident and absence rates and fostering employees' development by way of modern training programs. As was the case with the most recent Interim Report in June 2013, reporting complies with the Global Reporting Initiative guidelines (GRI 3.1). The reporting period includes the particular calendar year.

Stakeholder dialogue

Management responsibility and active, open, and timely communication – with internal and external stakeholders and at various levels – are inseparably linked. GF fulfills this duty to inform and communicate primarily through its Communications and Investor Relations Staff Units. The Annual Report, Mid-Year Report and Sustainability Report are the main printed publications for shareholders, investors, and the general public. Whenever possible and permissible, we notify employees first. As a company listed on SIX Swiss Exchange, GF is subject to the requirements on ad hoc publicity.

Making sustainability and resource efficiency the subject of an ongoing dialogue is entirely in the interests of GF customers, too. After all, to be considered as a supplier, evidence of sustainability in production is now a key factor alongside technology, quality, and price. In addition, sustainability aspects in our working relationships with suppliers are defined in a Supplier Code. In November 2013, GF was again invited to the "Daimler Sustainability Dialogue", where over 100 stakeholders from business, politics, and society discussed sustainability issues.

Reporting systems

Internal and external sustainability reporting, the planning and setting of objectives, and ongoing performance monitoring are carried out with the help of indicators from the corporate subsidiaries. For this, GF uses the Sustainability Information System, which is oriented to the Global Reporting Initiative (GRI). All corporate subsidiaries worldwide with more than ten employees record social performance data. In the reporting period, this was 94 companies, depicting 99% of employees in GF's social reporting system. In addition to the social performance data, all production companies record environmental indicators. Social and environmental performance data are also collected by all joint ventures and companies in which GF holds an interest of 50% or more. Reporting limits and measurement methods remained unchanged from the previous year. In addition, Corporate Management uses the financial information system to ensure timely financial management. A standardized system of financial reporting is used throughout the entire Corporation, guaranteeing immediate and complete transparency. The Annual Report 2013 provides detailed information on this.



Communication

Results from internal social and environmental reporting are communicated to the corporate subsidiaries and management by means of the SIS Company Report and the detailed SIS Management Report. In this way, data can be analyzed at the appropriate level over time and in comparison with other GF sites.

Corporate compliance

Compliance with laws, internal guidelines, and the GF Code of Conduct is a key part of GF's corporate culture. In 2013, a new Code of Conduct in 16 languages was therefore rolled out across the Corporation and communicated through various training sessions. Additionally, in the reporting period, around 1 600 employees took an e-learning program on anti-corruption, and some 200 employees completed an e-learning program on competition law and anti-trust law. More than a dozen training sessions addressed anti-trust law, anti-corruption, export controls, and other compliance topics.

The Corporate Compliance Officer reports annually to the Executive Committee and Board of Directors on his activities. Internal Auditing verifies compliance with the applicable laws, guidelines, and ethical business requirements. If they wish, employees can also report breaches of laws or guidelines to their line managers, Corporate Auditing or the Compliance Officer anonymously. This whistle-blowing option has not been used over the last two years, however.

Values and policies

GF has five core values that employees should embody and support at every level. They provide the basis for a shared corporate culture and sustained overall growth: 1. We put customers first; 2. We act fast; 3. We do what we say; 4. We reward performance and 5. We

respect people. These core values are the basis of the Code of Conduct that is mandatory for all employees. They therefore steer the corporate culture and shape day-to-day work at GF for the good of the Corporation, its customers, employees, business partners, shareholders, and bondholders.

Product responsibility

Climate change and a shortage of energy and water are among today's major global challenges. GF's innovation-driven growth strategy includes developing and offering solutions to address these challenges. With the challenge of clean drinking water in mind, GF Piping Systems therefore systematically looks to resource-friendly solutions for the supply, treatment, and distribution of water. To reduce the CO₂ emissions produced by vehicles, GF Automotive is working to develop and manufacture lighter components. At GF Machining Solutions, the focus is on energy efficiency. Efforts to drive forward fully automated production are also continuing.

Research and development

GF stands for innovation. In 2013, the company invested around CHF 100 million in research and development (R&D). That equates to some 2.7% of sales. Around 600 people are employed in 20 R&D centers worldwide. These prerequisites enabled GF to submit 46 new patent applications in the reporting period.

Know-how transfer

In networked companies, it is increasingly the case that knowledge is the product of collaborative processes. To drive forward new developments and the improvement of existing products and solutions, GF cooperates with other companies, universities, and institutions across national and disciplinary boundaries. Since 2012, for example, it has been working with the Department of



Management, Technology and Economics (MTEC) at ETH Zurich, one of the most prestigious universities worldwide. In addition, project-based partnerships are in place with the technical universities in Aachen and Clausthal (Germany) and in Vienna and Leoben (Austria), with Empa, a Swiss research and services institution for material sciences in Dübendorf (Switzerland), with Fraunhofer-Gesellschaft institutions in Germany and with universities in the USA. This results in a win-win situation for GF and the universities when it comes to creating attractive bridges into the company and everyday working life for young talents.

Life cycle assessment

Sustainability does not end at the production stage; rather, it continues throughout the entire life of a product. Following on from the selection of raw materials and suppliers and the production process, customers' use of products and ultimately their end-of-life recycling are becoming primary indicators. To this end, a life cycle assessment calculates the impact of new products on the environment. On this basis, GF Automotive uses predominantly unmixed scrap and metal waste as the raw material to produce its iron materials, for example. Recycled materials already cover roughly half of GF Automotive's raw material needs. Waste materials are also reused in other areas of industry. 85% of the "waste" produced from smelting raw materials and casting is recycled. The iron, aluminum, and magnesium castings are even 100% recyclable. To further improve life cycle performance, GF Automotive carries out appropriate product and process analyses with customers on an ongoing basis. In addition to the technical standard, GF Machining Solutions' developers also focus particularly on the machines' energy consumption. Thus, as a customer service, the more than 100 000 machines installed are always kept in state-of-the-art condition. This increases their lifespan significantly.

Worldwide procurement

Given its procurement volume of over CHF 2.5 billion – or almost 65% of sales – in 2013, integrating suppliers is crucial to achieving GF's sustainability objectives. GF's Sustainability Management therefore regards integrating environmental, social, and compliance standards into procurement processes as a central task. Against this background, GF has been assessing its suppliers on the basis of sustainability criteria since 2005 and has firmly embedded sustainability into its purchasing strategies through the 2009 Supplier Code.

Supplier relations

The principles set out in the Code are based on international conventions and standards. The main key suppliers have signed the Code which focuses on ethical conduct, respect for human rights, socially responsible working conditions, compliance with environmental standards, and management systems. The Corporation regards compliance with the Code as a central foundation for lasting business relationships. Its reasons for doing so include the fact that many business partners are increasingly imposing environmental and social requirements on their suppliers and customers. GF welcomes this development.

Sustainability management

Sustainable practices are the ultimate responsibility of the Executive Committee and firmly embedded in both GF's strategic direction and its business operations. The Executive Committee therefore monitors to what extent sustainability targets have been achieved twice a year. In addition, the Sustainability Council, a task force with representatives from Human Resources, Sustainability Management, Investor Relations, and Corporate Communications, confers on how to further de-

velop sustainability within the Corporation. Every year, sustainability officers and HR managers from the Corporation, corporate groups and subsidiaries meet to exchange experience.

Standards and norms

Management systems for quality, environment, and occupational health and safety have been introduced at all production sites. Newly acquired or established production companies are required to set up an environmental management and occupational health and safety system within three years. At GF, more than 12 000 employees (around 85% of the total workforce) work at environmentally certified sites. Over 11 500 (around 82%) employees work in plants with occupational health and safety certification, over 3 800 of them in China. GF derives its principles of social responsibility from the principles set out in the Global Compact (a worldwide agreement between businesses and the UN), the Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises, and the International Labour Organization (ILO) conventions.

Risk management

Operating a business always entails risks. Systematically identifying, evaluating, and reporting strategic, operational, financial, market, management, sustainability, and resource-related risks are key risk management tasks. At GF, coordination is the responsibility of the Risk Council headed by the Chief Risk Officer. Risks are evaluated based on their scope and probability of occurrence. Against this background, the three divisions, corporate management, and all important corporate subsidiaries produce a Semi-Annual Risk Report.

Processes

Responsible risk management is widely integrated into existing planning and management processes. The Board of Directors primarily assesses strategic risks, while all other risks are assessed by the management of each subsidiary, the management of each division, the CEO, and the Executive Committee.

Investigation

At all GF plants, and especially at the foundries, where risks can never be completely ruled out, standards are set by either HPR (Highly Protected Risk) or HMP (Highly Managed Prevention). These standards are regularly audited by external specialists, most recently in 2013 at 16 out of a total of 48 production sites. This careful analysis and minimization of risks helps GF to increase process security and improve the reliability of delivery to customers.

Responsibility for clean drinking water

Totally hygienic drinking water quality is very important for institutions such as hospitals, retirement homes, and spas. Georg Fischer JRG's drinking water installation solutions guarantee effective protection against dangerous microbial contamination without impacting on the environment.

Drinking water free of germs and bacteria

Alfred Sahlender carefully checks the water quality on the drinking water installation at Leopoldina Hospital in Schweinfurt (Germany). He is the deputy Technical Manager at the hospital, which has 692 beds, 230 doctors, and 900 nurses to provide comprehensive medical care to the residents of the northern Unterfranken region. "Of course, hygienic drinking water is very important here," Sahlender explains. Indeed, there is no need to worry about legionella, pseudomonads, or other bacteria in the drinking water at Leopoldina Hospital.

“The Hycleen Des 30 system’s electro-activated disinfectant solution offers building operators a long-term way of minimizing the contamination risk, particularly in cold drinking water.”

Marcel Lüscher, Head of Water Hygiene, Georg Fischer JRG

Leopoldina Hospital has a drinking water installation system featuring components from Georg Fischer JRG, which ensure that the drinking water remains free of germs and bacteria. "With large drinking water installation systems such as this, there is always the

danger of pathogenic bacteria proliferating quickly in areas with less drinking water circulation," explains Alfred Sahlender. A few years ago, therefore, he and his employees began to replace the 20-year-old stainless steel distribution system with a JRG Sanipex MT pipe installation system from Georg Fischer JRG. The system has no dead spots, monitors temperatures online, and regularly flushes out the entire drinking water system.

Highly effective against bacteria

In order to completely eliminate the risk of microbial contamination, the Leopoldina relies on the new Hycleen Des 30 disinfection system from Georg Fischer JRG. This disinfects drinking water using diaphragmalysis technology, also known as membrane electrolysis. The system uses an electro-activated disinfectant solution from softened drinking water and highly purified salt. This is added to the drinking water through a feed unit, thus killing bacteria, germs, and spores.

The Hycleen Des 30 system is easy and cost-efficient to use. "Its effectiveness against bacteria and corrosion-inhibiting properties provide further key advantages for operators," says Marcel Lüscher, Head of Water Hygiene at Georg Fischer JRG.

As well as hospitals, the system is also suitable for other institutions which depend on a high level of drinking water safety, such as retirement homes, children's homes, hotels, sports facilities, schools, daycare



The new Hycleen Des 30 disinfection system from Georg Fischer JRG.



In order to eliminate the risk of microbial contamination, an electro-activated disinfectant solution kills bacteria, germs, and spores.

28%

energy saving by reducing the water temperature from 60°C to 50°C

H₂O

+ salt: are used to make the disinfectant solution, which breaks back down into H₂O + salt after use

692

beds are available for patients at Leopoldina Hospital

centers, public buildings, and residential complexes. "The risk of microbial contamination is critical, particularly if drinking water distribution is subject to long stagnation periods," explains Lüscher.

"With Hycleen Des 30 we have a product that reliably protects our patients from pathogenic bacteria, is approved under the drinking water ordinance, and does not damage the piping."

Alfred Sahlender, deputy Technical Manager, Leopoldina Hospital, Schweinfurt

There is an increasing number of cases of contamination in cold drinking water which can no longer be eradicated by flushing at regular intervals. "This means that the only way to restore a high level of drinking water quality is to use disinfectant," says the hygiene expert from Georg Fischer JRG.



Leopoldina Hospital in Schweinfurt has a drinking water installation system featuring components from Georg Fischer JRG.

Minimized impact on the water cycle

Chemical disinfection of drinking water, for example using chlorine solutions, has been successfully used for decades. However, it impacts people and the environment just as much as the piping and fittings that make up the installation. The disinfectant solution used by the Hycleen Des 30 system is highly effective and pH-neutral, which also protects the materials that come into contact with drinking water. Moreover, the electro-activated disinfectant solution breaks back down into water and salt after use, which minimizes its impact on the water cycle. The system only produces the amount of electro-activated disinfectant solution that it actually needs.

Just the smallest quantities of the solution are sufficient to destroy biofilms in piping, where bacteria can multiply particularly quickly. The highly effective feed unit, which meets the requirements of the German drinking water ordinances and European Directive EN 901, also prevents microorganisms from becoming resistant to treatment with sodium hypochlorite.

Energy-saving potential

The Hycleen Des 30 system also offers substantial energy-saving potential for operators of drinking water installations, since the chemical disinfection procedure makes it possible to significantly reduce the temperature needed to disinfect drinking water by heating. "We use far less energy to heat our water," confirms Alfred Sahlender from Leopoldina Hospital: "Thanks to Georg Fischer JRG's comprehensive system, our patients always enjoy the highest quality drinking water."

Sustainability targets

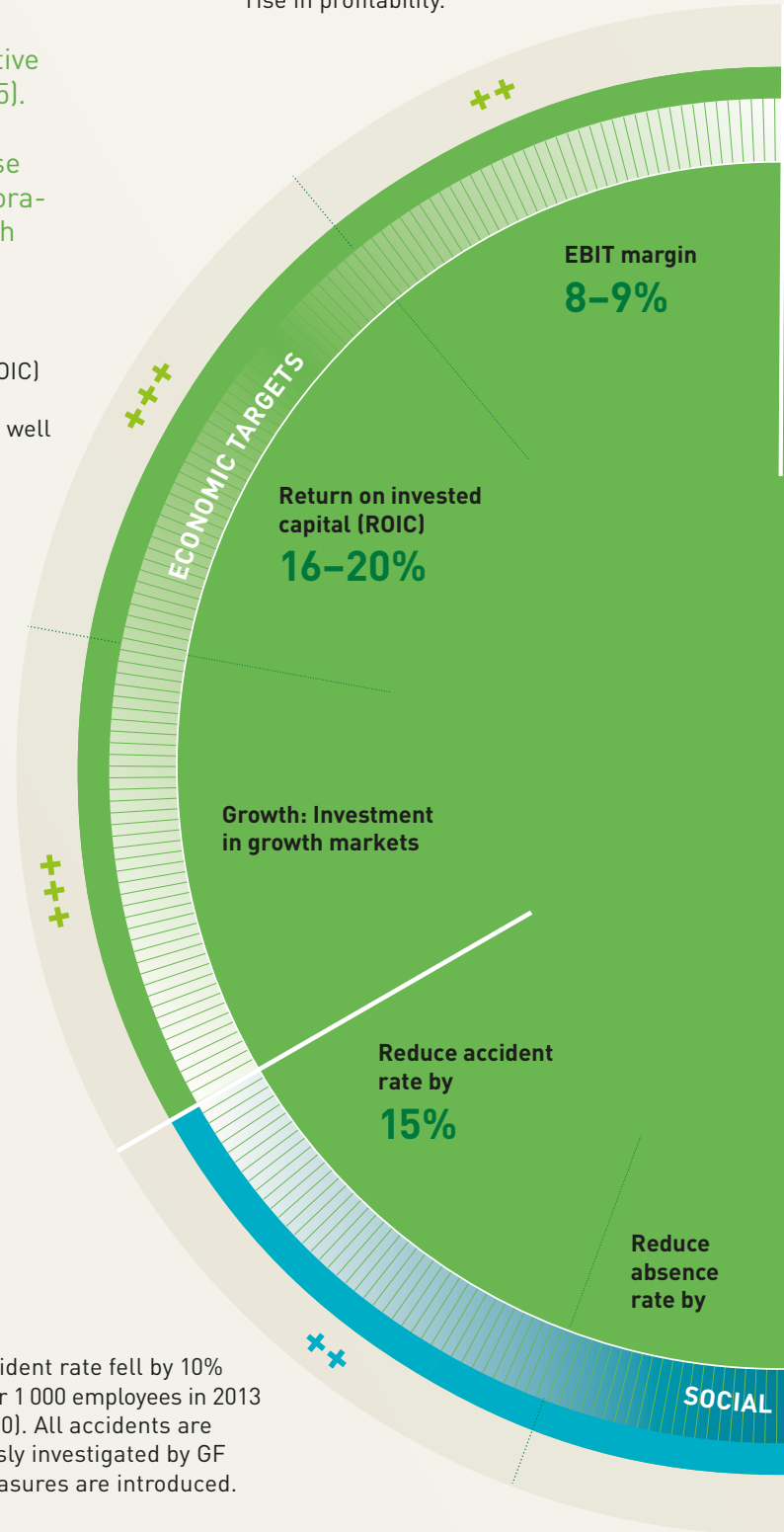
The sustainability targets were defined by the Executive Committee and cover a period of five years (2010-2015). The divisions and corporate companies derive their operating environmental and social targets from these quantified, cross-Corporation requirements. A Corporation-wide reporting system monitors compliance with these targets.

The EBIT margin increased from 6.0% (2012) to 6.7% thanks to better site capacity utilization in the second half of the year. All three divisions contributed to the rise in profitability.

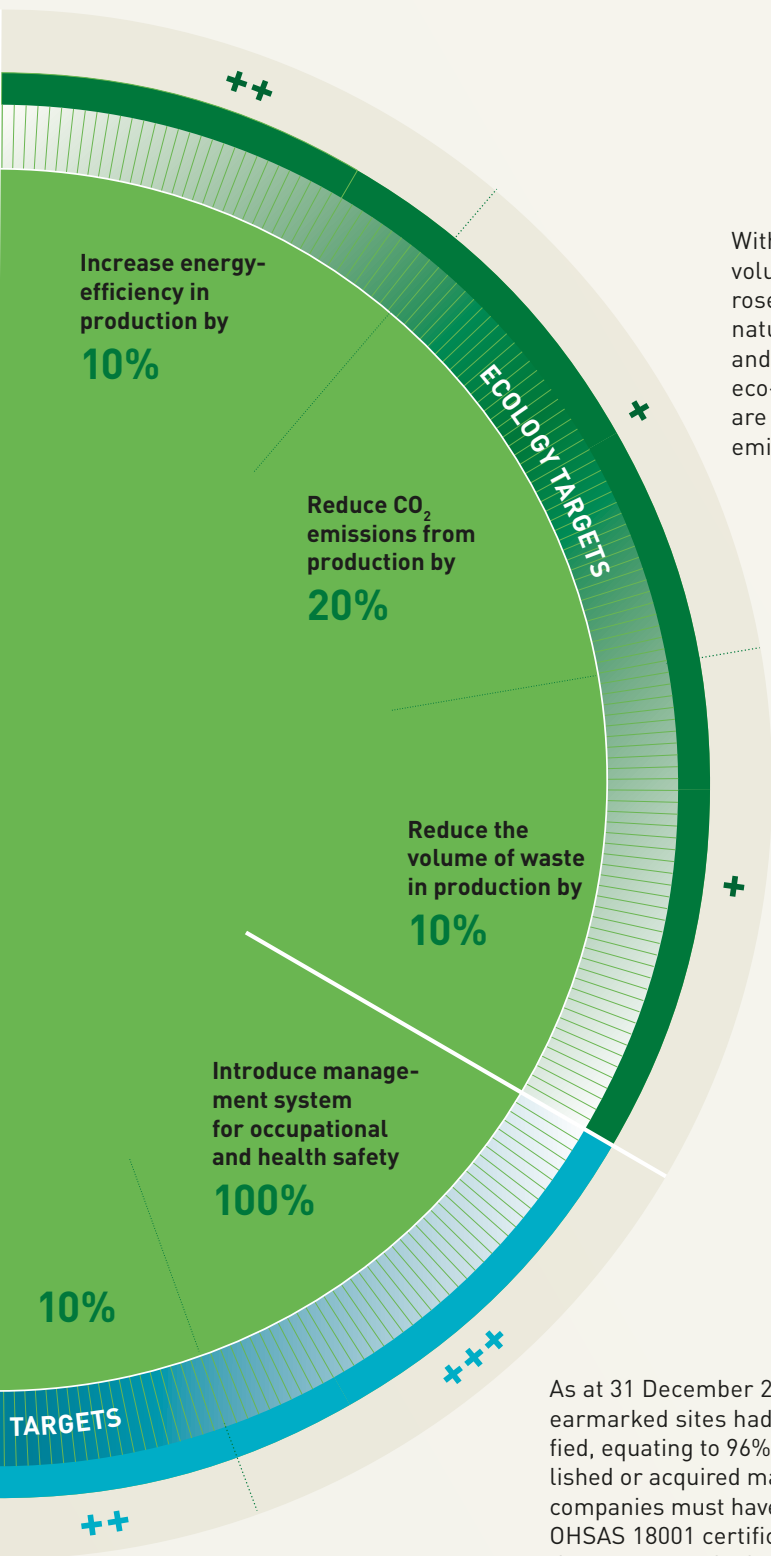
Return on invested capital (ROIC) rose from 15.7% to 16.7%. All three divisions reported ROIC well above the cost of capital.

The acquisition of Hakan Plastik, a leading Turkish producer of plastic piping systems, has provided GF with a strong presence in Turkey, the Middle East, and Eastern Europe.

The accident rate fell by 10% to 45 per 1 000 employees in 2013 (2012: 50). All accidents are rigorously investigated by GF and measures are introduced.



Energy efficiency in production increased by 3% in 2013. Energy-efficient systems and machinery and demand-based controls contributed to the rise in efficiency.



With a 2% increase in production volume in 2013, total CO₂ emissions rose by just 0.8%. Substituting natural gas and electricity for coke and increasing the proportion of eco-power from 37 000 to 95 000 GJ are helping to reduce carbon emissions.

The volume of waste has risen by 1% as a result of the 2% production volume increase. The amount of hazardous waste was reduced by 10%.

The rate of absence fell in 2013 from 4.6% (2012) to 4.2% of total working days. This is due in part to the introduction of preventive measures and training.

As at 31 December 2013, 45 of 47 earmarked sites had been certified, equating to 96%. Newly established or acquired manufacturing companies must have obtained OHSAS 18001 certification after three years at the latest.

Status as at 31 December 2013

- +++ Target achieved
- ++ Long-term target, in plan
- + Target not achieved yet

Social targets

- Introduction of a management system for occupational and health safety, and certification of all production sites to OHSAS 18001

100%

- Reduction of the accident rate

15%

- Reduction of the absence rate

10%

- Develop qualifications of our employees

- Social commitment

- Strengthen the sustainability management

A close-up portrait of Gabriela Herzog Zah, a woman with shoulder-length blonde hair, wearing a dark blue blazer and a green and brown patterned scarf. She is looking directly at the camera with a slight smile. The background is a soft, out-of-focus blue.

“We provide support for every situation in life.”

Gabriela Herzog Zah, Head of Employee Counseling. As Head of GF's Employee Counseling service in Schaffhausen, Switzerland, Gabriela Herzog Zah looks after the cares and worries of staff members. In 2013, she and her team provided support in 146 cases, some of them complex and highly emotional for the individuals involved. It's not always easy, but the department's qualified social workers are usually able to help the people seeking advice to find the right solution by activating each individual's personal resources. Every case is handled with the utmost discretion, as the entire Employee Counseling team is bound by a duty of confidentiality.



GF's Employee Counseling

Advice and support



Whether it's a long illness, family problems, conflicts in the workplace, or financial worries, Employee Counseling offers staff members at GF's Swiss locations in Schaffhausen, Sissach, Seewis, and Subingen professional support in overcoming difficult situations. The team works on the principle of helping employees to help themselves. In doing so, Employee Counseling not only contributes to keeping employees satisfied, it also helps them stay motivated and at peak performance.



146

employees consulted
the GF Counseling Service

Solutions for difficult situations

When Thomas Mayer* collects his three-year-old son Lukas from the Breite daycare center after a day's work at GF Piping Systems in Schaffhausen, both are happy as can be. It hasn't always been that way, though. Six months ago, Lukas used to spend the day with his mother Andrea*. But then Andrea Mayer suffered a complicated leg fracture as the result of an accident. A two-week hospital stay was followed by four weeks of inpatient rehabilitation. At first, friends and family members were able to watch Lukas while his father was at work, but this was not a long-term solution.

Thomas Mayer turned to Employee Counseling at GF in Schaffhausen. "GF has a partnership with a daycare center. With our help, Lukas was accepted there at short notice," says Employee Counseling manager Gabriela Herzog Zah. Mayer's manager even agreed to release him from shift work so he could take his son to and from the daycare center while his wife was undergoing rehabilitation. GF also provided financial support at the going rate for Lukas's daycare center place.



Arranging daycare services is not the only thing Employee Counseling can help with.

Arranging daycare services is not the only thing Employee Counseling in Schaffhausen can help with. Employees bring a wide range of problems to Herzog Zah's team. As a neutral party for staff members to talk to, the social worker and her assistants Waltraud Weber and Esther Brinkmann work with their clients to find solutions.

“Our counseling aims to lift a weight off employees’ shoulders.”

Gabriela Herzog Zah, Head of Employee Counseling

In addition to GF Piping Systems, GF Automotive and the Corporate Companies in Schaffhausen, they also regularly serve employees at the sites in Subingen, Seewis, and Sissach.

100% confidential

“Our counseling services are voluntary and absolutely confidential,” says Herzog Zah. Staff members most of-

ten turn to her with health problems. The social workers advise employees after lengthy illnesses and support them during reintegration into the workplace. But team members can also come to Employee Counseling with personal issues such as partnership problems or trouble at work such as tensions in the workplace or sexual harassment. The team can also assist with financial worries or legal and insurance questions. In many cases they work with external services such as debt counseling and legal advisors. In some cases GF even assumes part of the cost of an initial legal consultation.

Individual support

Social counseling has a long history in Schaffhausen. As early as 1925, a plant welfare officer saw to workers' needs here. Over time, this evolved into today's Employee Counseling service. “We take a systemic approach to our work,” Herzog Zah explains. “If someone comes to us with a problem, we also look at other areas of their life when necessary, on an individual basis.” In the Mayers' case, the service was able not only to arrange care for Lukas, but also to solve a problem with daily sickness allowance insurance.

“Our counseling aims to lift a weight off employees' shoulders, increase their satisfaction, and help them maintain their personal performance,” says Herzog Zah. Preventive measures get special attention, with courses on topics such as burnout, conflicts in the workplace,



When the children are happy the satisfaction of employees rises, too.

and preparing for retirement rounding out Employee Counseling's service offerings.

Satisfied employees

Naturally, the company benefits from all this as well, as Harry Zai, Director of Human Resources for GF Piping Systems in Switzerland, is well aware.

sides and a complete success in the HR specialist's view. "We respect each other. That's an important key value at GF," says Zai. "Employee Counseling is the perfect example."

* All names have been changed.

“The benefits of Employee Counseling are enormous – for the staff and for the Corporation.”

Harry Zai, Head of Human Resources Switzerland, GF Piping Systems

“Employees get professional support, and that naturally allows them to concentrate better on their work,” he says. Rapid reintegration into work processes after a lengthy illness enhances productivity as well. Thus Employee Counseling in Schaffhausen is a win for both

People

Attractive workplaces, interesting tasks, a targeted training program, fair pay, and good social benefits all play a not inconsiderable role in assuring GF's future as a business. This responsibility stands at the heart of what we do. With its sites in more than 30 countries, GF regards the diversity of cultures, religions, nationalities, gender, and age as a valuable source of talent, creativity, and experience. This is why it is possible for 14 000 or so individuals employed by GF worldwide to perform exceptionally.

Social performance data

Sales and production companies with more than ten employees calculate their social performance indicators using the Sustainability Information System (SIS). In addition, all production companies record their environmental indicators. Of a total of 124 companies worldwide, 104 are either sales or production companies. 90% of them report their indicators. GF's sustainability reporting thus covers 99% of its total workforce. There have been only slight changes in the group reporting since last year's Sustainability Report.

Training and professional development

Knowledge is essential for a company's sustainable success. GF therefore nurtures the qualitative development of its employees by running targeted training and professional development activities. These programs are available to employees at every stage of their careers. Expenditure on employee training was on a par with the previous year at around CHF 5 million in 2013. In the year under review, the number of people participating in training activities fell by 3% to 10 700, and a total of 76% of the workforce were given access to some form of training. Collectively, the Corporate Companies reported around 32 400 training days in the year under review (-4% compared to the previous year). This is equivalent to 2.3 days per employee, compared to 2.5 days in 2012. The slight drop-off is attributable to the fact that certain courses are not held every year.

Corporate training center

GF Piping Systems offers a first-rate infrastructure for internal and external courses in its Schaffhausen training center. The GF Machining Solutions Academy has specific offerings for employees in Service, Sales, and

Management. At all its larger sites as well as its headquarters in Schaffhausen (Switzerland), GF Automotive runs customer information centers where customers and suppliers can find out about lightweight design. The Corporation's own training center at the Klostergut Paradies is also used for a variety of purposes.

Vocational training

Apprenticeships have a long-standing tradition at GF and ensure that the Corporation can draw on a skilled workforce. GF offers a broad range of training opportunities spanning a variety of technical and commercial professions. In 2013, GF offered 476 apprenticeship positions corporation-wide (+10% compared to 2012), most of which are located in Switzerland, Germany, and Austria.

Graduates

GF offers career entry routes through thesis projects and internships. In the review year, 219 students (2012: 152) took advantage of this opportunity.

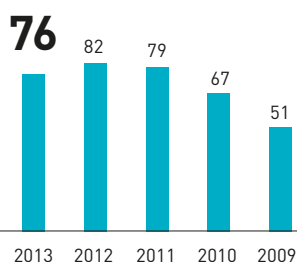
Taster days for schoolchildren

Typically male? Typically female? Switzerland's "Days of the Future" are aimed at familiarizing girls and boys with careers often thought to be typical of the opposite sex. In 2013 – the sixth year the event has been held – around 30 children took up the exciting offer to experience GF at first hand as part of this kind of change in perspective at its sites in Nidau, Geneva, and Schaffhausen, among others.

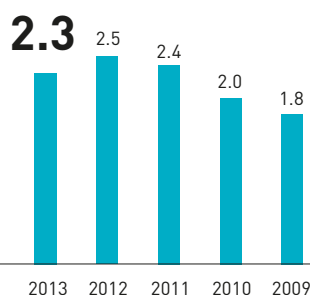
Management development

In 2013, GF was able to fill around 50% of all senior management vacancies with internal candidates. This is the result of the Corporation's management development process, which has been very well established for some years now. As well as technical and management training, the three divisions offer training programs geared to

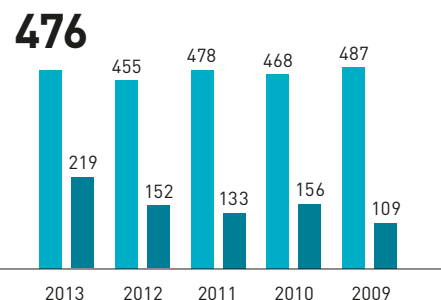
**Employees with
“Off the job” training**
In %



**“Off the job” training days
per employee**
Days



Apprentices and interns
Number



operations. The GF Academy makes a significant contribution to the efficient organization of training by preparing and conducting development programs.

Furthermore, in the review year, some 200 managers from many different countries and all areas of the Corporation attended intensive training sessions at the Corporation’s Klostergut Paradies training center. These sessions included, for example, Industrial Business Training (IBT), Financial Management Training (FMT), People Management Training (PMT), and Corporate Management Training (CMT). In addition, a Corporation-wide initiative on management issues and collaboration-based on programs developed by Franklin Covey – was implemented. These training courses are aimed at managers and employees from all divisions. The three divisions also conduct their own training programs that are geared specifically to the operations of their business areas. As there is particularly strong demand for skilled staff in the People’s Republic of China and the country’s labor market is highly competitive, the GF Academy pays particular attention to developing managers there. In fact, it has been offering appropriate management and leadership training courses in China since 2007.

Best Practices Exchange to strengthen sustainability management

Last year, around 150 managing directors addressed fundamental strategic and operational issues at specialist conferences. Senior management meets annually at the two-day Corporate Conference and at regional managing director meetings. These conferences deal with strategic and financial management issues as well as with specific human resource management topics. The two-day sustainability conference, which currently takes place annually in Europe and the USA, focuses on a cross-divisional dialog. In 2013, this conference was held in Suzhou (China) for the first time. High on the

agenda were current sustainability issues facing the Corporation and its divisions, in particular as regards the environment, energy, and occupational safety. HR managers, occupational safety and health protection specialists, energy experts, and environmental officers from all Chinese Corporate Companies attended the conference.

Information

Sustainability issues are regularly dealt with in GLOBE, GF’s company newspaper, which is published in six languages. The ZOOM sustainability newsletter that was created for managing directors and specialists has been incorporated into GLOBE. This ensures that information on sustainability trends in society and associated activities at GF is communicated to staff members in full. Moreover, our larger sites also produce their own publications, which are regularly distributed to all staff.

Jobs and staff

As at 31 December 2013, the Corporation employed 14 066 people in 32 countries. Most of them work in Germany (23%), Switzerland (18%), Austria (14%), and Asia (25%). In addition to the permanent employees, at the end of 2013 GF also employed around 1 100 temporary contract workers and employees of subcontractors for whose occupational health and safety it had direct responsibility.

Employee fluctuation

In 2013, the fluctuation rate (including dismissals and retirements) was 12.1%. This corresponds to an increase of 2.2% compared with 2012. In absolute terms, 1 692 employees left the Corporation. In comparison with 2012, the number of employees leaving due to dissatisfaction with pay, conditions, the atmosphere at work, or career prospects fell. The number of influenceable departures was 3.4% in the review year, while non-influenceable fluctuation was 8.7%.

Number of employees

	2013	2012	2011	2010	2009
Employees, total	14 066	13 412	13 606	12 908	12 481
Europe	8 548	8 871	9 465	9 196	9 385
Thereof Germany	3 220	3 351	3 859	3 754	3 796
Thereof Switzerland	2 539	2 577	2 650	2 521	2 560
Thereof Austria	1 926	2 059	2 073	2 075	2 164
Thereof Rest of Europe	863	884	883	846	865
Asia	3 468	3 226	3 077	2 721	2 145
Thereof China	3 073	2 839	2 688	2 374	1 811
Americas	1 290	1 259	1 011	934	897
Rest of world	760	56	53	57	54

Employee satisfaction

All GF divisions conduct regular employee surveys on workplace issues. The potential for improvement that these surveys identify and the success of implementation are tracked. In 2013, 6 700 people in 46 companies throughout the Corporation (2012: 6 500 people in 52 companies) were surveyed. This corresponds to around 48% of the workforce. Based on the results, appropriate corrective measures were initiated where necessary.

Employee organizations

Worldwide, the working conditions of around two thirds of employees are defined by collective agreements such as sectoral or company pay contracts. Against this backdrop, over 200 people throughout the Corporation are employee representatives elected by their fellow employees. To promote a constructive working relationship, regular discussions are held in an atmosphere of openness with these in-house employee representative bodies. In Switzerland, the terms of employment are governed by the collective agreement on pay and conditions between the employers' association of the Swiss mechanical and electrical engineering industries (Swissmem/ASM) and the labor organizations. This agreement also stipulates that employee representatives must be promptly notified of any major changes in a company. In countries with relatively high labor costs, such as Germany, Switzerland, and Austria, HR managers maintain a constructive dialog with employee representatives in which they continually seek ways of balancing labor costs and productivity in order to maintain or boost competitiveness.

Pay and social benefits

In 2013, GF generated net value added of CHF 1.132 billion. Over 80% of this amount was paid out as salaries to employees. GF aims for a fair, modern and transparent remuneration system for employees, without discrimi-

nation. Salary levels are based on those being offered in the relevant market and individual salaries are set according to job requirements, personal performance, and the company's financial performance. Where appropriate, GF offers a performance-related variable component and allows employees to share in the Corporation's success. Excellence on the part of individual employees and teams is recognized and rewarded. In addition, GF offers the usual social benefits customary in the respective country and industry.

Target agreements

Managers regularly provide staff with open and constructive feedback on their performance, conduct, and development opportunities. The conviction underlying this approach is that fair assessment is the foundation for both personal and career development. This includes the performance appraisal meeting, where line managers meet with the employees in their area at least once a year to agree on achievable and measurable targets.

Health and safety in the workplace

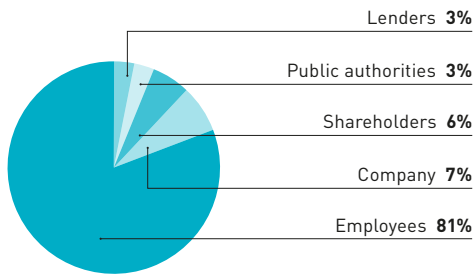
One of GF's sustainability goals is to obtain OHSAS (Occupational Health and Safety Assessment Series) 18001 certification for all production sites. By end-2013, 96% of these sites had achieved this certification. Newly established or acquired manufacturing companies must have obtained OHSAS certification after three years at the latest.

Accidents

In 2013, the accident rate fell from 50 per 1 000 employees (2012) to 45. The Corporation recorded 627 work-related accidents involving employees which resulted in at least one day's absence from work. The accident rate

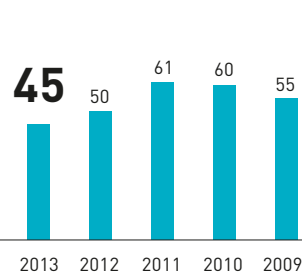
Distribution of the net added value

In %
(100% = CHF 1.132 billion)



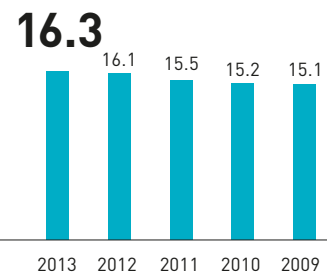
Work-related accidents

Accidents per 1 000 employees



Female employees

In %



for temporary employees was 82 per 1 000 employees (2012: 87). Even though GF's occupational health and safety activities indicate a decrease in accidents, sadly, GF had to regret six fatal accidents in 2013. Two of the fatalities were employees of external companies. The accidents were analyzed in details and actions will be taken to maximize safety around the entire Corporation. Every loss of life is a loss too many and cannot be accepted.

Absence rate

The absence rate fell slightly in the review year from 4.6% (2012) to 4.2%. Per full-time equivalent, this is equal to 10.1 absence days a year. 92% of these absence days are non-work-related. The rate for work-related absences is 0.32%. In order to enhance employee motivation to pursue a healthy lifestyle through adequate exercise, proper nutrition, and relaxation, the various GF companies offer a wide range of health-promotion activities. These include seminars on stress management and addiction prevention, back muscle training, company sports, and free flu vaccinations.

Diversity as an opportunity

With its sites in more than 32 countries, GF regards the diversity of cultures, religions, nationalities, skin colors, ethnicity, gender, and age as a valuable source of talent, creativity, and experience. GF encourages work in intercultural teams and increased internationalization, while also giving every employee the same career development opportunities and prospects. Managers are recruited internationally and are expected to have worked abroad for a long period.

Women in management

Women at GF have the same access to training and development activities as men in order to recruit and develop more women for leadership positions. The

proportion of women in management at the Corporate Companies stands at 11.7%. There are currently no women on the Executive Committee or in divisional management. Two of the ten members of the Board of Directors are female.

Female employees

In the year under review, 16.3% of employees were female. The manufacturing site with the highest proportion of female employees was Signet (GF Piping Systems) in the USA, where 46 of the 110 employees are women. Of the non-manufacturing sites, Georg Fischer Dienstleistungen GmbH, a GF Automotive subsidiary in Mettmann (Germany), has the highest proportion of women at 74%. Overall, the proportion of women across all divisions has remained constant, averaging 17% in the production companies and 26% in the sales companies.

Part-time employees

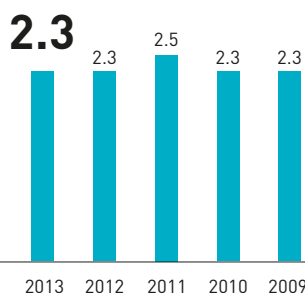
Part-time work is an option at over 50% of GF companies. Overall, the number of part-time employees in 2013 remained virtually unchanged. At 2.3% it is relatively low, despite the fact that GF offers flexible working time models. There is very little demand or desire for part-time work in serial production settings such as those predominating at GF Automotive and GF Piping Systems (casting or plastic injection molding). In addition, part-time work is more difficult to implement in shift-based working systems than in offices.

Employees with disabilities

At the end of 2013, GF employed 264 people with disabilities (previous year: 247). This equates to 1.9% of the total workforce. In addition, the Corporation sourced goods from workshops for the disabled worth just over CHF 2.5 million.

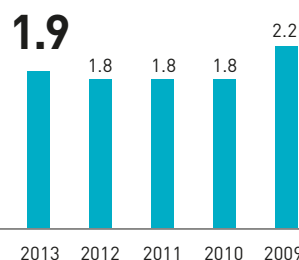
Part-time employees

In %



Employees with disabilities

In %



Discrimination

Equal opportunities in hiring and employment are stated in GF's Code of Conduct. No one may be discriminated against on grounds of gender, ethnic or national origin, age, religion, sexual identity, or disability. GF does not tolerate any form of discrimination. No cases of discrimination were reported in either 2012 or 2013. Various documents, such as the Code of Conduct, underpin the establishment and implementation of these principles in the 32 countries in which GF operates.

Social challenges

Demographics

Europe, where GF employs 61% of its workforce, is showing signs of demographic change. The associated trends in age distribution and a decrease in the population are foreseeable in the statistics. This means that a successful human resources policy must recognize the demographic, psychological, and age-related changes and identify, control, and leverage the opportunities and risks they present. The performance of the workforce must be sustained, for example through lifelong learning, preventive healthcare, and the timely development of younger employees.

Employer branding

Presenting GF as an attractive employer is the focus of an array of communication measures. These include stands at careers fairs, participation in panel discussions, presentations at universities, and inputs in the form of image advertising. In addition, since fall 2013, these measures have been accompanied by a strong presence on the social media channels Facebook, Twitter, LinkedIn, Xing and YouTube. Also against this backdrop, GF rose in the rankings for engineers compiled by Swedish employer branding journal "Universum", most recently by 20 places to number 72.

Anchored in the social environment

Through its fundamental values and corporate principles, GF is committed to promoting cultural, social, and environmental involvement. To this end, the holding company and Corporate Companies are locally involved at their respective locations. In 2013, around CHF 2 million were spent at Corporation level on social involvement activities. In addition to this, some 30 GF subsidiaries support local activities, making substantial contributions in some cases.

Clean Water Foundation

GF's Clean Water Foundation is dedicated to improving or providing access to clean drinking water. In order to effectively aid it in providing this basic necessity of life, GF gave the Foundation CHF 3.5 million when it was founded at the 2002 general meeting. So far, GF has promised the Foundation more than CHF 8 million. On this basis, the Foundation has thus far been able to implement over 110 projects in more than 50 countries on four continents. In 2013, the Board of Trustees gave just under CHF 400 000 to eight new projects in Bangladesh, Bolivia, Bosnia-Herzegovina, Congo, Indonesia, Kenya, Vietnam, and the Philippines for the victims of typhoon Haiyan.

Partnership with Caritas Schweiz

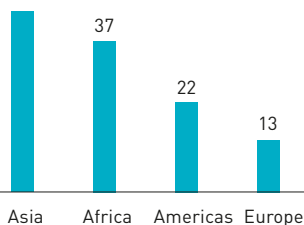
To mark the ten-year anniversary of the Clean Water Foundation, GF and Caritas Schweiz formed a partnership in the field of drinking water supply. To allow Caritas to give at least 35 000 people worldwide permanently improved access to clean drinking water by 2015, the Foundation has given it CHF 1 million in funding. In October 2013, Foundation representatives joined members of Caritas Schweiz on a visit to various villages in the Muminabad district of Tajikistan, on the border with

Clean Water projects

2002–2013

Total = 116 projects

44



Asia Africa Americas Europe

Afghanistan. In 2010 and 2012, GF's Clean Water Foundation had financed a number of simple and functional water projects in this area. The delegation also visited water management projects carried out by Caritas Switzerland in collaboration with local construction company Obi Zulol.

The Paradies Foundation

GF set up the Paradies Foundation in 1975 to preserve the former Clarissian convent located between Schaffhausen and Lake Constance and its environs in their historical state and to use them for appropriate purposes. Today, the Klostergut Paradies serves as a training center for the Corporation. However, it is also an attraction for numerous visitors from outside of GF. In 2013, around 870 events took place at the Paradies center, around one third of them organized by external companies. Moreover, over 220 guests were able to visit the convent as part of some 20 guided tours.

The Iron Library Foundation

The world-class Iron Library at Klostergut Paradies houses more than 40 000 publications on the subject of iron, with another 450 or so publications added each year. Besides important historical works by famous scientists such as Sir Isaac Newton and Otto von Guericke, the collection, which was founded by Georg Fischer AG in 1948 and has also been open to the public since 1952, also covers modern literature in the field.

The Homberger Foundation

From its inception in 1927, the Homberger Foundation has borne the name of its founder, the former Honorary Chairman of the Board of Directors and long-standing Managing Director, Ernst Homberger. The Foundation provides financial assistance to the children of employees of Georg Fischer AG and its affiliated companies to help them learn a trade or attend a course of further

education at polytechnics, universities, or similar institutions. The aim is to provide the beneficiaries with a solid foundation for their subsequent career development. Since 2008, the offer of training bursaries has been available beyond Schaffhausen to all GF Corporate companies in Switzerland. In 2012, 59 people were granted bursaries worth CHF 95 000, while in 2013, grants amounting to CHF 94 000 went to 60 persons.

Ecology targets

- Improve energy efficiency in production

10%

- Reduction of CO₂ emissions in production


20%

- Reduction of waste material volume in production

10%

- Reduction of CO₂ with energy-efficient GF products

- Consider sustainability in the supply chain



**“Scrap metal
is one of our
most impor-
tant raw
materials.”**

Axel Rudolph, foundry engineer and current Head of Quality Management for GF Automotive in Mettmann, has been working for the company for almost 37 years. As long as 25 years ago, a cupola furnace smelter that was far ahead of its time in terms of sustainability and efficiency was designed and built in Mettmann in collaboration with engineers from GF. The foundations for resource-efficient production were laid back then, and have been consistently pursued in all subsequent investments since.

Production of cast components for the automotive industry

The zero-waste foundry



Foundries require a great deal of energy, and a large part of that energy is usually lost in the form of waste heat. Not so in GF Automotive's iron foundries in Mettmann, Singen, and Herzogenburg. In Mettmann, engineers were already focusing on sustainability and efficiency 25 years ago, at a time when the concepts were still unfamiliar at many companies. The result was a trend setting and environmentally friendly system: raw materials, final products, and waste are all part of a zero-waste recycling system.



185 000 tons

of scrap metal recycled
at the Mettmann plant each year

Sustainable through foresight

It's hot, things steam and hiss, a metallic odor permeates the air, molten iron flows through fireproof channels into large holding furnaces. Here stands a cupola furnace, making molten iron at a temperature of over 1 500° C. The 18-meter high shaft furnace is an essential component of all sustainability projects at GF Automotive's iron foundry in Mettmann. Axel Rudolph, current Head of Quality Management at GF, was certainly looking ahead when he developed the cupola furnace 25 years ago in collaboration with a team of designers: at that time still the foundry manager, he

wanted to use the fossil fuels coke and coal to heat the furnace in a highly efficient and hence sustainable way. The result was an installation which uses some of the waste heat from the furnace to convert the remainder of the thermal discharge into steam, thus driving a turbine. The turbine, in turn, drives both a turbo compressor and a generator, thereby producing compressed air and electricity which are fed into the plant's own network. This generates 3.2 MW of energy, around 25% of the connected load for the Mettmann plant. As a result, the cupola furnace achieves a thermal efficiency of 75%.



A scrap cube measures 50 cm along the edges and weighs 200 kg. Up to 4 000 scrap bales a day are processed at the foundry; they contain many valuable raw materials.

Without such a heat recovery system, almost half of the energy would be lost. "The furnace would then be only roughly as efficient as a conventional car engine or coal-fired power plant without a cogeneration system," says Rudolph.

The filter unit for the furnace was also designed to be considerably larger than officially required at the time. As a result, the plant has no problems with particulates even today: "The air coming out of our chimneys contains fewer particles than the air we draw in," says Rudolph.

But it is not just the energy-efficient furnace that has been designed for sustainable production. It provides the basis for a virtually waste-free recycling system without which the plant would no longer exist today. That, at least,

is the opinion of foundry engineer Rudolph: "If we had not focused on sustainability and efficiency in all our projects from the word go, we would probably already be history, like many other foundries in the area." Energy and staffing costs are constantly rising and they have to be absorbed via intelligent, optimized production processes.

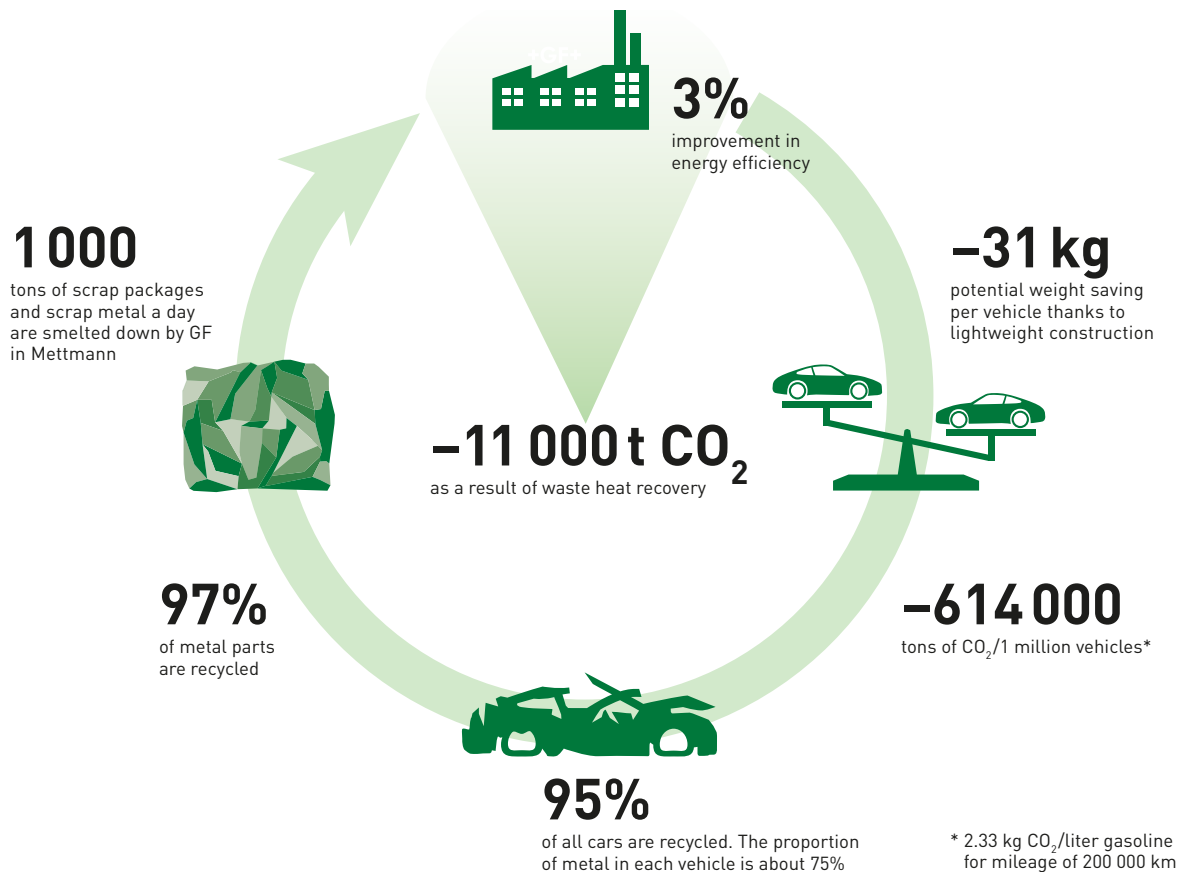
New car parts from scrap

Even the raw materials for the smelting process are 100% recycled. Last year, the cupola furnace processed 185 000 tons of scrap metal, mainly waste material from the body shops of various car manufacturers. GF's Mettmann plant uses this waste to produce high-quality safety components for vehicles. "We take a waste product from the automotive industry and use it to make safety-relevant chassis components for that same industry," says Rudolph, who has been working at the Mettmann foundry for almost 37 years. "I don't know of any recycling concept which is more effective. On the basis of the 'waste product' scrap metal, GF produces up to 200 000 tons of car parts every year."

To understand how important recycling is to GF, one simply needs to take a look at the foundry's "scrapyard." Here the compressed scrap bales of sheet metal tower meters high before being taken to the cupola furnace by magnetic cranes. The metal sheets gleam like silver in the light of day. They are galvanized so as to protect

GF recycling cycle

All figures are for Europe





GF Automotive's plant in Mettmann is one of the most modern and efficient foundries in the world.

“We smelt roughly the equivalent of an Eiffel Tower every week.”

Axel Rudolph, Head of Quality Management, GF Automotive Mettmann

the cars' bodywork from rust. “Many foundries can't use these galvanized sheets because their smelters aren't designed for them,” explains Rudolph. “Our cupola furnace, by contrast, has no problem with them. Quite the opposite, in fact: as it vaporizes and oxidizes during the smelting process, the zinc builds up in the filter dust in the form of zinc oxide, which we can then sell to the zinc smelting works.”

Stephen Schott, a project manager with GF Mettmann, is also a fan of recycling. He designed the new production line for lightweight components which began operations two years ago. This automated system uses moulding sand to manufacture up to 240 casting moulds per hour for highly complex automotive parts which are then filled by casting robots. After it has cooled down and the cast parts have been removed, virtually all of the moulding sand is automatically recycled. A small fraction which cannot be recycled is passed on to the construction industry for filling material.

Energy-saving heating

But Schott was not satisfied yet. He did not just want to save production resources, but also energy. An ingenious system makes optimal use of the energy released as the iron solidifies and cools via a rotary heat exchanger located on the roof of the new production plant. The energy is used to heat the fresh air channeled to the employees' workstations. Using this system, the factory building is completely self-heating. “By skillfully mixing the exhaust air streams, we can dispense with the need for gas burners to heat the dedusting pipes, thus preventing condensation,” explains Schott. Thanks to this and other energy-saving measures, the Mettmann plant has lowered its energy costs by 41%.



Among other things, GF Automotive manufactures steering knuckles with a lightweight bionic design in Mettmann.

Environmental Report

The biggest impact on the environment in industrial manufacturing operations stems from energy consumption and air emissions. The waste caused by manufacturing activities also has an impact. Water consumption plays a less significant role at many locations. Due to the large quantities of coke, natural gas and electricity needed for their energy- and material-intensive smelting processes, GF Automotive's foundries have the biggest environmental impact when compared with the other divisions.

Environmental data

GF gathers environmental data at its production sites using its Sustainability Information System (SIS), the Corporation-wide reporting system for the collection of ecological and social data. Corresponding data were compiled at all production sites in the 2013 calendar year with the exception of production companies where GF's holding was less than 50%. The data obtained cover about 12 000 Georg Fischer Corporation employees (approx. 85% of the workforce) and an estimated 95% of its environmental footprint.

Material and energy flows

GF records energy and water on the input side, and air emissions, wastewater, and waste on the output side as environmentally relevant data. All flows within the limit of detection (see page 37) are taken on board. Emissions that occur during electricity generation are particularly significant. The impact of business travel by plane and company car is also recorded. The scope of recording does not include purchased materials, infrastructure (building and plant), waste and wastewater treatment, transport (deliveries and product distribution), and product use at the customers' end. Although acquisitions and the divestment or closure of recorded sites have an effect on the results, in 2012 and 2013 these had only a minor impact on Corporation-wide results, which are therefore readily comparable with those of previous years.

Priorities and challenges

Progressive climate change and global warming are confronting humanity with major environmental and social challenges. These include assuring a reliable supply of clean drinking water. Accordingly, GF is committed to making a significant contribution in the areas of climate protection and clean drinking water, both in its processes and in the products it manufactures.

Climate and energy

Improving energy efficiency and reducing CO₂ emissions go hand in hand. Key measures on the path to achieving these GF sustainability goals are increasing the energy efficiency of our production facilities and expanding our waste heat recovery systems. One current option for reducing energy consumption is to use waste heat from engineering plants for heating or generating power.

Water

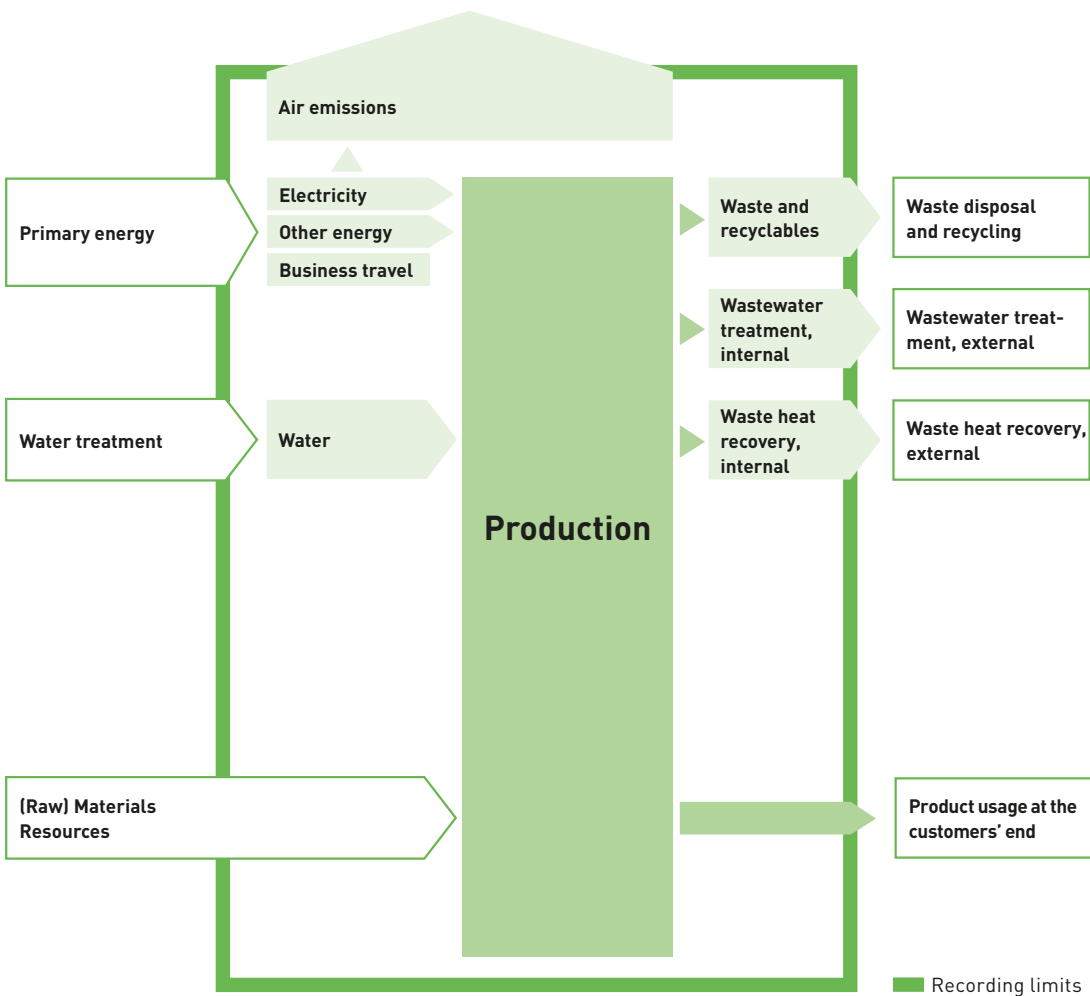
The findings of the World Business Council for Sustainable Development are alarming: one billion people have no access to clean drinking water, and 2.5 billion lack basic sanitary facilities. Products from GF contribute to the efficient use of this resource and provide comprehensive system solutions for water supply, water treatment, and building technology.

Measures

In 2013, GF implemented a considerable number of measures to help it achieve its sustainability goals. For example, at its plant in Traisen (Austria), GF Piping Systems managed to cut its specific electricity consumption for compressed air generation by 5.1%, and its specific coke consumption for the cupola furnaces by 2.8%. GF Omicron site in Italy reduced hazardous waste by 40% compared to the previous year. In the United States, Georg Fischer Harvel was awarded the "Little Rock Wastewater Pretreatment Excellence Award" for its exemplary wastewater treatment system, while the El Monte (USA) site reduced electricity consumption at its factory by almost 15% compared to 2012 thanks to optimized working hours. By replacing its oil-fired heating system with a thermal heat pump and buying in 100% hydro electric power, the Seewis plant in Switzerland has achieved virtually emission-free production. A logistics project in Schaffhausen (Switzerland) aimed at improving the utilization of freight container capacity and switching

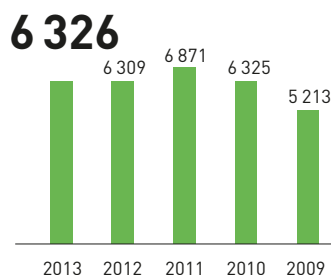
Recording limits for environmental data

The recording limits for environmental data show the frame of the collected data of the Sustainability Report. All data within the system boundary are recorded. In particular, these include energy and water, as input, and emissions, waste water, and waste as output. Purchased materials, building infrastructure, waste and wastewater treatment, product transport, and use at customers' end are not recorded.



Energy consumption

1 000 gigajoules



freight from the air to the sea is making a valuable contribution to reducing logistics-related CO₂ emissions.

Energy

Because energy consumption has the biggest environmental footprint at GF, it is essential to streamline production processes so as to minimize the consumption of energy and increase energy efficiency.

Energy consumption

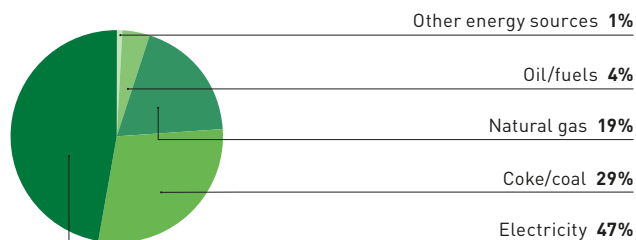
In 2013, production volumes rose by 2.2% in GF's divisions, while sales increased by 1% overall. Although production volumes rose from 2012, energy consumption increased by just 0.3% to 6.326 million GJ thanks to a range of energy efficiency measures. All told, GF spent more than CHF 146 million in energy in 2013. The 13 largest production sites account for 90% of total energy requirements. Thus, around two thirds of the energy was consumed by the four largest foundries in Singen and Mettmann (Germany) as well as Herzogenburg and Altenmarkt (Austria). By contrast, the 20 production sites with the lowest consumption figures account for less than 3% of overall use. GF has set itself the goal of improving energy efficiency in production by 10% by 2015 (see page 17). To achieve this goal, measures for reducing energy consumption have been implemented at all production locations. In particular, these include the expansion of waste heat recovery, acquisition of energy-efficient equipment and components, and demand-based system controls. A number of sites are certified to the DIN EN ISO 50001 energy management system. This standard is compatible with certifications to ISO 9001 (quality), ISO 14001 (environment) and OHSAS 18001 (occupational safety and health).

Energy sources

The most important energy sources at GF are electricity, coke, natural gas, and oil. Coke is used in the found-

Energy sources

In %



ries for smelting and carburizing. Electricity, natural gas, and coke are the main energy sources used to keep production processes running. Buildings are heated primarily by oil supplemented by energy from waste heat recovery and district heating. In 2013, electricity's share of GF's total energy consumption was around 47% as in the previous year, while coke accounted for 29% (30% in 2012). The remainder was covered by natural gas and other energy sources.

Renewable energy and heat recovery

In 2013, GF raised the share of renewable energies and heat recovery in its total energy consumption to 6.6% (5.8% in 2012). The increase in the share of eco-electricity and greater proprietary production of hydroelectric power at the Herzogenburg and Traisen (Austria) sites have made a significant contribution here. In 2013, around 18% of the electricity requirements was met with hydroelectric power in Traisen (Austria).

Air emissions

Carbon dioxide (CO₂) emissions along with methane (CH₄) and other greenhouse gases, contribute to the greenhouse effect. These air pollutants result primarily from the supply and use of energy sources such as coke, natural gas, and oil. Furthermore, other air pollutants such as nitrogen oxides (NO_x) sulfur oxides (SO_x) and volatile organic compounds (VOCs) are also released.

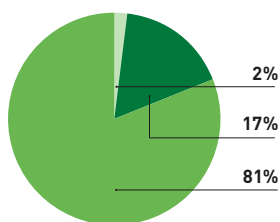
Direct and indirect emissions

A distinction is drawn between direct (Scope 1) and indirect (Scope 2 and Scope 3) emissions of air pollutants.

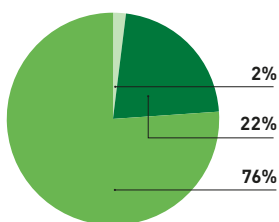
- Direct emissions (Scope 1) are created by GF's consumption of fossil fuels such as gas, oil, and coke, or they stem from production processes, for example in the foundries. As a rule, these emissions are much smaller than emissions from fossil fuel consumption.
- Indirect emissions (Scope 2) are not created by GF itself,

Contribution of the divisions to four key environmental indicators

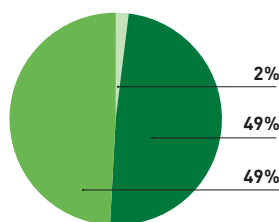
■ GF Piping Systems ■ GF Automotive ■ GF Machining Solutions



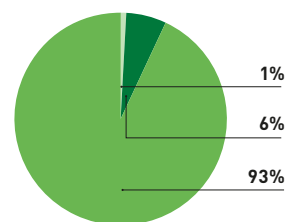
Energy consumption
(100% = 6 326 million gigajoules)



CO₂ emissions
(100% = 713 000 tons)



Water consumption
(100% = 2 841 million m³)



Waste and recyclables
(100% = 324 000 tons)

but by the generation of electricity and district heating which are then consumed at GF plants and sites.

- Indirect emissions (Scope 3) are released when GF staff travel by car or plane for business purposes. These emissions occur outside of GF sites.

Emissions

Approximately 40% of emissions of both nitrogen oxides (NO_x) and sulfur oxides (SO_x) occur during fossil fuel combustion, while electricity generation accounts for around 60%. Changes in these emissions should therefore always be viewed in close conjunction with GF's overall energy requirements. Emissions of sulfur oxides fell by 1.2% in 2013, while nitrogen oxide emissions rose by 1.4%. Volatile organic compound (VOC) emissions were caused in approximately equal measure by production processes and energy consumption. These emissions are mainly attributable to the use of cleaning agents, adhesives, and paints. In the year under review, VOC emissions remained unchanged compared with the previous year, at 0.18 tons. The VOCs emitted by production processes were also kept at a consistently low level of 0.09 tons. None of GF's production processes emit any substances that damage the ozone layer. Except for tiny quantities in a few laboratories, GF does not use any halogenated hydrocarbons. Such substances are contained in a few closed systems, for example in fire protection or refrigeration systems. However, they do not cause any emissions unless there is an incident or a fire.

Greenhouse gas emissions

Carbon dioxide (CO₂) and methane (CH₄) are among the greenhouse gas emissions indirectly caused by GF when it consumes energy. Any measures taken to reduce energy consumption therefore also lower these emissions. The figures reported here have been calculated on the basis of specific emission factors (e.g.

ecoinvent data base) that take into account the type of energy source used and the electricity mix in individual countries.

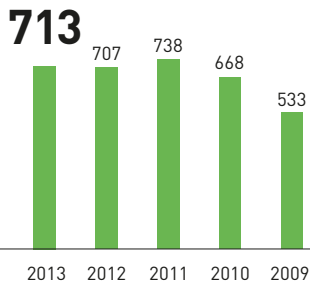
CO₂

Due to the higher production volume in the year under review, total emissions of the greenhouse gas CO₂ rose by 1% on 2012, to 713 000 tons. This trend is connected with the increased manufacturing volumes at GF. In 2013, direct emissions at production sites (Scope 1) amounted to about 250 000 tons of CO₂ (2012: 255 000 tons). The producers of the electric power and district heating used by GF emitted around 455 000 tons of carbon dioxide (Scope 2) in 2013 (2012: 445 000 tons). Compared with the emissions from energy consumption in production, emissions caused employee business travel are low. At around 8 000 tons, they accounted for only around 1% of total emissions (Scope 3). Against this backdrop, GF is currently focusing on introducing measures to enhance energy efficiency in production. Approximately 95% of the Group's methane (CH₄) emissions arise from electricity production, with the rest attributable to the burning of fossil fuels at production sites. Compared with the previous year, methane emissions rose by 5.5% in 2013. Unlike energy consumption, production processes themselves only cause minor emissions of CO₂ and methane. GF's production processes do not release any other greenhouse gases; in particular, GF plants do not use any sulfur hexafluoride (SF₆).

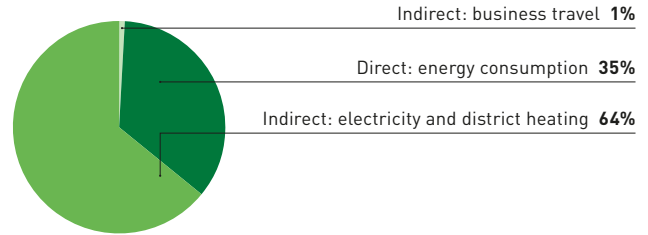
Legislation and guidelines

Lawmakers are setting increasingly narrow emissions limits. Thus, for example, the Mettmann and Singen (Germany) sites have been subject to the European Union's Emissions Trading Registry since 2013. In Switzerland, the CO₂ Act has been in effect since the year 2000. One of the goals of this law is to achieve, by 2020, a 20% reduction in the country's CO₂ emissions com-

CO₂ emissions
1 000 tons



CO₂ emissions direct/indirect
In %



pared with 1990. Since early 2008, Switzerland has levied a CO₂ tax on fossil fuels such as oil and natural gas; as of 2014, this tax has been CHF 60 per ton of CO₂ emissions. Because the revenues from this tax are reimbursed to the population and business community, its financial impact on GF is only small.

Waste and recycling

Avoiding waste in the first place or recycling it if it does occur is an effective way to save valuable resources and is therefore a key feature of environmental management at GF. At the same time, this approach reduces the cost of disposal, and fewer raw materials have to be purchased.

GF distinguishes between four categories of waste depending on the type of waste and manner of disposal:

- Normal waste that is recycled
- Normal waste that is landfilled or incinerated
- Hazardous waste that is recycled
- Hazardous waste which is treated or incinerated

Recyclables

Since recycling is now standard practice in the foundries and plastics production facilities, waste is channeled from production directly back into the manufacturing processes. As a result, GF was able to increase the amount of waste it internally recycled to 70% in 2013 (2012: 67%). The volume of waste being landfilled or incinerated fell by 18% on the previous year despite a rise in sales.

Water

Careful use of water plays an important role in industrial production. At many of its sites, GF obtains water not only from public supply systems, but also from its

own sources or surface water. Water is used primarily to cool equipment and cast parts in the foundries and plastics facilities, with the water from public supply systems accounting for only around 20% of total consumption. The remaining 80% comes from GF's own sources. This industrial water is used primarily for cooling purposes. As it is not polluted in the process, its environmental impact is small. Despite rising production volumes, water consumption in 2013 rose by just 0.2% compared to 2012.

Wastewater

Around one third of the water used at GF becomes wastewater. The other two thirds are used for cooling, evaporate, or are returned to nature unpolluted. The wastewater is treated at public wastewater treatment plants. At the larger production sites, the facilities pre-treat part of the wastewater internally. Overall, GF was able to reduce the amount of wastewater it produced in 2013 by around 1% compared with the previous year.

Expenditure on environmental protection

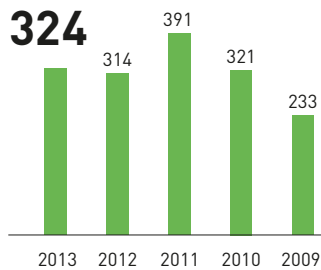
GF continues to invest in environmental protection, spending CHF 14 million in this area in 2013. Once again, GF Automotive accounted for the majority of this investment (90%). In addition, around CHF 9 million went towards the construction of new facilities in Mettmann (Germany), and around CHF 8 million to the operation and maintenance of existing systems, especially those for the treatment of exhaust air, wastewater, and waste. Moreover, GF also invested in training and development measures for specialists and in environmental measures for building renovation and new build projects.

New facilities

The commissioning of a production line at the Mettmann site in Germany during the year under review

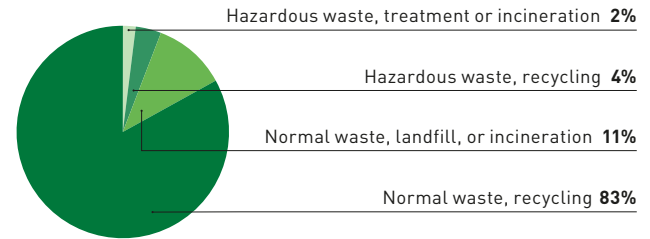
Waste volumes

1 000 tons



Waste categories

In %



marked the achievement of a major milestone. This new production line, which is intended primarily for forward-looking lightweight components, is as yet unique. The heavy work is performed by more than 20 robots. The resulting high level of automation takes some of the strain for our employees. The building housing the line is heated by heat recovered from the exhaust air, while state-of-the-art electric motors are cutting energy consumption by more than 40%.

Environmental costs

Spending on energy rose by 5% to CHF 146 million in 2013. Water costs increased from CHF 3 million to around CHF 4 million. Despite high recycling rates, waste disposal costs went up by 60%. This is due to higher waste volume generated by GF Automotive. In addition, the sales volume generated by recycled waste declined at GF Piping Systems.

Incidents and regulatory compliance

Just as for material and energy flows, compliance with environmental legislation is recorded using the Sustainability Information System (SIS). This analysis also incorporates the number of incidents that have an impact outside of GF production facilities and complaints from residents or other interested parties. No incidents were reported in 2013.

Legal conformity

This self-declaration confirms that relevant legal requirements regarding environment and health and safety have been monitored and respected. In the 2013 reporting year, no cases of non-compliance with legal requirements regarding the environment and health and safety were reported or otherwise detected.

Economic targets

- Return on invested capital (ROIC)

16–20%

- EBIT margin

8–9%

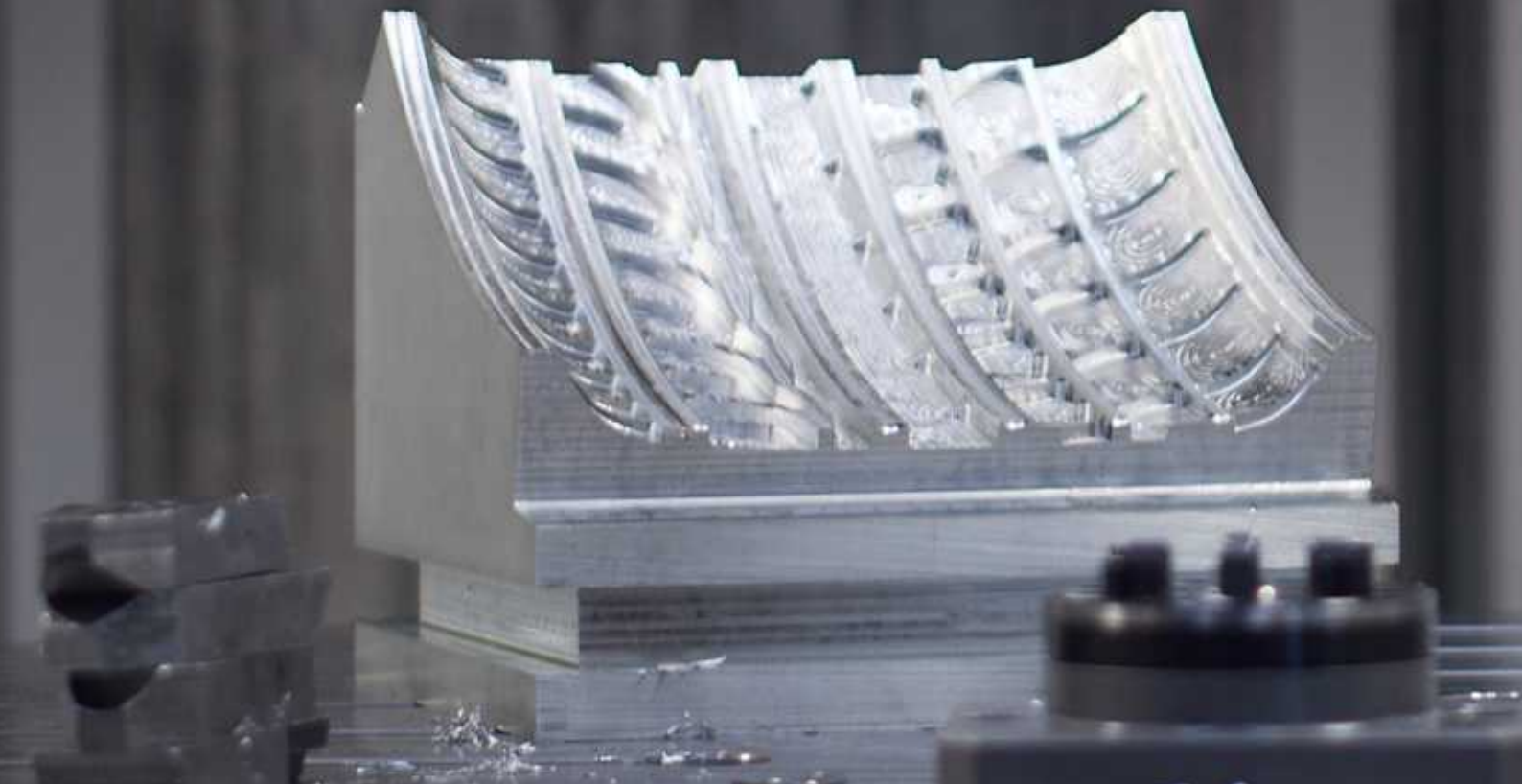
- Growth:
Investments in growth markets
- Performance improvements
- Reducing cyclical fluctuations
- Increasing the pace of innovation

A close-up portrait of Johnson Chen, a middle-aged man with short dark hair, wearing a dark suit jacket, a white dress shirt, and a grey patterned tie. He is smiling slightly and looking towards the camera. The background is a blurred industrial setting.

“We help our customers to design their production process more efficiently.”

Johnson Chen, Managing Director of GF Machining Solutions Shanghai, commissioned a new Center of Competence at the Shanghai location, which is one of three in China. Here, engineers develop new technologies and solutions in the areas of milling (Mikron), electrical discharge machining (AgieCharmilles), laser texturing (AgieCharmilles), and automation and tooling (System 3R); they also help customers improve their manufacturing processes over the long term. By means of training and presentations, customers learn how to get the most out of GF solutions in terms of cost-efficiency and environmental considerations.

Moving towards greater efficiency in China



China's rise to becoming an economic power is unprecedented. However, to ensure that environmental pollution and resource scarcity do not stifle future growth, the country is executing a course correction towards greater sustainability. With its high-precision machines and innovative, custom-tailored solutions generated by Centers of Competence, GF Machining Solutions is supporting its customers in China to design their production processes as efficiently as possible, and to save energy and raw materials.



20%

GF's market share in
China's EDM segment
by 2015

Sustainable improvement of production processes

For companies in China, greater sustainability is the challenge of the future and this applies all the more to companies in the industrial sector. GF Machining Solutions actively supports its customers in China to achieve their sustainability objectives. "Part of our job is to offer our customers the latest technical solutions, innovations, and services with which they can design their production processes more efficiently and in a more resource-sparing manner," explains Johnson Chen, Managing Director of GF Machining Solutions in Shang-

hai. To do so, the division's three Centers of Competence each have specifically assigned, critical missions. In Peking, GF bundles its expertise geared toward the future-oriented aerospace industry and the domestic appliance segment. The Center in Dongguan specializes in applications for information and communications technology. The third high-tech Center and Asia Academy were opened in January 2014 in Shanghai and focus on customers in the automotive and electronic component industries.

Custom-designed solutions

The Centers of Competence offer ideal framework conditions to develop new technologies and solutions in the areas of milling (Mikron), electrical discharge machining (AgieCharmilles), laser texturing (AgieCharmilles), and automation and tooling (System 3R), which are all oriented to the specific requirements of the individual customers.

“Our business results are becoming more and more sustainable.”

Johnson Chen, Managing Director of GF Machining Solutions Shanghai

GF Machining Solutions' highly specialized application technicians analyze a customer's production processes and look for technical improvement to raise the efficiency of the machines and processes. Part of the review also includes a cost analysis and an evaluation of the customer's experience with the performance of the products delivered by GF Machining Solutions. In this way, customers can pursue manufacturing processes that consume less energy and have lower material costs over the long term.

Asia Academy

At the Centers of Competence, GF Machining Solutions also offers its Chinese customers various types of training on subjects like how to use the machines efficiently over the long term, to thereby increase production output. The Shanghai location is home to the Center of Competence as well as GF Machining Solutions' new Asia Academy, where its employees from all Sales Companies in Asia can receive continuing education courses. Based on the principle of a "learning organization," course participants from the various companies exchange knowledge and information, and thereby help to continually improve customer-oriented service performance.

In addition, GF Machining Solutions is also using the Centers of Competence for product demonstrations. During these, the company briefs its Chinese customers about the latest developments in milling, EDM, and laser technologies. "Many of our customers in China still work with some very old machines that consume large amounts of energy and material," says Chen. "Here at our Centers of Competence, we can demonstrate how they can manufacture goods faster, more cost-effectively, and more sustainably thanks to the high quality and efficiency of our machines," explains the Managing Director.

Interview

Johnson Chen, Managing Director of GF Machining Solutions Shanghai, talks about GF's contribution to sustainable growth of the Chinese industry.

Mr. Chen, what can GF Machining Solutions' Centers of Competence in China contribute to sustainability?

The most important objective of the Centers of Competence is to work closely with leading industrial companies in China in finding new solutions that can increase the quality of their products that they manufacture with our machines and improve the efficiency of the manufacturing process. We will then be able to recommend the results to other customers in the same industrial sector. In this way, we provide our customers with proactive solutions and thereby contribute to sustainability.

Can you name some examples?

One of our customers required a modification to one of our wire-eroding machines. The engineers in

our Center of Competence in Shanghai worked with the customer and quickly found a temporary solution. We forwarded the results and experiences from this project to our Development Section in Switzerland. There, colleagues developed an official solution for problems of this type and made it market-ready.

How do you actually help your customers to implement more sustainable manufacturing processes?

We have a very unique example for that question. One of our customers had a chemical etching company. However, the entrepreneur suffered from a skin condition, which is a typical hazard in this profession. He was ready to get rid of his business, but then he came across our laser texturing machines. Thanks to the laser machines, he no longer needs aggressive chemicals and the quality of his products is better, too. In the meantime, he successfully founded another company that specializes in laser texturing, and is currently using six of our machines.



The highly modern Center of Competence in Shanghai specializes in the automobile and electronics industries.

Saving energy

At its new Center of Competence in Shanghai, GF Machining Solutions shows how one can increase the sustainability of production facilities in simple ways. For example, the lighting is provided entirely with energy-saving LED lights. The building has double doors to prevent heat loss when the machines are brought into

or taken out of the Center. And the Center is equipped with a moveable filter system to collect oil vapors from milling machines and exhaust air from EDM machines. Even small innovations like these can help companies in China to achieve sustainability objectives.

“The most important objective of the Centers of Competence is to work with leading industrial companies in finding new solutions.”

Johnson Chen



Johnson Chen, Managing Director of GF Machining Solutions in Shanghai (left), and Laurent Castella, Market Manager for Asia at GF Machining Solutions.

Economic Report

With nominal growth of 1%, GF generated sales of CHF 3 766 million in 2013. On a like-for-like basis, corrected for changes in the scope of consolidation and currency effects, growth amounted to 2%. Operating profit (EBIT) rose 13% to CHF 251 million as plants were better loaded in the second half and overhead costs were kept at the previous year's level. The EBIT margin went up from 6.0% to 6.7%, and the return on invested capital (ROIC) from 15.7% to 16.7%.

Financial overview

Against a background of increasingly volatile markets, GF is shifting the Corporation towards less cyclical activities and a stronger presence in growth markets under its 2015 strategy. At GF Piping Systems, for example, strong sales in Asia, especially in the second half of 2013, made up for sluggish business in Europe, the result of inclement weather, during the first four months. At GF Automotive, the foundries in China were operating at full capacity; the first half of the year especially in Europe, was characterized by a weak passenger car market. In the last quarter, however, GF Automotive benefited from a sharp rise in truck-related sales. GF Machining Solutions saw sales gains in Europe and the United States, while the long-booming emerging markets such as India and Brazil were affected by currency depreciations.

Strategy and objectives

Implementation of the 2015 strategy has been under way since 2011, and GF achieved corresponding progress in 2013. GF Piping Systems' share of the Corporation's total sales has grown steadily in recent years, for example, and now exceeds 37%. Further acquisitions and entry into new markets will raise this figure to 40–45% by 2015. One milestone in this process was the acquisition of Hakan Plastik of Cerkezköy (Turkey) in July 2013, the leading provider of plastic piping systems in the building technology and water supply markets. The acquisition perfectly complements GF Piping Systems' product range and represents a significant step towards better access and further growth in the promising markets of Turkey, the Middle East, and Eastern Europe. Further acquisitions are planned, given appropriate market conditions and suitable circumstances. Under the 2015 strategy, GF Automotive is focusing on enhancing productivity in Europe and further expansion in China. Divestments in Germany in 2012 brought the division's share of sales below the 40% mark for the first time.

GF Machining Solutions' share remained stable at 23% for the year under review. The division continues to focus on less cyclical markets, reducing its dependency on Europe. Accordingly, the percentage of sales in Asian markets rose from 20% in 2012 to 21% in 2013. Across divisions, GF currently maintains 16 production sites along with sales offices and research and development centers in China, where the group has had a presence since 1993. Overall, China's share of consolidated sales is 16%, a figure that should grow to over 20% by 2015.

Outlook for 2014

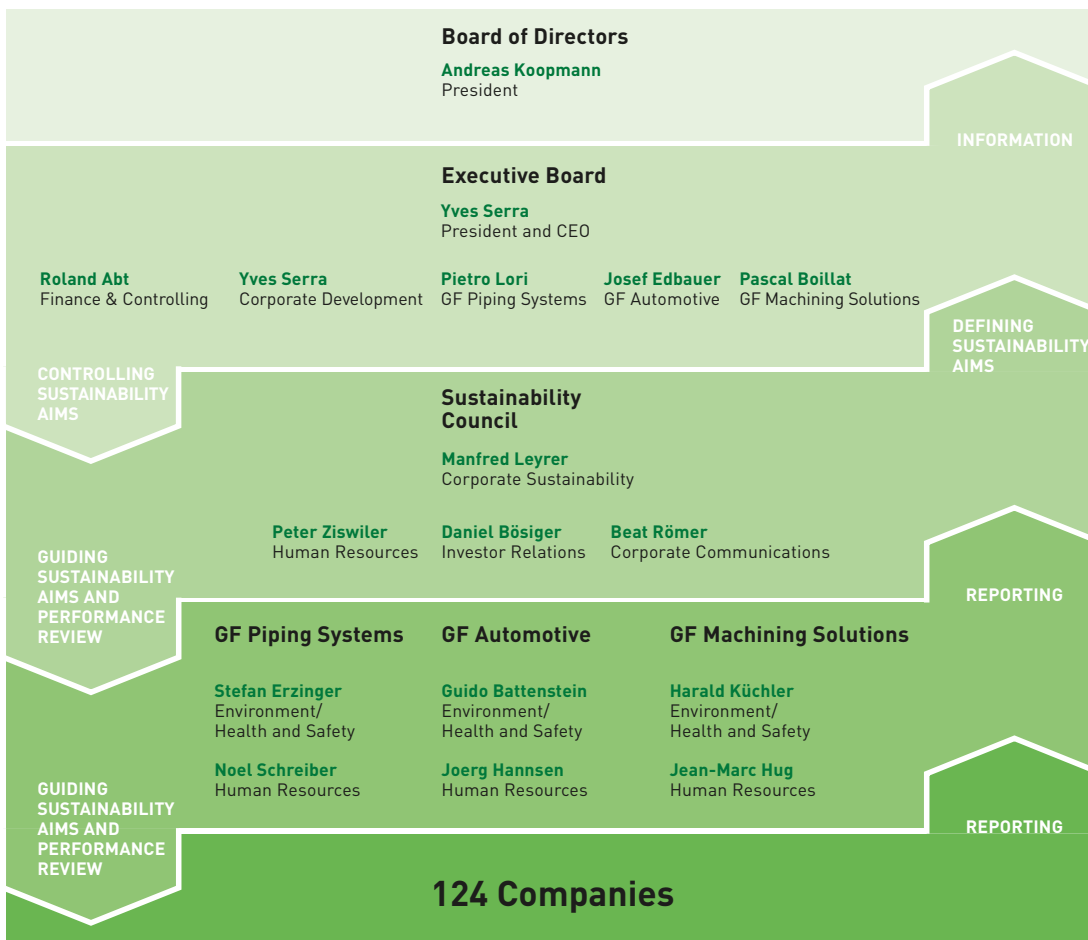
Although an upward trend was discernible in the second half of 2013 in various markets of significance for GF, we anticipate that market conditions will remain volatile in the coming months. The forecasts for GF Piping Systems and GF Automotive expect each of these divisions to account roughly 40% of consolidated sales, which will further improve portfolio balance. Against this background, GF anticipates a further increase in both sales and net profit in 2014, barring any rapid change due to unforeseen circumstances. The profitability goals set out in the 2015 strategy are confirmed, although the Executive Committee has raised the ROIC target from 16% to 20% due to the changeover to Swiss GAAP FER accounting standards. The target EBIT margin (ROS) remains at 8–9%.

Global market presence

Asia, especially China, remains our strong growth market. Asian markets' share of total sales continued to grow in 2013 to reach 21% (2012: 20%). Germany remained the largest single market in the year under review, accounting for 31% of sales (2012: 34%). Subsidiaries in Europe accounted 61% of sales (2012: 64%). The number of employees in Asia grew due to our increasing global presence. At 25%, this region now has the highest number of employees, followed by Germany with 23%.

Sustainability structure of GF

Management's commitment to sustainability is reflected in its assignment of ultimate responsibility in this area to the Executive Committee. The Sustainability Council, a task force with representatives from Human Resources, Sustainability Management, Investor Relations, and Communications, confers on how to further develop sustainability within the Corporation. Together with the Executive Committee, the Council defines the sustainability targets for the three divisions and 124 companies. The Executive Committee biannually monitors to what extent they have been achieved. Data are collected through the global GF Sustainability Information System (SIS).

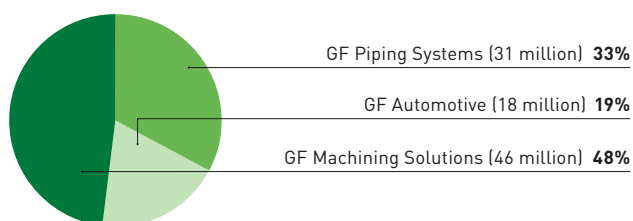


As of 1 March 2014

Expenditure on R&D by divisions

million CHF

(100% = CHF 95 million)



Research & Development

GF has a decentralized research and development structure that enables it to respond rapidly to customer needs. The three divisions operate 20 research and development (R&D) centers worldwide, five each in the Americas and Asia and ten in Europe, employing some 600 staff members. In 2013, the divisions invested roughly CHF 100 million in R&D and filed a total of 46 patent applications.

Investments

GF continues to invest in the future, making investments of CHF 130 million in property, plant, and equipment in 2013. GF Automotive accounted for a large part of the total, with CHF 58 million (45%); one-third of this amount went into the expansion of the Chinese foundries in Suzhou and Kunshan. GF Piping Systems spent CHF 55 million on modernization of buildings and production facilities. Some 63% of investment took place in Europe, 28% in Asia, and 8% in the Americas. Total investments in 2014 will be significantly higher,

including EUR 55 million for a state-of-the-art production line in Singen, Germany. The new facility will significantly improve the efficiency and competitiveness of GF Automotive's largest foundry.

Corporate Governance

Good corporate governance is a top priority for Georg Fischer AG's Board of Directors and Executive Committee. In the interest of shareholders, customers, business partners, and employees, the Corporation, which is incorporated under Swiss law, fulfills all obligations set out in the Swiss Stock Exchange Directive on Information Relating to Corporate Governance. Implementation and ongoing optimization of corporate governance principles ensure the required level of transparency so that investors can assess the quality of the company at any time.

Five-year overview Corporation

million CHF

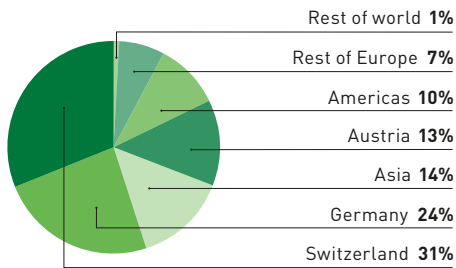
	2013	2012	2011	2010	2009
Order intake	3 795	3 691	3 734	3 625	2 906
Sales	3 766	3 720	3 638	3 447	2 906
EBIT	251	222	235	180	-201
Net profit/loss	145	138	168	108	-238
Free cash flow	108	19	103	150	94
Net debt	352	334	294	321	472
Equity %	978	979	1 223	1 124	1 152
Return on sales (EBIT margin) % ¹	6.7	6.0	6.5	5.2	-2.0

¹ In 2009, before special charges.

The consolidated financial statements have been prepared in accordance with Swiss GAAP FER since the beginning of 2013. Prior-year figures have been adjusted accordingly. The years 2009-2011 are represented according to IFRS.

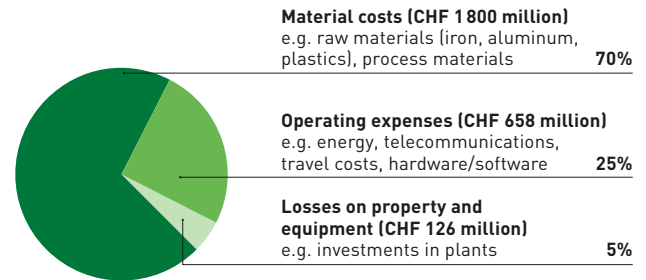
Gross value added by region

In %
(100% = CHF 1.29 billion)



Procurement costs

million CHF
(100% = CHF 2.5 billion)



Management bodies

The most senior management bodies are the Board of Directors and the Executive Committee. The Board of Directors supervises the administration of the business and is responsible for strategic direction and the formulation of financial and accounting policies. The three standing committees (Audit, Nomination, and Compensation committees) prepare the business with which they are entrusted for submission to the full Board of Directors. Temporary committees may be formed as needed. The Executive Committee deals with all topics relevant to the Corporation, makes decisions within its remit, and submits proposals to the Board of Directors. The CEO and the heads of the two Corporate Staff Units, Corporate Development and Finance & Controlling, constitute the Corporate center. These three also support the Board in the fulfillment of its responsibilities.

Share price 2009–2013



GRI-Content-Index

Report element	Sustainability Report 2013	Annual Report 2013	Status
Profile	Page	Page	
1. Strategy and analysis			
1.1 Statement of the CEO	4	10–13	●
1.2 Key impacts, risks and opportunities	6–11, 16f.	14–19, 36–39, 40ff.	●
2. Organizational profile			
2.1 Name of the organization	6f.	4, 34	●
2.2 Brands, products and services	6f.	15–19, 22–33	●
2.3 Organizational structure	6, 49	34f., 40–49	●
2.4 Headquarters	6, 59	34	●
2.5 Locations of operation	7	104–106	●
2.6 Nature of ownership and legal form	6f., 48	47–49, 121f.	●
2.7 Markets served	7, 50	15–18	●
2.8 Company profile	6f.	4, 37, 104–106	●
2.9 Significant changes during the reporting period regarding size, structure, or ownership	6f., 9	14–19, 40	●
2.10 Awards received	38	8f., 17, 39	●
3. Report parameters			
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3.2 Date of most recent report	59	68–74	●
3.3 Reporting cycle	59	68–74	●
3.4 Contact point	59	125	●
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3.6 Report boundary	8, 24, 37, 55f.	68–74	●
3.7 Limitations on the report scope or boundary,	24, 36f.	68–74	●
3.8 Basis for reporting on participations in other companies	8, 36	104–106	●
3.9 Data measurement techniques and bases for calculations	8, 24, 36f., 58, 59	68–74	●
3.10 Restatements of information	36f.	68f.	●
3.11 Significant changes in the scope, boundary or measurement methods	8, 24, 36, 37, 58, 59	68f.	●
3.12 GRI-Content-Index	52–54	–	●
3.13 External assurance for the report	57	107f., 119	●
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4.3 Number of independent members of highest governance body	49	40–49	●
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4.9 Monitoring sustainability performance by the Board of Directors and Executive Committee	16, 18, 30, 42, 49	40–49	●
4.10 Evaluating the performance of the Board of Directors and Executive Committee with respect to sustainability	49, 51	40–49	●
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4.12 Support for external initiatives	5, 29	39	●
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4.14 Stakeholder groups	8, 11, 26, 49	17f., 39, 46–49	●
4.15 Selection of stakeholders	8, 11, 26, 49	46–49	●
4.16 Type and frequency of stakeholder engagement	8, 11, 26, 49	46–49	●
4.17 Feedback from stakeholder engagement	8, 11, 26, 49	46–49	●

● Detailed information ○ Partial information ○ No information

Report element	Sustainability Report 2013	Annual Report 2013	Status
Profile	Page	Page	
Economic performance			
MA Management approach	4, 6, 8–11, 49	10–13, 14–19	●
EC1 Economic value generated and distributed	2, 48–51, 55f.	2, 4, 58–67, 109f.	●
EC2 Financial implications, risks and opportunities of climate change	5, 9, 11, 36	37	◐
EC3 Social allocations	5, 26f.	39, 95, 99	●
EC4 Financial assistance received from government	–	–	◐
EC5 Ratios of standard entry level wage compared to local minimum wage at significant locations of operation	24, 26f.	50–53	◐
EC6 Local suppliers	8, 10, 30	36, 39, 85	●
EC7 Local hiring	48–51	122	●
EC8 Infrastructure investments	41f., 50f.	9, 10–13, 19	●
EC9 Type and scope of significant indirect economic impacts	2, 6, 48–51	14–19	◐
Environment			
MA Management approach	4, 8–11, 30	37f.	●
EN1 Materials used	10, 32, 34, 36, 40	61, 98	●
EN2 Recycled input materials	2, 11, 32–36, 40f., 56	–	●
EN3 Direct energy consumption	2, 5, 14, 17, 38, 56, 58	–	●
EN4 Indirect energy consumption	2, 5, 14, 17, 38, 56, 58	–	●
EN5 Energy saved	14f., 34f.	37f.	●
EN6 Energy-efficient products	10, 30, 36, 43, 46	22–33, 36–39	●
EN7 Reduction in indirect energy consumption	10, 30, 36, 43, 46, 56	36–39	●
EN8 Water withdrawal	36f., 39–41, 56	–	●
EN9 Water sources	36f., 39–41, 56	–	●
EN10 Water recycled and reused	–	–	◐
EN11 Location and size of land with high biodiversity value	–	–	◐
EN12 Impacts of activities on biodiversity in areas of high biodiversity value	–	–	◐
EN13 Habitats protected or restored	–	–	◐
EN14 Managing impacts on biodiversity	–	–	◐
EN15 Number of Red List species in areas affected by operations of the reporting organization	–	–	◐
EN16 Direct and indirect greenhouse gas emissions	39f., 56	36–39	●
EN17 Other relevant greenhouse gas emissions	39f., 56	–	●
EN18 Initiatives to reduce greenhouse gas emissions	8, 16f.	36–39	●
EN19 Emissions of ozone-depleting substances	39, 56	–	●
EN20 NO _x , SO _x and other significant air emissions	39, 56	–	●
EN21 Water discharge	38, 41, 56	–	●
EN22 Waste	40, 56	–	●
EN23 Incidents	41	–	●
EN24 Hazardous waste and percentage of transported waste shipped internationally	40f., 56	–	◐
EN25 Water bodies and related habitats affected by the reporting organization's discharges of water and runoff	–	–	◐
EN26 Product ecology initiatives	5, 9f., 30, 34, 36	8f., 14–19, 22–33	●
EN27 Packaging materials returned	–	–	◐
EN28 Fines and sanctions for non-compliance with environmental laws and regulations	41	–	●
EN29 Environmental impacts of transporting goods and persons	39	–	◐
EN30 Expenditure on environmental protection	41, 56	–	●
Employees			
MA Management approach	4, 6, 8–11, 18	20f., 34, 36–39	●
LA1 Total workforce by region and type of employment	2, 25–28, 55	10f., 122	◐

Report element	Sustainability Report 2013	Annual Report 2013	Status
Profile	Page	Page	
LA2 Employee turnover	26	–	●
LA3 Benefits provided to full and part-time employees	26, 55	–	○
LA4 Percentage of employees covered by collective bargaining agreements	26	–	○
LA5 Minimum notice period(s) regarding operational changes	8	68–74	○
LA6 Occupational health and safety committees	11, 17f., 25, 27	–	●
LA7 Work-related injuries, illnesses, absences, and fatalities	8, 16, 27, 55	36	●
LA8 Preventive health care	17f., 27f., 41	36–39	●
LA9 Occupational safety agreements with trade unions	11, 26	–	●
LA10 Scope of training	24f., 27, 29, 55	34, 36–39	●
LA11 Professional development programs	8f., 24–26, 55	34, 36	●
LA12 Performance reviews and career planning	9, 26	34–39	●
LA13 Diversity of governance bodies and employees	13, 27f., 55	40–49	○
LA14 Salaries of women and men	26	50–55	○
Human rights			
MA Management approach	4, 8–11	36–40	○
HR1 Investments that take human rights into account	–	–	○
HR2 Supplier screening on human rights	10, 30	–	●
HR3 Employee training on human rights	9	–	○
HR4 Discrimination	26–28	43f.	●
HR5 Freedom of association and collective bargaining	26	43f.	○
HR6 Child labor	11, 26	43f.	○
HR7 Forced labor	11, 26	43f.	○
HR8 Training of security personnel	–	–	○
HR9 Incidents of violations of rights of indigenous people	–	–	○
HR10 Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments	–	–	○
HR11 Number of grievances related to human rights filed, addressed, and resolved through formal grievance mechanisms	41	–	○
Society			
MA Management approach	4, 8–11	43f.	●
SO1 Impacts of operations on communities	9, 43–47	–	○
SO2 Risk analysis for corruption	9, 11	43f.	●
SO3 Anti-corruption training	9, 11	43f.	●
SO4 Anti-corruption measures	9, 11	43f.	●
SO5 Policy development and lobbying	8	–	○
SO6 Contributions to political parties and related institutions	–	–	○
SO7 Legal actions for anti-competitive behavior	41	52f.	●
SO8 Fines and sanctions for non-compliance with laws	41	52f.	●
Product responsibility			
MA Management approach	4, 8–11	34–37	●
PR1 Product safety	9, 43, www	www	●
PR2 Regulations and codes on product safety	9, www	www	●
PR3 Product information	9, www	www	●
PR4 Non-compliance with regulations concerning product labeling	–	–	○
PR5 Customer satisfaction	42–47, www	20f., 22–33	●
PR6 Adherence to laws, standards, and voluntary codes relating to marketing communications	–	–	○
PR7 Non-compliance with regulations concerning advertising	–	–	○
PR8 Complaints regarding breaches of customer privacy	–	–	○
PR9 Fines for non-compliance with laws regarding the provision and use of products	–	–	○

● Detailed information ○ Partial information ○ No information

This table represents an abbreviated version of the GRI-Content-Index (GRI 3.1). The abbreviation www refers to further information available on the website of GF: www.georgfischer.com

Social performance indicators

	Unit	2013	2012	2011	2010	2009
Employees						
Headcount	Number	14 066	13 412	13 606	12 908	12 481
Female employees	Number	2 275	2 165	2 109	2 016	1 885
	%	16.3	16.1	15.5	15.2	15.1
Women on management boards	Number	73	75	68	64	62
	%	11.7	12.1	11.1	10.4	10.4
Departures, total	Number	1 692	1 363	1 416	1 686	2 229
Departures unwanted by GF	Number	475	514	516	370	370
Employee fluctuation, total	%	12.1	10.2	10.4	13.1	16.9
Employee fluctuation, unwanted by GF	%	3.4	3.8	3.8	2.9	2.8
Part-time employees	Number	324	311	335	303	291
	%	2.3	2.3	2.5	2.3	2.3
Employees with disabilities	Number	264	247	240	239	271
	%	1.9	1.8	1.8	1.8	2.2
Employee surveys	Number of employees surveyed	6 700	6 500	11 400	5 200	2 800
	Number of companies	46	52	73	40	29
Investigated incidents of discrimination	Number	0	0	4	0	4
Training and professional development						
Training and professional development	Number	10 700	11 000	10 800	8 600	6 700
	%	76	82	79	67	51
“Off the job” training days	Number	32 400	33 800	33 300	25 500	23 300
	Days per employee	2.3	2.5	2.4	2	1.8
Student interns	Number	219	152	133	156	109
Apprentices	Number	476	455	478	468	487
Health and safety						
Work-related accidents involving injury	Number	627	675	818	765	725
Accident rate	Per 1000 employees	45	50	61	60	55
Fatalities, work-related	Number	6	0	1	0	0
Absence days due to work-related accidents or illness	Number	10 600	10 500	10 400	11 900	10 800
	Number (% of total working days)	0.32	0.33	0.32	0.39	0.37
Absence days, work-related and non-work-related	Number	139 000	146 000	143 000	140 000	138 000
	Number (% of total working days)	4.2	4.6	4.4	4.6	4.7
Community						
Order volume from workshops employing disabled people	million CHF	2.5	3.0	3.5	2.6	2.0
Charitable donations	million CHF	2.2	2.2	2.2	1.7	1.6

The social performance indicators include all GF companies with ten or more employees.

Environmental performance indicators

	Unit	2013	2012	2011	2010	2009
Energy						
Total energy consumption	1 000 GJ	6 326	6 309	6 871	6 325	5 213
Electricity	1 000 GJ	3 015	2 957	2 999	2 760	2 193
Natural gas	1 000 GJ	1 195	1 200	1 446	1 475	1 329
Coke/coal	1 000 GJ	1 853	1 918	2 164	1 864	1 437
Oil/fuels	1 000 GJ	229	210	241	210	225
Other energy sources	1 000 GJ	34	24	21	16	29
CO₂ emissions						
Total CO ₂ emissions	1 000 tons	713	707	738	668	533
Scope 1 (Direct emissions: energy consumption)	1 000 tons	250	255	293	265	221
Scope 2 (Indirect emissions: electricity and district heating)	1 000 tons	455	445	437	395	305
Scope 3 (Indirect emissions: business travel)	1 000 tons	8	8	8	8	6
Air emissions						
Nitrogen oxides (NO _x)	1 000 tons	1.35	1.33	1.36	1.21	0.93
Sulphur oxides (SO _x)	1 000 tons	2.62	2.65	2.77	2.45	1.91
Methane (CH ₄)	1 000 tons	1.04	0.98	0.93	0.83	0.64
Volatile organic compounds (VOC)	1 000 tons	0.18	0.18	0.20	0.19	0.14
VOC from production processes	1 000 tons	0.08	0.08	0.09	0.10	0.07
Water and wastewater						
Total water consumption	1 000 m ³	2 841	2 835	2 867	2 779	2 286
Water from public supply	1 000 m ³	639	630	637	533	463
Cooling/industrial water from own supply	1 000 m ³	2 202	2 205	2 230	2 246	1 822
Wastewater volume	1 000 m ³	868	874	948	888	787
Waste and recycling						
Total waste	1 000 tons	324	314	391	321	233
Normal waste, recycling	1 000 tons	269	248	319	233	183
Normal waste, landfill, or incineration	1 000 tons	36	45	47	67	36
Hazardous waste	1 000 tons	19	21	25	21	14
Hazardous waste, recycling	1 000 tons	13	14	17	13	9
Hazardous waste, storage or incineration	1 000 tons	6	7	8	8	5
Monetary values						
Expenditure on environmental protection	million CHF	14	20	17	15	12
Energy costs	million CHF	146	140	152	138	120
Water and wastewater costs	million CHF	4	3	4	4	3
Waste disposal costs and recycling credits	million CHF	8	5	3	4	6

The environmental performance indicators include all GF production companies.

Validation



Statement GRI Application Level Check

GRI hereby states that **Georg Fischer Ltd, Amsler-Laffon-Strasse 9, 8201 Schaffhausen, Switzerland** has presented its report "Sustainability Report 2013" to GRI's Report Services which have concluded that the report fulfils the requirement of Application Level B+.

GRI Application Levels communicate the extent to which the content of the G3.1 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3.1 Guidelines. For methodology, see www.globalreporting.org/SiteCollectionDocuments/ALC-Methodology.pdf

Application Levels do not provide an opinion on the sustainability performance of the reporter nor the quality of the information in the report.

Amsterdam, 26 May 2014





Ásthildur Hjaltadóttir
Director Services
Global Reporting Initiative

The "B+" has been added to this Application Level because **Georg Fischer Ltd, Amsler-Laffon-Strasse 9, 8201 Schaffhausen, Switzerland** has submitted (part of) this report for external assurance. GRI accepts the reporter's own criteria for choosing the relevant assurance provider.

The Global Reporting Initiative (GRI) is a network-based organization that has pioneered the development of the world's most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide. The GRI Guidelines set out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance. www.globalreporting.org

Disclaimer: Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check on 20 May 2014. GRI explicitly excludes the statement being applied to any later changes to such material.

INDEPENDENT ASSURANCE STATEMENT



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To Georg Fischer Ltd

Objective of the engagement
Georg Fischer Ltd has engaged SQS to provide a limited independent assurance of its Sustainability Report for the year 2013.

Scope
The assurance covers non-financial data and information provided in Georg Fischer's Sustainability Report for the year 2013, namely the following sections:

- «Bearing responsibility», pages 8 to 11;
- «People», pages 24 to 29;
- «Environmental Report», pages 36 to 41;
- «Economic Report», pages 48 to 51.

Criteria
Georg Fischer's Sustainability Report for the year 2013 is based on

- the Sustainability Reporting Guidelines of the Global Reporting Initiative (GRI, version G3.1);
- internal descriptions of, or reference to, internal management and control procedures.


Activities
Following is a summary of SQS's actions to check the accuracy, plausibility and relevance of the sustainability disclosures covered by the assurance:

- Assessment of the approaches used for sustainability reporting (including involvement of stakeholders, materiality) and the basis of the sustainability concept;
- Interviews with top management personnel responsible for sustainability;
- Interviews with those responsible for the collection and analysis of information;
- Validation (at the corporate/group level) of the systematic approaches to the collection, assembly and evaluation of information, as well as to reporting;
- Assessment (at the corporate/group level) of the calculation, consolidation and quality control of the information used;
- Validation of the collection, processing and forwarding of data at selected locations – a random sample of sites selected;
- Validation of the collection, processing and forwarding of data at selected locations – a representative sample of sites selected.

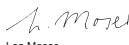
Conclusion
SQS's conclusion has been formed on the basis of, and is subject to the inherent limitations outlined above. Based on our work described above, nothing has come to our attention to indicate that the data and assertions in Georg Fischer's Sustainability Report for the year 2013 are not

- fairly presented;
- free of material misstatements; and
- reported in accordance with reporting criteria.



Zollikofen, 2 June 2014



Oliver Stankiewicz



Lea Moser

Glossary

Absence days, total // Working days on which no work could be performed due to an unforeseeable reason (work-related and non-work-related accidents, illness). Planned absences such as leave or training are not included.

Absence days, work-related // Working days on which no work could be performed due to work-related accidents or illnesses. Counted from the first working day after a work-related accident.

Accidents involving injury, work-related // Work-related accidents in which employees sustain injuries that require medical treatment and are absent from work for at least one day as a result.

Air emissions // Air emissions are calculated on the basis of energy consumption. Specific emission factors that take account of the type of energy source used and the energy mix in the individual countries are applied. In particular, emissions resulting from energy production are included. Where present in significant quantities, air pollutant emissions from production that do not arise from energy use are also recorded. Furthermore, emissions resulting from business travel are included.

CO₂ emissions // GF records CO₂ emissions from its own direct energy consumption (Scope 1 emissions) and the indirect emissions produced by energy providers when they generate electricity and district heating (Scope 2 emissions). Indirect emissions resulting from business travel are recorded as Scope 3 emissions. Calculations are based on established databases such as ecoinvent and on the energy mix in the individual countries.

Departures, total/employee fluctuation, total // Total number of departures (all types, e.g., termination by employees, dismissals, retirements). Used to calculate total employee fluctuation in relation to the total number of employees.

Departures, unwanted by GF/employee fluctuation, unwanted // Employees who leave the company due to dissatisfaction with pay, conditions, the atmosphere at work, or career prospects. Used to calculate unwanted employee fluctuation in relation to the total number of employees.

Discrimination cases // Number of incidents of discrimination investigated in the review year. Includes allegations made in the course of formal proceedings as well as cases identified by internal processes.

EDM // Electrical Discharge Machining can be used to machine conductive materials of any hardness (for example steel or titanium) to an accuracy of up to one-thousandth of a millimeter with no mechanical action.

Employees participating in trainings // Employees who have taken part in off-the-job training at least once in the review year.

Energy consumption // GF reports the energy it buys in or generates itself in the form of coke, natural gas, oil, and other sources of energy. It also reports energy consumption from business travel.

Key suppliers // Suppliers that are of fundamental importance to GF by virtue of the volume purchased, their significance, and their product portfolio.

Training days // Working days on which off-the-job training courses were attended during the review year.

SIS (Sustainability Information System) // Globally available social and environmental data reporting system at GF. Internet-based data input into a database. Report structure complies with GF requirements and the Global Reporting Initiative's Guidelines G3.1.

Waste and recycling // Waste and recyclables are categorized by type (normal or hazardous waste) and manner of disposal (recycling and landfilling/incineration).

Water and wastewater // Water from the public mains and industrial water from GF's own system are recorded. In the case of wastewater, the quantity fed into the public sewer system or into in-house water treatment plants is calculated. Uncontaminated cooling water which does not require any cleaning is not counted as wastewater.

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GF publishes a full sustainability report every two years. The next report will be published in 2016. The reporting period includes the particular calendar year.

Disclaimer

The statements in this publication relating to matters that are not historical facts are forward-looking statements that are not guarantees of future performance and involve risks, uncertainties, and other factors beyond the control of the company.

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