



# Sustainability Report 2007

## About this Report

**Reporting basis.** GF uses the guidelines on sustainability reporting issued by the Global Reporting Initiative (GRI), wherever possible and appropriate. The GRI guidelines are globally applicable corporate sustainability reporting standards. They make sustainability information transparent and comparable.

The guidelines can be downloaded from [www.globalreporting.org](http://www.globalreporting.org) and can be applied voluntarily by companies reporting on sustainability-related topics. The summary provided on pages 54 and 55 shows which criteria GF meets and to what extent, and where the relevant information is to be found.

Detailed information is supplied by the GRI Content Index, which can be downloaded under [www.georgfischer.com/gri\\_contentindex\\_en](http://www.georgfischer.com/gri_contentindex_en).



The GF Sustainability Report corresponds to the GRI Application Level B+ (third-party-checked).

### Distinction between Sustainability and Annual Reports.

The Sustainability Report focuses on the presentation of environmental and social aspects. The Corporation's financial performance and its Corporate Governance are presented in the Annual Report under <http://gb2007.georgfischer.com>.

**External validation.** GF has had this report audited by the Swiss Association for Quality and Management Systems (SQS). The validation statement is to be found on page 51.

**Reporting period.** Georg Fischer publishes a comprehensive Sustainability Report every two years. The last such report appeared in 2006 for 2005. In alternate years the Corporation publishes a short report containing all environmental and social data. The company provides up-to-date information on current events via the Internet. The Annual Report is published once a year and is supplemented by a Mid-Year Report.



**Information in the Internet:** At many places in this report, this symbol indicates that further information can be found in the Internet.

**Sustainability:** Under [www.georgfischer.com/sustainability\\_en](http://www.georgfischer.com/sustainability_en) visitors to the GF website will find news as well as business, environmental and sustainability reports for downloading.

## Dear Reader,

Georg Fischer is among Switzerland's oldest industrial corporations, having been founded more than 200 years ago. Our long history may be taken as proof that sustainability is not a recent addition to our strategy, because without a long term management perspective we would never have coped with the many changes that have taken place in the past two centuries.

Business success is essential to a sustainable future. All three Corporate Groups are well positioned to serve their customers with innovative products. The key business performance figures show the achievements of our workforce in recent years. For example, in the last five years turnover has risen by almost 40 percent, while EBIT has more than tripled to 326 million Swiss francs.

However, we can only achieve sustained success if we show respect for our environment and take the needs of employees and society at large seriously. Our stakeholders expect us to identify and evaluate the opportunities and risks of our activities, and to come up with solutions to strengthen the three pillars of sustainability: economy, ecology and social responsibility. This report provides information on how GF is dealing with the fact that these aspects are sometimes at odds with each other.

In particular, we regard reducing CO<sub>2</sub> emissions as a major environmental challenge. For many years, GF has been taking a large number of measures to improve energy efficiency. The magazine section of this report illustrates what we are doing to enhance the environmental compatibility of our production activities and to increase the eco-efficiency of our products.

One of the major issues facing society worldwide is a sufficient supply of clean drinking water. In addition to our business activities in this field, our Clean Water Foundation has financed drinking water projects around the globe for over five years. You can read more on the subject on pages 26 and 48.

The principles of sustainability and of responsibility towards our stakeholders – our owners, customers, employees, business partners and society – are principal constituents of our business policies. In 2007, the policies on Human Resources and Social Responsibility were amended or newly introduced. This 2007 Sustainability Report provides the key data on Georg Fischer's environmental and social responsibility performance. These data help us in our decision-making process. They may encourage you to enter into an active dialogue with us. The comments you may have will help us to improve and to act true to our pledge "Adding Quality to People's Lives".



Yves Serra, President and CEO

Yves Serra  
President and CEO

A stylized, handwritten signature in blue ink, consisting of a large, sweeping 'Y' and 'S' that are interconnected.

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## Sustainability 2007: in brief

Corporate responsibility is a long-term process in which Georg Fischer is constantly setting itself new goals. Since 1997 the Corporation has been collecting and analysing environmental data; three years ago it also started reporting social responsibility figures. This year 2008 marks the third stand-alone sustainability report that GF has published. The three boxes on this page show how Georg Fischer performed in the past year in the three areas of sustainability and provide a brief summary of the key data.

### Environmental performance\*

- In line with higher production volume, energy consumption rose by 9 percent
- Ratio of sales to energy consumption improved
- CO<sub>2</sub> emissions up by 10 percent in line with higher production volume
- VOC emissions from production down steeply by a further 30 percent
- A 3 percent decline in water consumption
- An 11 percent increase in wastewater owing to higher production volume
- Expenditure on environmental protection: 31 million Swiss francs

### Economic performance\*

- Record sales of 4.5 billion Swiss francs
- Sales up by 11 percent
- EBIT at previous year's level and EBIT margin at 7.2 percent (8.1 percent)
- Net debt down by 19 percent
- Financial scope for further expansion
- Equity ratio of 45 percent
- Innovativeness further strengthened
- International expansion forges ahead

### Social performance

- New policies for Human Resources and Social Responsibility
- GF created 537 new jobs (adjusted for changes in the scope of consolidation)
- 446 apprentices and 175 university-level trainees GF-wide
- 8,400 people participated in training
- 2.4 training days per employee. Expenditure for external training: 4.5 million Swiss francs
- Accident rate reduced to 73 accidents per thousand employees
- Order volume for workshops for the disabled: 2.7 million Swiss francs
- Pilot projects to launch the OHSAS 18001 Occupational Health and Safety Management System; already completed in some areas.
- Clean drinking water: Clean Water Foundation donated 700,000 Swiss francs to support 10 projects in 9 countries.

\* Key figures for 2007 compared to the previous year



## Georg Fischer: at a glance

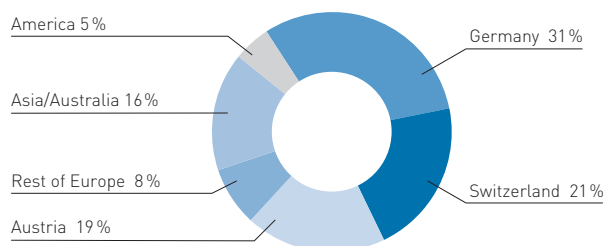
**The Corporation.** Georg Fischer is focused on its three core businesses GF Automotive, GF Piping Systems and GF Agie-Charmilles. Founded in 1802, the company is headquartered in Schaffhausen, Switzerland, and has over 140 subsidiaries worldwide including 50 production facilities. Its approximately 13,000 employees generated sales revenue of 4.5 billion Swiss francs in 2007. Georg Fischer has been listed on SWX Swiss Exchange since 1931.

**GF Automotive** develops and manufactures cast parts made of iron, aluminium and magnesium. The Corporate Group fabricates products for chassis, drive systems and bodywork and has expert know-how in sand, pressure die and permanent mould casting. Its customer base includes virtually all the leading automotive and commercial vehicle manufacturers. GF Automotive has 13 production sites in Germany, Austria, Canada and China, where it produces more than 100 million components per year with a total weight of over 600,000 tonnes. In Europe, GF Automotive is the market leader in iron casting and is among the largest providers of light metal components.

**GF Piping Systems** develops and produces piping systems for the safe transport of liquids and gases. The Corporate Group provides solutions for industrial systems, gas and water utilities and building technology. Its complete programme encompasses pipes, fittings and valves made of plastic, malleable cast iron and brass. Its products also include sensors and instruments as well as jointing technology. The entire range consists of over 40,000 products. GF Piping Systems sells its products in more than 100 countries and has production and development facilities in Europe, Asia and the USA.

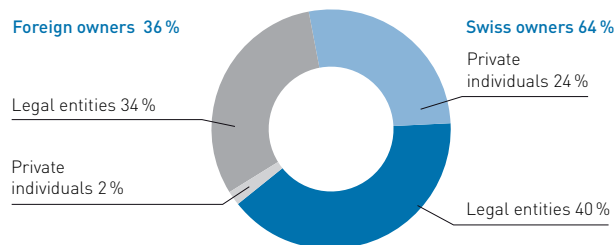
### Employees in 2007 by region

(100% = 12 986)



### Shareholder structure on 31 December 2007

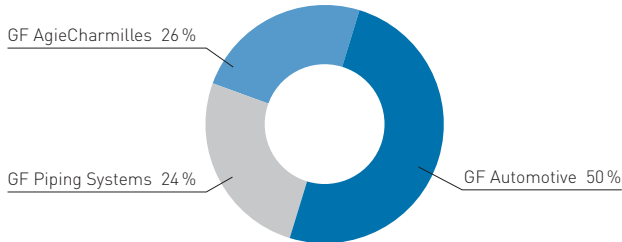
(100% = 12 308)



No. of shares	No. of shareholders	No. of shares as a %
1 - 100	10 660	8.0
101 - 1 000	1 441	9.9
1 001 - 10 000	168	13.0
10 001 - 100 000	35	16.2
> 100 000	4	16.3
Shares pending registration		36.6
<b>Total</b>	<b>12 308</b>	<b>100.0</b>

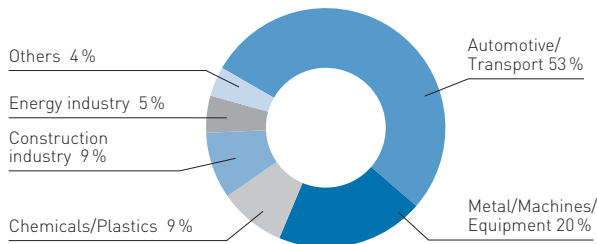
### Sales in 2007 by Corporate Group

(100% = CHF 4.50 billion)



### Sales in 2007 by end consumer

(100% = CHF 4.50 billion)



**GF AgieCharmilles** develops and manufactures electric discharge and high speed milling machines that are used to produce moulds and tools for the serial production of consumer goods and precision parts, for instance in medical technology. The Corporate Group's range also includes clamping and palletising systems, servicing, spare and wear parts, and consumables. A globally active company with its own organisational structure, GF AgieCharmilles is present at 50 locations. Its manufacturing and development sites are located in Switzerland, Sweden and China.



**Georg Fischer:** Further information under [www.georgfischer.com/about\\_us\\_en](http://www.georgfischer.com/about_us_en)

**Affiliated companies:** All companies of the Georg Fischer Corporation under [www.georgfischer.com/investoren\\_en](http://www.georgfischer.com/investoren_en)

**Milestones:** The key milestones in the 200 year history of Georg Fischer are to be found under [www.georgfischer.com/history\\_en](http://www.georgfischer.com/history_en)

**Market and customers:** 2007 Annual Report, page 11

**Brand and identity:** Further information under [www.georgfischer.com/brand\\_en](http://www.georgfischer.com/brand_en)

## Brand and identity

A strong brand is instrumental in increasing the Corporation's value and achieving market success. In 2004 Georg Fischer introduced a new brand strategy and refined its corporate design. This brand strategy and the visual design apply worldwide and are implemented consistently in all markets. GF takes forceful measures to protect its logo against misuse. The brand's core values express reliability, enthusiasm and competitiveness. These core values define the brand's personality, they form the basis for fundamental decisions and they determine our day-to-day behaviour.

**Brand promise.** "Adding Quality to People's Lives" is the common denominator for the three Corporate Groups. In our communications, this brand promise is embodied in the concepts mobility, comfort and precision.

**Recognition.** In Switzerland, Georg Fischer enjoys a high level of recognition: 66% of the population and 94% of multipliers in the country are familiar with Georg Fischer.

**Consolidation.** In 2007 Georg Fischer considerably strengthened its corporate brand by merging the three separate brands – Agie, Charmilles and Mikron – under the umbrella brand GF AgieCharmilles. The move also involved creating a uniform machine design and corporate design for the Corporate Group. In order to be able to offer the entire product range to clients everywhere, the Corporate Group has taken over distribution in all countries.

**Internal branding.** The employee newspaper GLOBE helps strengthen the brand internally. GLOBE, which has appeared regularly in five languages since 2006, has been awarded the "Inkom. Grand Prix" of the German Association for Public Relations and the European "Best of Corporate Publishing" prize. The employee newspaper also runs news and features on sustainability-related issues.

**Brand structure.** Georg Fischer is the umbrella brand. At Corporate Group level, the umbrella brand is used together with the name of the Corporate Group. The Corporation also owns independently positioned brands. The GF brand was officially registered in 1881. Since 1890, the company has used the + sign in its logo. This represents a stylised fitting, which is still among the most important products Georg Fischer manufactures.



## Vision, strategy and challenges

**Adding Quality to People's Lives.** With this brand promise, GF and its products contribute to sustainable improvement in the quality of people's lives. Mobility, comfort and precision are the key market needs that Georg Fischer satisfies with its products and services. The objective of GF is to create value for all stakeholders in its global environment through profitable organic growth and targeted acquisitions. It also strives to strike a balance between the three pillars of sustainability - environmental, economic and social performance - that in some cases are at odds with each other.

Economic success depends on a clear vision and a coherent strategy. In its three core businesses, Georg Fischer aims to expand in attractive market segments and to strengthen non-cyclical business areas. For Georg Fischer, the challenge of contributing to solutions to climate change, enhancing energy efficiency and improving access to clean drinking water is no less an opportunity than the globalisation of markets.

**Markets.** Europe will remain the principal market of GF. While Georg Fischer's competitive position in this region is to be safeguarded through redoubled efforts in distribution, an expanded customer base and cost-optimised structures, GF is forging ahead with expansion in growth markets. By 2010, it plans to generate 12 percent of its total sales revenue in China. It is also driving expansion in the markets of North America, Eastern Europe, India and Latin America.

**Financial targets.** The long-term financial targets of the Georg Fischer Corporation are annual sales growth of 5-6 percent and an EBIT margin of 8 percent. This can be supported by

### Georg Fischer: Vision up to 2010

#### Supplier of first choice

GF is a worldwide acknowledged manufacturer and supplier of high-grade industrial products and innovative solutions geared to customers' needs.

#### Profitable growth

GF shows an average growth rate of at least five percent and an average EBIT margin of eight percent.

#### Leading in attractive markets

GF with its core businesses GF Automotive, GF Piping Systems and GF AgieCharmilles is a major market player and technology leader focussed on attractive markets.

#### Sustainably competitive

GF shows sustainable performance above industry average, with a leading position in Europe, an increased share in the American markets, and a 20 percent share of corporate sales in Asia.

#### One company with a strong brand

GF is perceived as one company and exploits its strong corporate brand and other joint assets to enhance the value of the corporation.



a strong brand and a unified corporation which is a market and technology leader in all three of its business areas and which offers its customers innovative and high-quality products and services.

**GF Automotive.** Today, the main challenge facing the automotive industry is to further increase vehicle comfort and safety while also reducing fuel consumption, emissions and its environmental footprint. At the same time, rising prices for raw materials and increasing cost pressure demand careful husbanding of resources. The Corporate Group is well equipped to meet these challenges owing to its competency in light-weight construction. The highly stressable light-metal and iron components from GF Automotive help reduce vehicle weight and thereby lower both fuel consumption and CO<sub>2</sub> emissions. The goal is to increase the proportion of cast parts per vehicle as a substitute for forged or sheet metal parts. In Europe, GF Automotive is seeking to maintain its market position and aims to achieve additional growth in global markets.

**GF Piping Systems.** With worldwide demand for clean drinking water growing steadily, GF Piping Systems will continue to expand globally as a manufacturer of durable transport systems. It can count on various factors to drive stable growth: rising infrastructure demand for new builds and renovation, the need for reliable and inexpensive piping systems in sanitation and building technology and buoyant expansion in Asia and other emerging markets. The piping systems developed by GF Piping Systems are used by gas and water utilities, in building technology, the chemical industry, food processing and in areas such as the life sciences, photovoltaics, microelectronics, shipbuilding and cooling. They meet the highest quality standards and, depending on where they are used, they ensure the supply of clean water or the safe transport of liquids and gases.

**GF AgieCharmilles.** This Corporate Group is seeking to reinforce its technology leadership by combining utmost precision with ever greater user comfort and optimised energy efficiency. The demand for mass-produced precision goods is growing – especially in Asia and Eastern Europe. With part of the tool-and mould-making industry moving to these regions, GF AgieCharmilles is expanding its activity in these markets. Locally existing potential can be used and a larger market share can be obtained via new, competitive products. At the same time, however, specialised manufacturing looks set to stay in Europe and North America. The production of precision parts, for instance for the medical technology or aerospace industries, is opening

The Georg Fischer Corporation actively works to find solutions to reducing CO<sub>2</sub> emissions and improve people's access to clean drinking water.

up additional growth potential. Strategists also see opportunities in cost-effective automation solutions and in services, two areas that are marked for continuous expansion.



**Vision, strategy and financial targets:** More in the Internet at [www.georgfischer.com/about\\_us\\_en](http://www.georgfischer.com/about_us_en)

## Corporate policies

GF has set down its globally valid principles in its Corporate Policy, which can be consulted at any time on the Internet and Intranet by employees, customers, investors and all other stakeholders. Policies for the environment, human resources, social responsibility and communications take up key elements of the Corporate Policy, providing detailed explanations. A financial management policy is being prepared. The policies form the basis for corporate directives, manuals and management systems. They define how Georg Fischer views itself and have an impact both inside and outside the Corporation. They also provide guidance for corporate strategies and operational measures.

**New policies.** In the year under review, the Corporate Policy and the Communications and Environmental Policies were revised. Full consideration was given to sustainability issues,

which were integrated into these policies. New Human Resources and Social Responsibility Policies were added in 2007. The Human Resources Policy brings the GF brand promise "Adding Quality to People's Lives" closer to its employees. It sets out in clear terms what the Corporation considers important in terms of personnel management, human resources and cooperation and is intended to help attract and retain committed employees and motivate them to perform at a high level. At the forefront of these efforts are the five fundamental values respect, trust, performance, development and equal opportunity, which serve as guide rails for conduct.

**Social responsibility.** In its Social Responsibility Policy, GF has formulated the values it abides by in its operations around the world. This policy is important especially in view of the trend to globalisation. Among other things, it states that GF at all times respects and complies with internationally valid human rights, does not discriminate against any individuals in hiring and employment, protects the personality of all individuals and takes a stand against mental, physical and sexual harassment. Moreover, GF does not tolerate child or forced labour and expects its business partners to apply comparable principles.

**Implementation.** Managers have received training in seminars, workshops and conferences and bear responsibility for compliance with and implementation of these policies in daily operations. GF also keeps a close watch on compliance by monitoring key figures and conducting employee surveys. Every GF employee undertakes to behave in accordance with these principles and the Code of Conduct. Any violation will result in disciplinary action. Employees who become aware of violations of the law or non-compliance with internal guidelines such as the policies are expected to report these to their line manager, Corporate Auditing or Corporate Compliance. They enjoy protection of their person against discrimination or retaliation.



## Corporate compliance

GF regards compliance with all statutory provisions, the internal guidelines and the GF Code of Conduct as a priority. In order to satisfy these demanding requirements, Georg Fischer appointed a Corporate Compliance Officer in 2005. GF has a three-pronged approach: prevention, monitoring and penalties. Prevention includes clearly defined guidelines along with a training programme and advice. Monitoring is carried out by Corporate Auditing, which at regular intervals checks on compliance with applicable legislation, the internal guidelines and ethical business principles. Any violations by employees will result in criminal prosecution and disciplinary action.

In the year under review alone, some 300 managers attended 12 internal training sessions on compliance topics. About 1,000 employees participated in a new e-training course on anti-trust law. All told, approximately 8 percent of staff has received training in this area.

**Reporting procedure.** In 2008 a new corporate directive was issued governing the reporting procedure for employees who observe violations of the law or internal guidelines in the work setting. At the employee's request, the report can be made anonymously. The employee may make the report to his or her line manager or, where this is not possible, to Corporate Auditing or the Compliance Officer. The directive is another instrument for combating unlawful behaviour and can be consulted by all employees on the GF Intranet.



**Corporate policies:** More in the Internet at [www.georgfischer.com/policies\\_en](http://www.georgfischer.com/policies_en)

**Code of Conduct:** More in the Internet at [www.georgfischer.com/policies\\_en](http://www.georgfischer.com/policies_en)

**Code of Conduct.** The Compliance Officer reports to the Executive Committee and the Board of Directors annually on his or her activities. The Code of Conduct, which summarises the rules for day-to-day dealings with fellow employees and customers, suppliers and business partners, competitors, government officials and the public, is intended to help employees satisfy professional requirements and live up to legal and ethical standards at all times.

## Corporate governance

Georg Fischer was among the first companies to sign the "Swiss Code of Best Practice for Corporate Governance", thereby reflecting the great importance which the Board of Directors and the Executive Committee attach to corporate governance. All management bodies are aware of their economic, environmental and social responsibility and aim to strike a proper balance at all times between the diverse expectations of shareholders, investors, employees, customers, business partners and the public.

**Management bodies.** Georg Fischer AG is organised under Swiss law and fulfils all obligations set out in the SWX Swiss Exchange Directive on Information relating to Corporate Governance. The most senior management bodies of Georg Fischer AG are the Board of Directors and the Executive Committee. The Board of Directors is responsible for monitoring the management of Georg Fischer and for determining its strategic direction and financial and accounting policies. Three committees (the Nomination, Audit and Compensation committees) prepare the business with which they are entrusted for submission to the full Board of Directors.

Under the leadership of the CEO, the Executive Committee addresses all issues of relevance to the Corporation, takes decisions within its remit and submits proposals to the Board of Directors. The CEO and the heads of Corporate Development and Cor-

porate Finance and Controlling form the Corporate Center, Corporate Management in the narrower sense, and also support the Board of Directors in the tasks within its sphere of responsibility.

**Excellence.** In the company ranking established by the magazine "Bilanz", Georg Fischer took first place for Corporate Governance. Together with the consultancy Heidrick & Struggles, the leading Swiss business medium analysed corporate governance at Switzerland's 100 most important companies.

## Communication with stakeholders

Georg Fischer is committed to a policy of active, honest and prompt communication which is defined in its Communications Policy. The Corporation systematically pursues this policy in communicating with all stakeholders, both internal and external.

The Annual Report, Mid-Year Report and press releases provide the Corporation's owners with regular information on all major issues. Georg Fischer publishes any information that may affect the share price in accordance with the ad hoc disclosure requirements of SWX Swiss Exchange. Responsibility for these communication and information tasks lies primarily with the Corporate Communications and Investor Relations units. All information is updated on a regular basis and is available on the Internet.



Technology Day 2007: experts from Georg Fischer talking with financial analysts and journalists about innovative solutions to present-day challenges.



**Corporate governance:** More about corporate governance, the Articles of Association and Organisation and Business Regulations in the Internet under [www.georgfischer.com/corporate\\_governance\\_en](http://www.georgfischer.com/corporate_governance_en)

**Organisational chart:** Download from the Internet at [www.georgfischer.com/investoren\\_en](http://www.georgfischer.com/investoren_en)

Moreover, in its dialogue with investors, GF anticipates the expectations of the financial community with respect to non-financial issues. Ever more investors are taking an interest in firms that reconcile economic, environmental and social issues. As part of its ongoing efforts to take on board the needs of the capital market, GF is also analysing the demands of rating agencies in the area of sustainability.

At the GF Technology Day in September 2007, management and company specialists gave financial analysts and journalists their answers to such important social issues as climate protection and clean water and engaged in an exchange of views with the visitors about their expectations of GF.

In addition, employees are asked as part of regular employee surveys (see page 41) about what they expect from Georg Fischer in the areas of environmental protection and social responsibility. Their replies are analysed and then incorporated into the Corporation's ongoing improvement processes.

The business units also add to their knowledge of the market and customer needs – including environmental products and applications – by conducting regular customer surveys.

## Sustainability management

GF started early to integrate sustainability requirements into its international operations by building up a clear-cut organisation and a system of internal reporting. Management's commitment to sustainability is reflected in its assignment of ultimate responsibility in this area to the Executive Committee and in the values and policies GF stands for. Aspects of relevance to sustainability are included in strategic decision-making. The Executive Committee annually monitors to what extent sustainability targets have been achieved. Stand-alone organisational units such as Corporate Environmental Protection and Sustainability, Human Resources Management, Corporate Compliance and Risk Management ensure that sustainability is a concern that is taken into account at all relevant levels.

A task force with representatives from the Executive Committee, Human Resources Management, Sustainability Management, Investor Relations and Communications confers regularly on how to develop sustainability within the Corporation. The content of the Sustainability Report and the relevant stakeholder groups to be addressed are determined by this task force on the basis of the Global Reporting Initiative guidelines, customer requirements and the information needs of the rating agencies.

Sustainable development in the operations of the Georg Fischer corporate subsidiaries is based on GF's corporate policies, guidelines and local requirements. Every year, the GF environmental officers and human resources managers from the Corporation, Corporate Groups and subsidiaries meet to implement these policies; these meetings are supplemented by numerous bilateral discussions.

**Newsletter.** To ensure that everybody concerned with sustainability issues at Georg Fischer is pursuing the same goals, a Newsletter was launched in the spring of 2008 that reports on current events and sustainability trends in the social and scientific spheres.

**Standards and norms.** Quality and environmental management systems have been introduced at all the relevant locations. All production companies and many sales companies have a certified quality management system, which means that about 90 percent of the total workforce is employed at quality-certified sites. All production companies in which Georg Fischer holds an interest of over 50 percent are certified to ISO 14001. Active environmental management thus ensures their compliance with international environmental standards and environmental legislation. Together with the certified sales companies, more than 10,900 Georg Fischer employees, i.e. about 85 percent of employees, work at environmentally-certified sites. GF develops an environmental management system within three years at newly acquired or established production companies. Occupational health and safety protection (OHSAS 18001) are currently being added to the management systems (see targets on page 13).

GF derives its principles of social responsibility from the principles set out in the Global Compact, the guidelines for multinational companies of the OECD (Organisation for Economic Co-operation and Development) and the stipulations of the ILO (International Labour Organisation). Georg Fischer also takes account of the laws applying in the various countries and locations and of the various cultures in which it operates.

**Reporting systems.** In 2005, Georg Fischer extended its environmental reporting, which began in 1997, to include socially relevant topics. Since then, the Sustainability Information System (SIS) has been steadily expanded. With the SIS, Georg Fischer surveys its corporate subsidiaries to gather data in line with the Global Reporting Initiative (GRI). This enables it to present key data in a transparent and comparable manner. Trained employees are responsible for data capture and reporting within the in-

dividual companies. The data are consolidated and analysed in a central database. This is the responsibility of the Corporate Sustainability Officer. The results serve as a basis for internal and external sustainability reports, for planning and setting targets, and for ongoing monitoring of the Corporation's achievements. The social data are recorded by all corporate subsidiaries worldwide with more than ten employees, i.e. 87 companies in the year under review. This means that, as in the previous year, social reporting at Georg Fischer covered more than 98 percent of all employees in 2007. Environmental reporting collects data from all the Corporation's production companies.

The environmental and social data included all joint ventures and companies in which Georg Fischer holds an interest of 50 percent or more. The reporting boundaries and measurement methods have not changed from the previous year. Data from the new GF Automotive site in Montreal were also included. However, this does not affect comparability versus the previous year.

Finance is an area in which corporate management employs a powerful information system to ensure on-time financial management. A standardised system of financial reporting is employed throughout the entire Corporation, guaranteeing immediate and complete transparency. The 2007 Annual Report provides full details.

## Sustainability targets

Georg Fischer has set itself sustainability targets for the coming years. The Corporate Groups and corporate subsidiaries derive their operational environmental and social objectives from these Corporation-wide targets. The overview on pages 12 and 13 presents the sustainability programme for the coming years and provides an update on the targets mentioned in the 2005 Sustainability Report.

### Sustainability integrated into the organisational structure of Georg Fischer



Targets	Timeframe	Status
<b>Sphere of activity: Economy</b>		
<b>EBIT margin:</b> 8 percent long-term.	ongoing	Target not yet reached in some instances. EBIT margin 2006: 8.1 percent EBIT margin 2007: 7.2 percent Measures defined (see pages 30 and 31).
<b>Growth:</b> Mainly by our own efforts, financed from free cash flow.	ongoing	Sales growth 2006: 10 percent Sales growth 2007: 11 percent (see Annual Report)  New production or sales companies founded: 5 in 2006, 3 in 2007.
<b>Expansion:</b> Growth strategy supported by targeted acquisitions.	ongoing	EDC Inc., Montreal, as per 31 December 2006 Acquisition of 50 percent share from Simona AG in Georg Fischer SIMONA Fluoropolymer Products GmbH, Ettenheim, as per 1 January 2008. Central Plastics as per 1 February 2008
<b>Expansion:</b> Development of presence in growth markets in Asia and Eastern Europe.	ongoing	Seven of the 11 new corporate subsidiaries founded in 2006 and 2007 are located in Asia or Eastern Europe (see page 59 of 2006 and 2007 Annual Reports).
<b>Financial targets:</b> Annual sales growth EBIT margin long-term Return on equity (ROE) Return on net operating assets (RONOA)	5–6 percent 8 percent 18 percent 18 percent	annually Ongoing targets.

**Sphere of activity: Ecology**

<b>Energy and CO<sub>2</sub>:</b> Analysis of options for reducing CO <sub>2</sub> emissions and definition of a CO <sub>2</sub> strategy for the Corporation.	2007	Target partially achieved. Analysis completed and Corporate Policy adapted. New target and measures defined (see below).
<b>Suppliers:</b> Greater emphasis on ecological aspects in selection and cooperation.	2007	Target partially achieved. New targets and measures defined.
<b>Environmental management:</b> All production companies (interest over 50 percent) are to be certified to ISO 14001 or EMAS. Newly acquired or established companies are certified within three years.	ongoing	Target achieved.
<b>Energy efficiency:</b> Optimisation of waste heat recovery, application of low energy standards in new builds and energy-saving initiatives at large sites.	2009	New target.
<b>Suppliers:</b> By end-2009 more than 80 percent of key suppliers are to have a certified quality and environmental management system.	2009	New target.

Targets	Timeframe	Status
<b>Sphere of activity: Social aspects</b>		
<b>Policies:</b> Drafting and publication of a Human Resources Policy by end 2006 and training of managers and HR staff.	2006	Target achieved. Human Resources and Social Responsibility Policies approved and introduced (see pages 7 and 8).
<b>Sustainability reporting:</b> Expansion of management system for social sustainability and improvement of the significance of social reports.	2006	Target achieved (see pages 10 and 11).
<b>Occupational safety and health protection:</b> In-depth analysis of the key figures on occupational safety, health protection and absences, and drafting of measures.	2007	Target achieved. Analysis completed and follow-up targets defined (see below).
<b>Suppliers:</b> Greater emphasis on social aspects in selection and cooperation.	2007	Target partially achieved. New target and measures defined (see page 15 and below).
<b>Attractive employer:</b> Enhancing attractiveness as employer, for example by creating flexible working conditions and needs-driven workplaces.	ongoing	The topics are developed in the Human Resources Policy, while concrete measures are defined at corporate subsidiary level.
<b>Policies:</b> Implementation of the Corporation's policies with focus on the topics "diversity", "satisfaction at work and motivation" and "attractive employer".	2009	New target.
<b>Training and professional development:</b> Developing new, strategic training programmes at all three Corporate Groups.	2009	New target.
<b>Training and professional development:</b> Reinforcing the expert networks in the Corporation and increasing qualifications for specialists in the area of Environmental Protection, Occupational Safety and Human Resources/ Social Aspects.	2009	New target.
<b>Occupational safety and health protection:</b> All production companies are to integrate "Occupational safety and health protection" into their management system, which is to be certified to OHSAS 18001. By end 2009, 80 percent of the production companies are to be certified.	2009	New target.
<b>Occupational safety and health protection:</b> Reduction in accident and absence rates in 2008 and 2009 by at least 5 percent per annum in all three Corporate Groups.	2009	New target.
<b>Suppliers:</b> By end-2009 more than 80 percent of key suppliers are to apply social standards that are comparable with those of Georg Fischer.	2009	New target.

■ New targets

## Risk management

In 2005, Georg Fischer introduced a Corporation-wide, consistent method for identifying, analysing and evaluating risks, which has in the meantime been continuously expanded. The Chief Risk Officer (CRO) reports directly to the Chief Executive Officer and is supported in his task by his team and the risk managers in the three Corporate Groups. The Corporate Risk Council, which consists of these risk managers and other specialists and is headed by the CRO, met four times in 2007.

GF employs various tools to manage risk. These include systematic identification, evaluation and reporting on strategic, operational and financial risks as well as generally ensuring comprehensive and efficient insurance coverage. Georg Fischer identifies all relevant risks in the areas of markets, management and resources, operational processes and finance on a consistent basis throughout the Corporation. In the year under review, the Corporate Group risk managers, together with the CRO and operational management, redefined and updated the risks of relevance to their particular areas. Risks are assessed and illustrated on so-called "risk maps" in accordance with their possible consequences and likelihood of occurrence.

**The strategic risks** are assessed primarily by the Board of Directors, and the financial and operational risks primarily by the CEO and Executive Committee. Risk management is integrated in existing planning and management processes. Other units in addition to Risk Management are involved at the corporate level: Corporate Controlling, Corporate Compliance, Human Resources, Corporate Audit, Communications, Planning, Legal and Treasury.

**Risk management reports** are submitted quarterly within the Corporate Groups, semi-annually to the Executive Committee and annually to the Board of Directors. Risks exceeding the sum of 100 million Swiss francs are brought to the attention of the Board of Directors without exception.

**In production** and particularly in the foundries, risks can never be completely ruled out. The careful analysis and minimisation of risks increases process security and thus improves reliability of delivery to customers. The standard of risk management at nearly all production sites is either HPR (Highly Protected Risk) or HMP (Highly Managed Prevention) and is regularly audited by external specialists. In the year under review, 15 production sites underwent such audits (previous



Risks can never be entirely ruled out in production plants such as this foundry belonging to GF Automotive.

year: 25). The results are discussed with the units concerned and with management. Where necessary, corrective measures are agreed.

**In consultation** with the corporate subsidiaries and Corporate Groups, Risk Management has drafted technical and organisational standards which serve as an internal basis and as a norm in dealings with external consultants and insurers. These standards prescribe measures for the Georg Fischer sites which are to be carried out in order to avoid major production outages and to preserve the Corporation's assets. The standard of HPR applied to 72 percent of the Corporation's insured assets at the end of the year under review. The percentage is being constantly increased.

## Worldwide procurement

The procurement of goods and services plays a significant role – financially, strategically, environmentally and socially. The annual procurement volume of GF is close to 3.2 billion Swiss francs, or 70 percent of sales. The range of goods purchased is broad, encompassing – in addition to services – metals, plastics, energy and components; procurement is global. The incorporation of environmental, social and compliance standards into the procurement process is a core task of sustainability management at GF. Since 2005, therefore, the Cor-



poration has been assessing its suppliers in accordance with sustainability criteria. Over and above criteria such as quality, price and delivery reliability, additional factors are examined when assessing new business partners or when auditing existing suppliers. These include environmental and social aspects. In the event of bids that are equivalent in all other respects, suppliers are given preference if they have an environmental management system certified to ISO 14001 or EMAS and place special emphasis on environmentally compatible products and production methods.

**Supplier relations.** Georg Fischer takes a long-term view of supplier relations, as is reflected in the Social Responsibility Policy: "We expect our business partners and suppliers to apply comparable principles in their companies and we regard this as a sound basis for durable business relationships." Conversely, a large number of business partners are defining environmental requirements to be met by their suppliers. GF welcomes this development.

## Product responsibility

Innovation is one of the major elements in the growth strategy of GF. In concrete terms, this also means developing and providing solutions for such global challenges as climate change or energy and water conservation. At GF Automotive,

this entails developing components that can help reduce CO<sub>2</sub> emissions in vehicles. The response of GF Piping Systems to the challenge of "clean drinking water" is to provide comprehensive solution packages for water supply, treatment and distribution. At GF AgieCharmilles, the focus is on energy efficiency and the lifespan of its machines in addition to fully automated manufacturing (see page 18 ff).

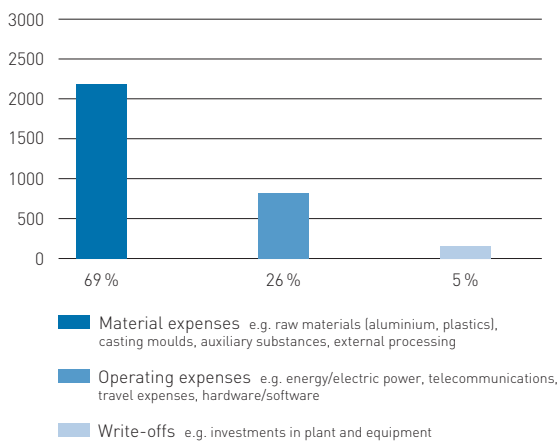
**Research and development.** The Corporation invests more than 3 percent of its gross sales every year in research and development (R&D). It focuses on product development and improvement, the creation of new materials and the use of tried and tested technologies for new applications. GF has some 600 people in seven countries working in research and development.

**Innovation.** In the coming years, Georg Fischer will intensify its R&D focus in order to drive innovation. At the Schaffhausen site, GF is investing several million Swiss francs in the construction of a new research centre for GF Automotive. In 2008, GF Piping Systems is bringing together its research activities at a new technology centre in Schaffhausen. GF Agie-Charmilles has in recent years gradually merged its development structures and know-how, launched a platform concept for electric discharge machines and streamlined its organisation. The Corporate Group is thus also very well positioned for the future.

**Technology development.** In order to identify future technology trends at an early stage and prepare itself for these changes, GF created a Corporate Technology Development unit in 2005. In addition to the Corporate Groups' involvement, which focuses on current customers and markets, it analyses global and sector trends and draws up development scenarios. This central unit also coordinates the exchange of know-how between the Corporate Groups in order to get the most out of the creative potential within Georg Fischer.

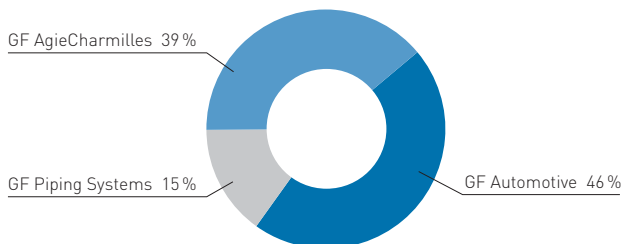
**Know-how transfer.** In developing new products and solutions and improving on existing ones, GF works across national borders with other companies, universities and renowned research institutes. Cooperation with research and scientific institutes enables GF to tap into a wealth of ideas and unleashes creative potential in the Corporation's own ranks. GF Automotive, for instance, works closely together with the Technical Universities in Aachen, Vienna, Clausthal and Leoben and with the Konstanz University of Applied Sciences. GF Piping Systems cooperates with the Technical University in Aachen in the

**Procurement volume in 2007**  
CHF million (100% = CHF 3.2 billion)



**R&D expenses in 2007 by Corporate Group**

(100% = CHF 144 million)




field of plastics and with EMPA, the Swiss materials science and technology research institute in Zurich. GF AgieCharmilles cooperates with the Federal Institutes of Technology in Zurich and Lausanne and with the Catholic University in Louvain, Belgium, among others.

**Life cycle assessment.** Sustainable solutions require that a product’s entire life cycle be taken into account. For a number of years, therefore, life cycle assessment (LCA) has been gaining in importance at Georg Fischer. With the help of this approach, the impact of new products on the environment is ascertained by assessing the raw materials and suppliers selected, production, customers’ use of the products along with reuse of the products once their life cycle has expired.

GF Automotive uses only unmixed scrap, some of it from car manufacturers, as a raw material to produce its iron materials. For the production of aluminium and magnesium alloys, it employs clean pig iron (cast bars). It uses recycled materials to meet around 50 percent of its raw material requirements. More than 85 percent of the waste produced when smelting raw materials and casting is recycled for use in other areas of industry. The iron, aluminium and magnesium castings are 100 percent recyclable.

GF Piping Systems carries out life cycle assessments on selected products. In the period under review, the Corporate Group concentrated on implementing the new EU requirements in the area of hazardous substances (ROHS and REACH).

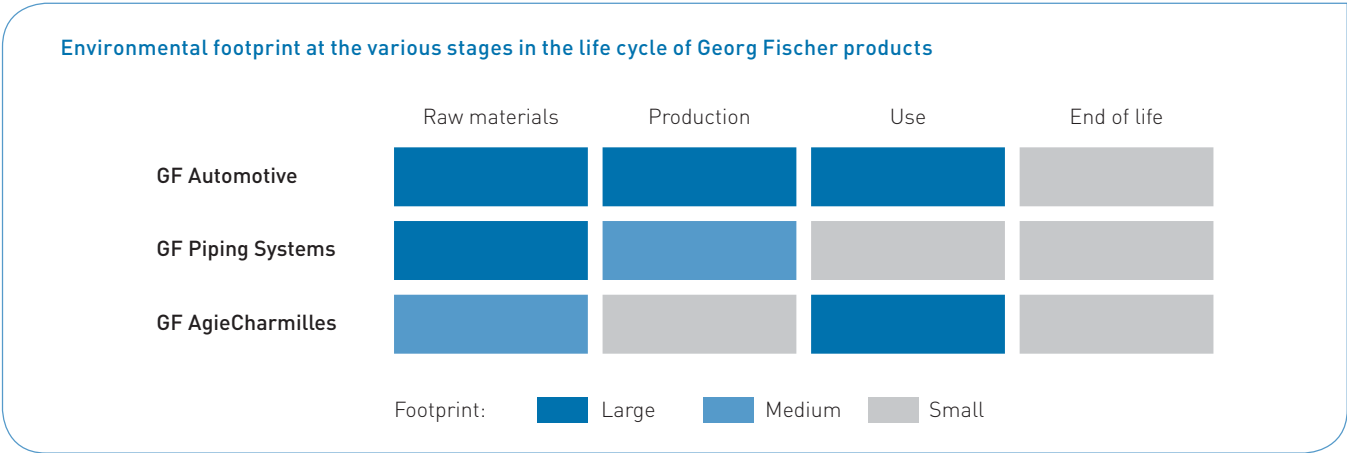
GF AgieCharmilles provides its customers with an extensive service offering which ensures that the installed base of approximately 100,000 machines always meets the current technical standards and has a long service life. Energy consumption is a major concern in development work.



**Research and development:** Further information under [www.georgfischer.com/r\\_and\\_d](http://www.georgfischer.com/r_and_d) and in the 2007 Annual Report, page 10.

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## Acting sustainably for business success

Reconciling business interests with the needs of employees, the environment and society – that is the goal of Georg Fischer’s endeavours. “Adding Quality to People’s Lives”: sustainability and a long-term perspective are key factors in the realisation of this guiding principle.

Georg Fischer is not an island: the Corporation’s responsibilities extend far beyond the boundaries of its own premises. This applies to the products it makes and their environmental impact just as it does to its global involvement in social projects. By providing occupational health and safety programmes and training courses, GF ensures that its workplaces are pleasant, motivating and productive. On the following pages, we present examples of sustainable behaviour from GF’s various Corporate Groups.



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Product responsibility



Page 22

Energy-efficient production



Page 24

Occupational health and safety



Page 26

Involvement in social projects



# Responsibility on both sides of the factory gates

The company's products can be used by customers for years, and sometimes decades, meaning that even the smallest of efficiency gains can have a massive impact on overall environmental performance. Georg Fischer thus takes a holistic approach to developing and producing efficient machines, light-weight vehicle components and intelligent piping systems.

## GF Piping Systems: cool heads

Simplicity and efficiency were the driving forces behind one of the most significant innovations introduced by the GF Piping Systems Corporate Group in recent years: Cool-Fit is a plastic piping system for cooling and refrigeration systems with a secondary circuit. Such systems can be found in supermarkets, the food industry, breweries and dairies. "The most fascinating aspect of Cool-Fit is how simply and intelligently it creates advantages for customers and the environment – and does so over its entire lifespan," says Mark Bulmer, the man in charge of this market segment.



The system's advantages in terms of energy consumption and resource conservation as compared with traditional metal piping extend to all aspects of its life cycle: from the selection of materials and production to deployment by the customer. For example, the elaborate melting and processing involved in the production of copper releases significantly more CO<sub>2</sub> than the production process for ABS plastic. And we are talking about considerable magnitudes here, as shown by this sample calculation for the 500-metre long piping system required for a Wal-Mart supermarket in the USA: the use of copper would have resulted in the release of 4,600 kilograms of CO<sub>2</sub> at the material production stage alone; by using ABS, CO<sub>2</sub> emissions are reduced to just 2,200 kilograms. And what's more, the latter process produces fewer toxic emissions than metal production.

Cool-Fit piping systems are used, among other things, for cooling and refrigeration systems, as seen here at the winery of the Schaffhausen association of cooperatives. Cool-Fit systems save energy and are environmentally friendly.

Cool-Fit combines three separate products: pipe, insulation and jacket. The pipes are insulated and jacketed in controlled conditions while they are still in the production facility, and not in the more difficult environment of a supermarket or construction site. "This allows us to avoid a frequent source of errors which can lead to leakages and energy loss," says Bulmer. It also saves time: as all the insulation and jacketing work has already been done before the product is delivered, the installation stage takes only two weeks, instead of six.

Finally, Cool-Fit also offers clear advantages in the field. The performance of the pipes remains unimpaired by either corrosion or furring throughout their lifetime; in fact, they are virtually maintenance-free from cradle to grave. The seamless pre-insulation process and Georg Fischer's patented jointing system give the product a high level of energy efficiency. Cool-Fit uses around 50 percent less operating energy than traditional copper-based systems.

Cool-Fit is used exclusively in "secondary refrigeration systems". This type of installation allows the required volume of refrigerant to be reduced by 80 to 90 percent compared to that used by conventional systems. Cool-Fit thus undercuts existing systems in terms of its TEWI (Total Equivalent Warming Impact) value, which is based on energy and coolant requirements, by over 50 percent – with welcome effects not just for the environment, but also for the cost balance sheet of the operator.

### GF Automotive: the component diet

Few industries have been caught in the crosshairs of the climate debate as solidly as the automotive industry. Although passenger car traffic, with a share of approximately 12 to 15 percent in the industrial countries, is not considered the main source of CO<sub>2</sub> emissions, a reduction in these levels is an essential prerequisite for remaining competitive in the future – especially as the European Union has introduced requirements for a reduction in average emissions per vehicle to 120 grams of CO<sub>2</sub> per kilometre by 2012.

In the search for potential savings, vehicle weight is becoming more and more of a focus for engineers. What is needed is a trend reversal: rising comfort requirements on the part of customers, new safety equipment and statutory provisions have led to a considerable increase in weight in the past – a development which manufacturers are now increasingly responding to by using lighter components.



Improved features, lower weight: GF Automotive's new materials are helping to reduce CO<sub>2</sub> emissions.

Ferdinand Stutz, President of GF Automotive, enumerates the current challenges: "Less weight, more compact dimensions, higher pressures and temperatures – to master these challenges, casting is the way forward." With new iron-based materials, aluminium or magnesium components and innovative casting methods, GF's largest Corporate Group is doing its share to develop the required expertise in lightweight design. The new iron-based families of materials are particularly well-suited for making components exposed to high levels of both mechanical and thermal stress, for which light metals such as aluminium cannot be used due to inadequate installation space or heat resistance issues. They include Sibodur, a particularly vibration-resistant material for use in chassis components subject to high levels of stress, such as transverse links, steering knuckles and wheel carriers. "In comparison to conventional nodular cast iron, we can thus achieve a weight reduction of 7 percent," says Head of Research and Development Beat Ruckstuhl. For power train components, GF Automotive has developed a cost-effective and robust material known as SiMo 1000.

Parts made from SiMo 1000 can withstand the higher exhaust temperatures (up to 950 degrees) created by particularly efficient engines.

The massive effects of this Georg Fischer "diet" can also be seen, for example, in a newly developed aluminium chassis component for a new Audi platform, which is 1.5 kilograms lighter than its steel-based predecessor. Over an assumed life cycle of 15 years, a production period of seven years, and the entire fleet of this vehicle type, the weight reduction will result in a CO<sub>2</sub> saving of around 40,000 tonnes.

GF Automotive is working on the assumption that lightweight design measures can reduce the fuel consumption and CO<sub>2</sub> emissions of passenger cars by an average of 5 percent.

GF Automotive's innovative capacity is not restricted only to materials and products; it also extends to production processes. The innovative "LamiCast" casting process allows laminar, and thus particularly thin-walled, casting of large aluminium cast components such as oil sumps or subframes. In this case, thinner means not only lighter, but also more ductile and higher quality; the components made using the new casting method display better strength and ductility than components cast with traditional methods.

### GF AgieCharmilles: the precision of energy efficiency

Accuracy and speed: these are the parameters around which the innovations of GF AgieCharmilles in the area of wire-cut and die-sinking EDMs revolve. All the same, the Corporate Group does not think only in terms of productivity measured in material removal per minute. "We produce capital goods which will be used by customers over a ten- or even 20-year period and which require a great deal of energy," says Senior Engineer Ernst Bühler. "Over the entire lifespan of the product, any improvement in effectiveness and energy consumption, no matter how small, will have a massive impact." And the improvements being achieved are anything but small. For example, the latest impulse generators (IPGs) for the company's wire-cut EDMs need mains power of 6.3 kW. By contrast, their predecessor (the 100D), which was used until 1990 in Europe and until 2000 in China, required 20.3 kW of power to achieve a comparable cutting performance – in other words, more than three times as much.

Each machine using the new IPG saves 14 kW of connection power and 70 MWh of electricity, 32 tonnes of CO<sub>2</sub> and just under CHF 7,000 in energy consumption costs every year. With around 500 machines being sold per year, an average running time of 5,000 hours per year, and an average lifespan of ten years – all relatively conservative estimates – this adds up to something really quite considerable. Ernst Bühler has also estimated what this figure would be: "What we are talking about here is more than 160,000 tonnes of CO<sub>2</sub> and energy consumption costs of just under CHF 35 million." This extrapolation becomes even more impressive if we take into account that 500 new IPGs are replacing the old 100D models every year,

meaning that after ten years, 5,000 new models will be in use. A fleet of this size will save 880,000 tonnes of CO<sub>2</sub> and lower energy costs by CHF 192 million. "If the market rewards us and buys more of our machines than we have predicted in our conservative estimate," says Bühler with a smile, "the saving effects will end up being even larger."

These saving effects have been achieved first and foremost via improvements to the control and power electronics of the machines and a consequent prevention of unnecessary switching losses. With these improvements, the typical efficiency factor of less than 8 percent achieved by the 100D IPG has been increased to more than 80 percent in its successor. Nonetheless, this technical progress is creating new challenges for the engineers: while higher switching frequencies in the power electronics have made it possible to reduce frame size and weight – two important factors in enhancing energy efficiency – at the same time, the electronic efficiency factor is deteriorating. A further example of this is modern PCs: "Unbelievably powerful," judges Bühler, "but sadly also power-hungry." Furthermore, particularly powerful electronic devices sometimes lack the necessary robustness. When faced with the conflicting demands of increasing performance, maximising efficiency and optimising both environmental and cost balance sheets, finding the "sweet spot," says Bühler, is thus "often still just a pipe dream". ■



The new impulse generator is many times smaller than its predecessor. The energy saving effects achieved over the entire lifespan of the machine are substantial.

# The geometry of efficiency



The new heat exchanger uses energy more efficiently and thus reduces CO<sub>2</sub> emissions.

GF Automotive's foundry in Mettmann looks the very picture of traditional heavy industry. In reality, however, this site near Düsseldorf houses one of the largest and most modern iron foundries in Europe, and one which is also a role model in terms of environmental protection and energy conservation.

The best example of this is the recently installed recuperator, which uses a waste heat recovery system to deliver CO<sub>2</sub> savings of several thousand tonnes per year. This heat exchanger converts the heat generated during the melting process in the cupola furnace into usable energy. In the cupola furnace, recycled materials, galvanised sheet metal from the automotive industry, limestone and silicon are melted down in preparation for processing into lightweight components for passenger cars and commercial vehicles. The melting process can thus also be regarded as a recycling system for automotive industry scrap metal.

## More than just hot air

The fuel used to melt down the iron is coke. The combustion of the fuel in the furnace produces hot exhaust air; the highest possible percentage of the residual heat contained in this air is converted by the recuperator into usable energy. The new recu-

perator, which was installed in late 2007, represents a massive step forward in terms of efficiency compared to its predecessor, which had been in use since 1989. The reason for this is the different geometric shape of the heat exchanger. While the predecessor model had bundles of pipes, the new model has ribbed plates. "This design, comparable to a honeycomb structure, increases the installation's surface area while maintaining a relatively small footprint," explains Guido Battenstein, Head of Environmental Engineering and Safety at GF Automotive in Mettmann. The recuperator's structure enhances its efficiency: in other words, it exploits the heat energy present in the extracted air more effectively.

Thanks to the technical improvements made to the new recuperator, the hot blast blown into the cupola furnace can now be at a higher temperature. This means that the gas and coke consumption required for the melting process can be reduced.



Battenstein, however, remains cautious: "At this time we cannot yet give any concrete statements on the gas and coke savings being achieved." In the first full month of operation, gas savings of 85,000 cubic metres were recorded; this corresponds to the prevention of around 195 tonnes of carbon dioxide. On an annualised basis, the CO<sub>2</sub> saving would thus come out at around 2,300 tonnes. "The actual values, however, are subject to fluctuations and factors such as how much of the cupola furnace's capacity is being used," says Battenstein.

Alongside its waste heat recovery function, the recuperator also contributes to power generation and thus to additional CO<sub>2</sub> savings, as the heat energy taken from the hot exhaust air is also used to produce steam. This steam, in turn, serves as an energy source for a turbine connected to a generator and turbo compressor. This turbine uses the combined heat and power principle to generate around 3.2 megawatts of electrical energy as well as compressed air for the foundry's internal needs.

GF's strategy at Mettmann is consistent not only in terms of waste heat recovery and efficiency improvements, it also leaves nothing to chance in the areas of air pollution control and recycling. Thus the odour-intensive gases produced during core making in the adjoining core shop are added to the combustion air in the cupola furnace and burnt off. Furthermore, the crude gas remaining after the furnace gases have been incinerated is purified in a filtration plant. The slag produced by the melting process is granulated and used for third-party applications. The entire process of melting, waste heat recovery and exhaust air treatment is monitored and logged by computer. Potential malfunctions can thus be quickly detected and rectified, and it

is always possible to analyse past incidents. Computerising the process has increased its safety many times over.

## Electronic nose

Environmental protection and efficient energy use go back a long way at GF Automotive Mettmann. The first waste gas heat recovery system was installed as far back as 1979. By and by, the focus of interest then shifted to issues such as the reduction of foundry sludge and waste. Alongside numerous measures aimed at reducing energy and fresh water consumption, since the end of the 1980s the site has increasingly found ways to alleviate its impact on the surrounding area. Initially, these activities focused on reducing noise pollution, for example via the installation of sound absorbers on chimneys, insulation of machinery and construction of noise barriers. Today, the main areas of interest are in decreasing odour pollution and dust emissions. Thus, for example, an "electronic nose" has been developed in collaboration with the RWTH Aachen University to identify and classify odours and then absorb them using various additives such as enzymes.

These measures are initiated, implemented and monitored through an in-house environmental management system. Georg Fischer invests an eight-figure sum in Mettmann every year for the running of its environmental engineering systems (such as the dedusting machines, the slag granulation system and the energy recovery equipment), as well as to cover waste disposal costs. But it is not only in Mettmann that improvements in energy efficiency and the search for potential savings is in full swing – other GF sites are also forging ahead in this area. ■



Raising the temperature of the hot blast reduces the coke and gas consumption of the cupola furnace.



The new recuperator was installed at GF Automotive's Mettmann foundry in late 2007.

# Systematised safety



Martin Krebs degreases a rotary indexing table with water-soluble cleaner at GF AgieCharmilles in Nidau, Switzerland.

Georg Fischer is aiming to further improve workplace safety at all its sites and to lower its accident rate by 5 percent per year over the next two years. The key to achieving this goal is the roll-out of the internationally recognised occupational health and safety management system OHSAS 18001. Six of the Corporation's subsidiaries are already certified, including some of the sites run by the Chinese joint venture Chinaust.

Since 2005, GF has been systematically collecting key accident and absence figures at Corporation as well as site level. Although the 2007 accident rate showed a slight fall compared to the previous year, it is still higher than it was two years ago (see page 45). The Executive Committee is now planning targeted countermeasures in this area, and OHSAS 18001 certification for all production sites will form one aspect of these measures. OHSAS stands for Occupational Health and Safety Assessment Series and is a standardised management system designed to help increase workplace safety, minimise risks to employees, customers and visitors, and bring down accident and absence rates.

Especially for a company such as Georg Fischer, which is active in a variety of business areas all around the world, OHSAS cer-

tification offers many advantages. It is an ideal complement to existing environmental and quality management systems, such as ISO 14001 and ISO 9001, and can be implemented across the entire Corporation. "At the same time, it has the necessary flexibility to allow us to adapt it to the requirements of the different sites," says Judith Stocker, who is supervising the roll-out of OHSAS 18001 as GF's in-house expert. The planned measures thus also differ across companies.

Depending on the existing situation and the types of workplace at different sites, measures could include, for example, training courses for staff on occupational health and safety topics, technical improvements such as the construction of noise barriers and the introduction of quieter machines, or improvements to personal protective equipment. The aim is to increase

employee awareness of dangers and risks and to enhance personal protection. As well as declining accident and absence rates, certification will also bring other advantages: "Customers and investors today expect socially compatible workplaces, and we can prove that we have them by introducing OHSAS," says Stephan Wittmann, Head of Corporate Human Resources. Moreover, an improvement in workplace safety has a positive impact on insurance premiums.

### Lots of small steps

The increase in the number of accidents compared to a few years ago is a downside to GF's commercial success. While the figures for the individual sites would have to be analysed to come to a definite conclusion on causes, according to Wittmann, it can be generally assumed that the rising production volumes, high capacity utilisation and resulting increase in workload have pushed up the accident rate. Occupational accidents resulting in injuries have risen by 9 percent since 2005, reaching 73 incidents per 1,000 employees in 2007. Over 80 percent of these accidents were reported at the company's 14 foundries.

Thanks to a targeted absence management system, a slight fall in the number of occupational absences was achieved between 2005 and 2007, from 10,600 to 10,300 days. The role model in this area is GF Piping Systems' Seewis site. In collaboration with the Swiss National Accident Insurance Organisation, this production subsidiary has drawn up a two-year project aimed at creating an integrated safety framework. This project provides a good basis for introducing OHSAS. By introducing "re-

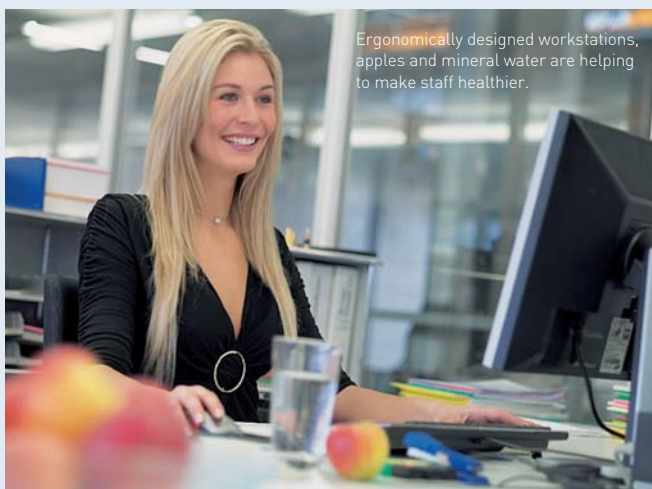
turn to work" interviews and establishing a health programme providing healthy eating tips, advice for night shift staff, free flu vaccinations and sports activities such as Nordic Walking, over the past six years the company has already been able to reduce its illness rate by more than one third. Individual measures such as these are now being systematised via the introduction of the OHSAS 18001 management system.

At the GF AgieCharmilles plant in Nidau, the system was fully rolled out and implemented over the course of 2007 in the form of a pilot project. "We had already come a long way in the area of occupational safety," says project manager Jörg Bürgin of the pre-OHSAS situation. "So moving to OHSAS certification wasn't really that big a step for us." Rather, a large number of small, but well thought-out and systematically implemented steps were what was needed to put the management system into practice in Nidau, and it is these steps which have clearly enhanced safety at the site.

### Apples for all

"We want first and foremost to increase our employees' awareness of dangers," says Bürgin. As part of the accident risk management system, inspection tours with external and internal safety experts include identification and evaluation of potential safety issues; after the tours, solutions are developed which may appear quite simple at first glance, but which can thus be implemented rapidly and start having an effect straight away. Thus, for example, it was found during a risk analysis exercise that individual employees were performing dangerous tasks on their own in the evenings or at weekends. In response, a concept was developed to ensure the safety of these staff. Customers and visitors are also made aware of the potential dangers present on site; for example, trip and crush hazards in the assembly shop were identified and alleviated during the tours.

The number of occupational absences at Nidau has already declined slightly between 2006 and 2007, to 1.6 hours per employee per year. However, illness-related absences increased over the same period. Jörg Bürgin and his team plan to tackle the rising trend of staff illness using, among other things, provision of free mineral water and apples to staff – an offer that has met with a very positive take-up rate. In addition, ergonomics experts are ensuring that PC workstations are set up and adjusted correctly. ■



Ergonomically designed workstations, apples and mineral water are helping to make staff healthier.

Georg Fischer provided CHF 64,000 to set up a drinking water supply at an orphanage in Nepal.

# Fresh water at the Home of New Hopes



With its Clean Water Foundation, Georg Fischer has been working since 2002 to improve drinking water supplies to people all around the world. The Foundation has provided over 120,000 people with sustainable access to this precious and scarce resource, including 500 children from Nepal. This was made possible by financing water supplies for an orphanage and school for street children in Kathmandu.

On her first visit to Nepal in 1992, Swiss-born Nicole Wick experienced not just the fascination of this country at the foot of Mount Everest, but also the appalling poverty of its people. Just one year later, she founded Nawa Asha Griha – the Home of New Hopes – and has since devoted herself to caring for children abandoned by their parents and forced to live on the street. Nicole has since become Nicole Thakuri-Wick and, together with her Nepalese husband, runs an orphanage and school in the country's capital, Kathmandu.

Nicole finances her work with the help of the Swiss Foundation Strassenkinderhilfswerk NAG, which also takes care of fundraising. The donors are mainly private individuals from Switzerland and France. One of the long-standing sponsors of the project is Heinz Sulzer, who is also a Member of the Board

of Trustees. This well-known entrepreneur from Schaffhausen first visited Nicole Thakuri-Wick in the mid-1990s. On the initiative of Thomas Escher, Head of Sales at GF Piping Systems in Switzerland, he got in touch with the Clean Water Foundation and told them about Nicole and the difficulties she faces.

## New home in former textiles factory

For example, the children's home had to relocate a number of times in the early years, as several of its tenancies were terminated at short notice by the building owners. The purchase of a former textiles factory in autumn 2005 changed all that. The building was converted into a home and school; boys' and girls' dormitories and classrooms now offer space for up to 500 children. A football ground, a basketball court and a small

children's playground also form part of the site, which, it is hoped, will now provide this aid project with a long-term, secure home.

At first, however, the approximately 6,600 square-metre former factory site lacked both a hygienic water supply and a functioning sewage disposal system. In late 2006, Clean Water agreed to provide CHF 64,000 in funding to equip the site with a water supply. In the following 12 months, the necessary facilities were installed. Heinz Sulzer took charge of purchasing all the necessary components from his base in Schaffhausen, while Nicole Thakuri-Wick supervised the progress of the construction work on site until its completion in late 2007.

### Know-how applied using the simplest of resources

Today, groundwater is pumped from 40 metres underground into a central water tower with a capacity of 2,000 litres. Before use, the water is treated on the flat roofs of the complex: it flows over gravel, is oxygenated, purified in a sand filter and sterilised by UV rays. The children and their carers can then draw it from a collection tank as clean, untainted drinking water. Western know-how applied locally using the simplest of resources have made this concept a reality. Clean Water's support was also enough to fund the provision of a wastewater treatment facility. The site's wastewater is treated in a three-chamber treatment plant and then channelled into a reed field for biological purification. Finally, it is directed into a nearby stream. ■

### The Clean Water Foundation

With its Clean Water Foundation, Georg Fischer has been working since 2002 on projects to improve water supply primarily in developing countries and disaster areas. Its activities in this area focus on the harvesting, transportation, storage and distribution of water and on reconstruction aid. The Foundation started up with seed capital of CHF 3.5 million. This sum corresponded to the amount waived by the shareholders in respect of a Jubilee dividend of CHF 1.00 per share in 2002, the company's bicentenary year.

Since then, GF has injected a total of CHF 5 million into the Foundation and has thus funded the implementation of 60 projects in 40 countries over four continents. Clean Water only supports projects which are implemented in cooperation with the local population and which use local methods and materials to the greatest extent possible. Its goal is to ensure the survival of the local people, to improve their health, to curb migration and to foster education and training. Due to the excellent response to these activities from both shareholders and staff, GF will continue to support the Foundation with a substantial yearly donation in the future.



The water is treated using simple but effective means.

The water drawn from the collecting tank is of perfect quality.



Wastewater is purified biologically in a reed field.



Georg Fischer has stocked up with protective masks which can be distributed to sites in case of emergency.

## Pandemic protection plan Prepared for the inevitable

**Avian flu – wasn't that supposed to be important?! But nowadays deaths in Asia or outbreaks of the virus on poultry farms rarely make it to the front pages of the daily papers. GF, at any rate, is thoroughly prepared.**

Experts believe that a global outbreak of a dangerous disease is unavoidable. A pandemic, says John Rainford, spokesman for the World Health Organization (WHO), is "only a matter of time". By the WHO's reckoning, 224 people had died after being infected with this flu virus as at January 2008. In the event of a worldwide flu epidemic, the experts anticipate that the virus would claim between two and seven million victims. It is therefore imperative to take protective action as early as possible. "We have to assume that at the peak of the epidemic more than half of our workforce will be unable to come to work," says Christoph Lochmann, an insurance specialist at GF. "Many will be ill themselves, while others will be taking care of family members or will no longer feel that they can use public transport safely." A corporate team charged with setting up a pandemic response plan is meeting regularly and running through crisis scenario simulations with a view to containing the spread of the virus among the workforce: wherever possible, the aim is to set up home offices, to put up mobile partition walls in open-plan offices and to move employees in key positions into hotel accommodation. In the event of an emergency crisis teams at all sites will be in contact with local health authorities and doctors in order to be able to initiate countermeasures in good time. Moreover, the Corporation's experts are currently investigating whether it might make sense to stock up with flu vaccination medicines. Nonetheless, if an outbreak of the disease occurs, it will be very difficult to continue orderly operations and maintain production. In case such an interruption does occur, several sites have already concluded agreements with customers and suppliers; more are set to follow. ■



Susanne Vielhauer, a counsellor with GF Automotive in Singen, provides advice and support to staff suffering from addiction problems.

## Addiction prevention Constructive pressure

**Addiction in the workplace is a widespread problem – irrespective of sector, company and country. Simple prohibition generally has little effect here. Rather, what is needed is a responsible attitude towards tackling this phenomenon. GF in Singen shows how this might be done.**

At GF Automotive's site in Southern Germany, training courses have recently been introduced to coach managers on how to deal with affected staff. From the very beginning, the company brought in an external expert in the shape of addiction counsellor Peter Faber. "GF is pursuing a sustainable approach to the issue of addiction prevention and is thus demonstrating genuine interest in its workforce," says Faber. He is using seminars to sharpen alertness to symptoms of this illness. "People sometimes take years to finally accept the fact that they are addicts. Our goal is to confront those affected with the reality of the situation as early on as possible," says Faber. Role play is used to develop ways in which affected individuals might be offered help with a combination of empathy and constructive pressure. A particular focus here is on occupational safety: even with an alcohol level as low as 20 mg/100 ml, visual function and reaction times are impaired; at 30, the risk of an accident doubles. Addiction prevention therefore helps not only the affected individual and the company, but also helps protect other staff members. Until now, addicted staff themselves have had no idea what would happen if their addiction became public; they knew nothing about any assistance that might be available, and feared that they would be instantly dismissed. However, dismissal is far from the preferred option in this situation. "Rather, we want to help our staff and retain their know-how for the company," says counsellor Susanne Vielhauer. Dismissal is therefore the very last step in a graduated scheme which first involves four discussion sessions, an invitation to attend therapy and two formal warnings. ■



The various leadership and management training courses run in China are targeted towards middle management.

## GF Academy

### Key competencies for managers

Employee training and personal development are integral to Georg Fischer's concept of sustainable behaviour. With the establishment of the GF Academy, the Corporation's training offering now has an attractive name to go with its reputation.

The GF Academy brings together existing training measures and new management programmes at Corporation level. It addresses both current and potential future managers, and aims to support them in their professional development and provide them with the tools they need to take the next step in their careers. The focus of the new programmes, which were developed jointly with the University of St. Gallen, Switzerland, is on areas such as strategy, value-centred management and the implementation of change. The aim of the tailored seminars is to strengthen employees' competencies and to improve long-term staff retention rates. The first GF Academy programme – on "Leadership & Management Development" – was held in China already in October 2007. Qualified staff are hard to find and retain in this emerging market; the training measures are aimed at tackling both of these problems. The course participants work primarily on improving their leadership qualities. "We learn to listen, to ask the right questions, to give staff praise and criticism and to make sensible preparations before every action," relates Richard Zhang, a product developer at the Georg Fischer Automotive foundry in Suzhou. He sees communication and managerial skills as an important building block in his professional and personal development. These skills are helping him to interact more successfully with colleagues at work: "Before the course, for example, I hardly took any notice of people's body language when I was talking to them; nowadays I take this into account in order to be able to respond appropriately." ■



At its new, environmentally friendly production plant, GF Automotive paints components for the international automotive industry.

## New production facilities

### Protect the environment, reduce costs

Minimising costs, increasing efficiency and, at the same time, reducing environmental impact – this is what GF aims for when building new production facilities. A successful example of this is the new cathodic dip coating (KTL) facility, which is set to start operations in mid-2008.

The KTL is where the cast parts produced in Singen, such as wheel hubs, brake calipers and fifth wheel couplings, are painted. In contrast to traditional coating methods, the KTL system, which is gaining in popularity in the automotive industry, gives an even, thin surface seal and thus offers the best possible corrosion protection. GF Automotive invested around 8.2 million euros in the new system and in improvements to its logistics framework. It is an investment which will soon pay off: in the past, around 20 percent of the cast components manufactured at Singen were taken by HGV to an external dip coating facility 250 kilometres away. This resulted in a total of 1,500 journeys per year and not only had a considerable environmental impact but also cost the company around a million euros. Another advantage: with the new facility, GF Automotive Singen will be able to dispense with traditional dip coating altogether in the long run and minimise the need for top coating. This will reduce its consumption of colourants and use of substances containing solvents. Other sites, too, are combining ecological and economic advantages in new production facilities. For example, GF Automotive's Leipzig site has commissioned a new paint shop that only uses water-soluble paints and has state of the art environmental protection, occupational safety and fire prevention features. This rigorous reduction in the use of solvents has produced various benefits, including the elimination of the costly paint sludge disposal operation and the prevention of complaints from the site's neighbours. At the same time it has reduced required finishing work and lead times. ■

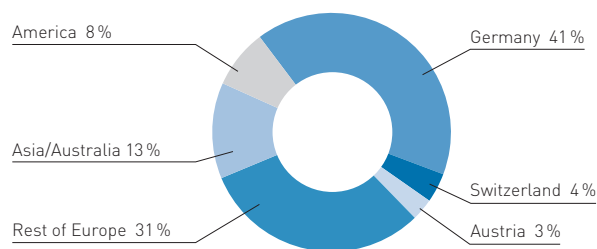


## 2007 business year: strong demand, EBIT at previous year's level

In 2007, Georg Fischer broke through the sales barrier of 4.5 billion Swiss francs for the first time. This marks an 11 percent increase over the previous year – adjusted for currency effects the increase was 8 percent. By 31 December, order intake was 9 percent higher than the previous year. The market strategies adopted by the Corporate Groups impacted positively, and they were supported by a predominantly favourable economic environment and on the whole slightly positive exchange rates. However, the Corporation's profitability fell short of expectations, owing in particular to a disappointing result at GF Automotive. Start-up problems with a new product made it necessary to set aside provisions. The cost of launching the single brand strategy at GF AgieCharmilles also left its mark on the bottom line. As a result, the Corporation failed to reach its tar-

### Sales in 2007 by region

(100% = CHF 4.50 billion)



get in 2007: EBIT came to 326 million Swiss francs and the EBIT margin was 7.2 percent.

**Net profit** stood at 245 million Swiss francs. This equates to earnings per share of 58 Swiss francs (previous year: 62 Swiss francs). Earnings per share fell disproportionately because the average number of shares in circulation was higher in the year under review following the conversion of a convertible bond in autumn 2006. Free cash flow stands at 243 million Swiss francs (previous year: 298 million Swiss francs). Net debt was further reduced by 19 percent from 324 million to 264 million Swiss francs. The equity ratio stands at 45 percent.

Since the restructuring began in 2003, the Corporation has performed impressively: sales have risen by almost 40 percent and operating profit (EBIT) has jumped from 96 million to 326 million Swiss francs.

Georg Fischer remains on course in its bid to open up new markets and develop maturing markets. The Corporation is set to continue growing organically. Even though GF missed its earnings objectives in 2007, it is still on track to meet the Corporation's longer-term goals. GF plans to achieve organic growth of 5-6 percent per annum on average and to generate an average EBIT margin of 8 percent over the medium to long term. Building on its three strong core businesses, it strives to achieve a balanced portfolio in terms of size, geographic reach and customers. The non-cyclical business units are being strengthened, in some cases through selective acquisitions. Organic growth is being driven mainly through innovations and the expansion of the Corporation's presence in Asia, America and Eastern Europe.

With the acquisition of Central Plastics Corporation (CPC), GF Piping Systems has gained entry to the previously inaccessible US infrastructure market for gas and water utilities. This



makes the Corporate Group the world market leader in this field. GF Piping Systems opened a small-scale manufacturing unit in Malaysia in 2007 and in 2008 is building a plant for the production of pipes in Beijing. In the year under review, GF Piping Systems founded a sales company in India, to which a manufacturing unit will be added in 2008. In the Chinese city of Kunshan, GF started building a new iron foundry in early 2008 which is scheduled to come on stream in 2009. In December 2007, Changzhou Agie-Charmilles Machine Tool Co. Ltd. was founded and it will begin to develop and manufacture milling machines for the Asian market as of 2009.

**Outlook.** As it is relatively early in the year, the economic outlook is still difficult to gauge. Some signs, which we take seriously, point at least to a slowdown in the economy; at the same time, though, important markets in the emerging economies and in Asia continue to power ahead. The Corporation wants to take advantage of these opportunities, and, thanks to its very good order backlog, GF is confident about the future.

**Share price.** The general negative sentiment on the stock markets did not leave the Georg Fischer share unscathed in 2007. The operational problems at GF Automotive which surfaced at the end of the year also weighed on the share price and unsettled some investors. GF will make every effort in 2008 to restore the confidence of its investors.

The impact of social and environmental efforts on the overall result is not explicitly quantified. However, the effect is positive despite the investments that are necessary. Lower disposal costs

for waste and the long-term reduction in water consumption, for example, both have a positive impact. Thanks to heat recovery systems and energy-saving processes, energy efficiency is improving. High safety and environmental protection standards not only lower downtime and medical costs but also make it possible to obtain lower insurance premiums and reduce ecological risks. Georg Fischer is convinced of the unquantifiable, but nevertheless high value of its reputation as a responsible business enterprise.



**Financial reporting:** Details to be found in the Annual Report or on the Internet under <http://gb2007.georgfischer.com>

## Customer satisfaction

Georg Fischer's Corporate Groups conduct regular surveys among their target groups, thereby adding to their knowledge of the market. In the past year, GF Piping Systems, for instance, concentrated on analysing the results of the customer survey conducted in 2006 and identifying potential for improvement. It is planned to conduct a wide-ranging survey every two years. Prizes and awards also reflect the Corporation's success. GF received several such awards in the period under review: the 2007 VW Group Award for the design of a component made of a new iron material, the Newcast Award in the field of aluminium sand casting, the ZF Supplier Award and the Flow Control Innovation Award for the new electromagnetic flowmeter sensor 2552.

### Financial overview

CHF million	2003	2004	2005	2006	2007
Order intake	3 385	3 730	3 783	4 245	4 635
Sales	3 257	3 540	3 692	4 048	4 497
EBIT	-96	189	252	327	326
Net profit for the year	-149	105	175	249	245
Free cash flow	197	193	184	298	243
Net debt	926	725	606	324	264
Equity %	31	32	39	45	45
Return on Sales (EBIT margin) %*	2.9	5.1	6.8	8.1	7.2

\* 2003 and 2004 before special charges

Accounting standard: IFRS



## Environmental footprint

In the manufacturing operations of Georg Fischer, energy consumption and air emissions have the biggest impact on the environment, followed by waste. Water consumption plays a less significant role at many GF locations. The biggest environmental impact of the three Corporate Groups is made by the foundries of GF Automotive owing to their energy and material-intensive smelting processes for which large quantities of coke, natural gas and electricity are needed.

**Environmental data.** As early as 1992, Georg Fischer signed the ICC (International Chamber of Commerce) Business Charter for Sustainable Development, thus officially committing itself to sustainable business operations. The Sustainability Information System (SIS), a Corporation-wide reporting system for the collection of ecological and social data, gathers environmental data at the various production sites. In the 2007 calendar year, data was collected at 47 GF production sites. As in the previous year, therefore, all the production plants were covered. Companies in

which GF has less than a 50 percent interest were not included. This affects only two small firms in Germany and Switzerland. Since the sales companies are mainly offices, environmental data were collected only from a few large units. The data obtained cover about 85 percent of the employees of Georg Fischer and an estimated 95 percent of its environmental footprint.

The environmental data recorded are substance and energy flows. These flows include energy and water as input and air emissions, wastewater and waste as output. All streams within the system boundary are recorded (see chart). In particular, these include emissions occurring during electric power generation. Purchased materials, infrastructure (buildings and plants), waste and wastewater treatment, transportation (deliveries and product distribution) and product use at the customer's end are not recorded. For the first time, business travel by air or in company cars was included.

The results are presented as absolute values and in comparison to sales. Acquisitions, sales or closure of sites recorded on the system have an effect on the results. Since there were only minor changes in 2007, the results for the past year are

### Impact of the Corporate Groups on four environmental key figures

	Energy consumption	CO <sub>2</sub> emissions	Water consumption	Waste and recycling
GF Automotive	87%	84%	60%	94%
GF Piping Systems	11%	13%	37%	5%
GF AgieCharmilles	2%	3%	3%	1%

readily comparable with those of the previous year. The site in Montreal, Canada, which became part of the Corporation at the end of 2006, was included for the first time.

In 2002–2003 and 2003–2004, the environmental data were generated from the middle of one year to the middle of the next. As in earlier and later years, the data for these years apply to a twelve-month period.

The data basis used to present energy consumption and to calculate air emissions has been adjusted to the state-of-the-art. On this basis, energy consumption and air emissions were recalculated in the five-year time series. As a result, the figures differ slightly from those in earlier reports.

## Priorities and challenges in the environmental field

Climate change and the task of providing clean drinking water are important ecological and social challenges facing society. The consequences of global warming are impacting on both man and the environment. Some possible effects are a rise in sea levels, changes in precipitation patterns, a greater frequency of extreme weather and the spread of tropical diseases.

GF therefore intends to make a contribution to the problems of climate change and clean drinking water, both in its manufacturing and in the products it fabricates (see page 19).

**Climate and energy.** The objective in production is to further improve energy efficiency and to reduce CO<sub>2</sub> output. The

key measure in this area is to increase the use of waste heat (see pages 22–23). The waste heat captured from engineering plants can be used either for heating or for generating electric power. As a result, energy consumption is reduced.

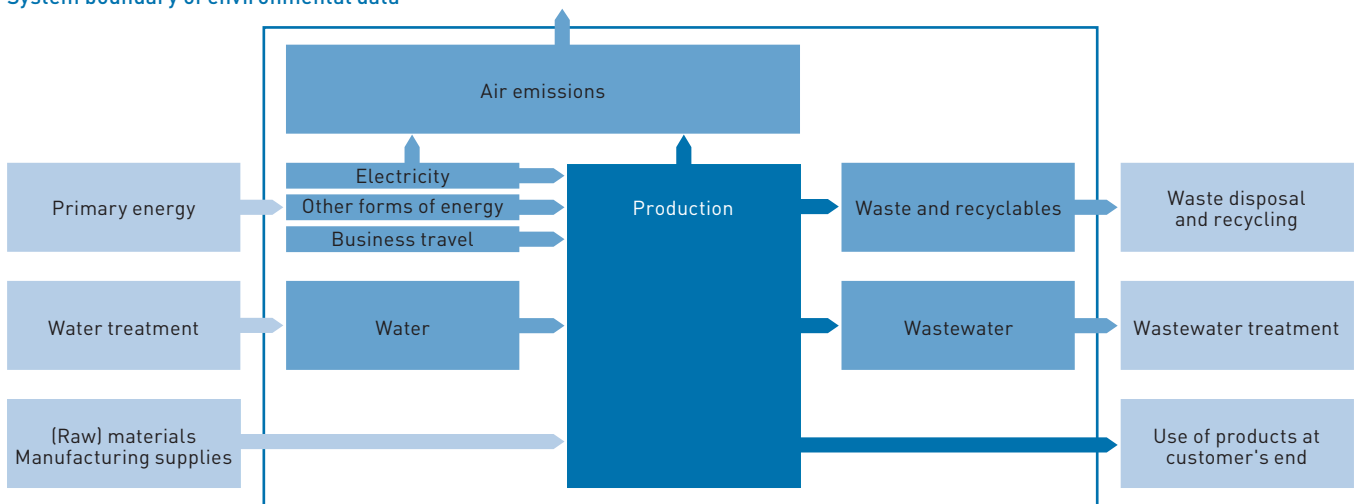
**Water.** Drinking water is an invaluable and treasured resource. About one billion people have no access to clean drinking water and 2.6 billion people lack basic sanitation. Even 60 percent of all European cities with more than 100,000 inhabitants currently use more ground water than is naturally renewed. The products of GF contribute to the efficient use of this resource and provide far-reaching system solutions for water supply, water treatment and building technology.

## Energy

Energy consumption has the largest environmental footprint at Georg Fischer because the use of energy consumes non-renewable resources and causes emissions into the air. The objective therefore is to minimise the consumption of energy by optimising production processes and thereby to increase energy efficiency.

**Energy consumption.** Production volume increased steeply at all three Corporate Groups in 2007, on the back of an 11 percent rise in sales. Since especially manufacturing processes at GF are energy-intensive, energy consumption increased by 9 percent\* compared with the previous year. About two thirds of the energy is consumed by the three largest foundries in Singen

System boundary of environmental data



\* Adjusted for changes in the scope of reporting

and Mettmann (both in Germany) and in Herzogenburg (in Austria). The ten largest production facilities account for 90 percent of total energy requirements. By contrast, the 20 production sites with the lowest consumption figures account for less than 2 percent of total energy use. All told in 2007, Georg Fischer spent more than 170 million Swiss francs on energy.

The ratio between sales and energy consumption has steadily improved in recent years. In 2007, for instance, the sales achieved with each energy unit consumed were 20 percent higher than five years previously.

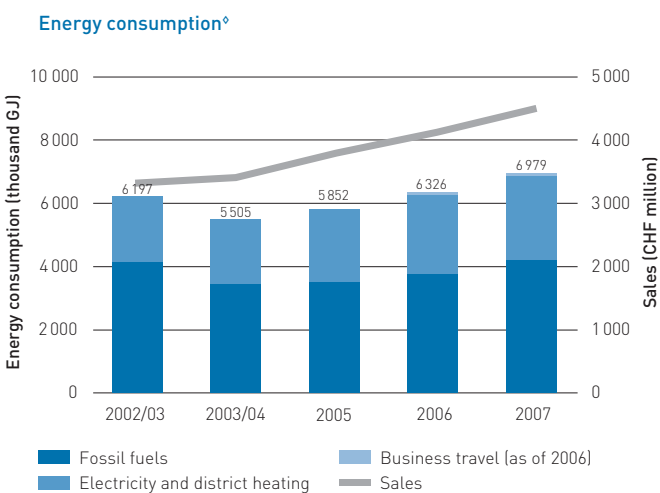
**Ratio between sales (CHF) and energy consumption (GJ)**

2002/03	2003/04	2005	2006	2007
538	612	626	640	644

**Measures.** A number of measures were carried out across the Corporation in 2007 to reduce energy consumption. At the GF Automotive's Altenmarkt site in Austria, for instance, the air treatment installation in the magnesium foundry was expanded. The new equipment recovers about 70 percent of waste heat. In Mettmann, Germany, waste heat recovery increased after the installation of a new recuperator (see pages 22 and 23). At the GF AgieCharmilles' sites in Nidau and Losone, both in Switzerland, improvements to the compressed air and cooling systems reduced energy consumption. At the Shanghai site of GF Piping Systems in China, the air conditioning in the laboratory and training centre was optimised, scaling back energy consumption by about 20 percent.

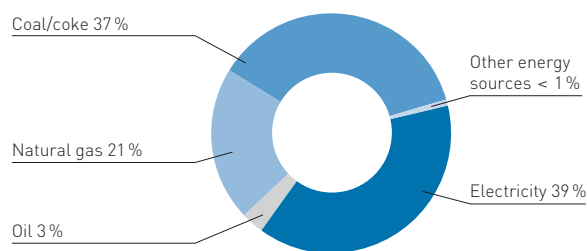
**Energy sources.** The most important energy sources at GF are electricity, coke, natural gas and oil. Coke is used in foundries for smelting and carburising. The production processes use mainly electric power, natural gas and coke while oil is employed primarily for heating buildings. Energy is also sourced from waste heat recovery and district heating. The share of the various energy sources has not changed much over the years. The share of coke, for instance, increased by 2 percent in 2007, while natural gas and oil each declined by 1 percent. In the year under review, the heating system at the Traisen site in Austria was renovated and now runs on natural gas. This means an annual saving of 200 tonnes of CO<sub>2</sub> emissions.

**Renewable energy.** Georg Fischer is using renewable energy sources at several production sites. Their share of total energy consumption is a good 3 percent, with waste heat recovery accounting for by far the largest part (see pages 22 and 23). The Altenmarkt site in Austria and Luterbach in Switzerland use green electricity. In Altenmarkt, this now accounts for around 11 percent of total power consumption. The two plants at Herzogenburg and Traisen, Austria, produce their own hydroelectric power. The Traisen plant has increased the amount of its own hydroelectric power, which now accounts for 11 percent of its total electricity requirements. The Flawil site in Switzerland uses district heating from a wood firing installation.



<sup>o</sup>Data recalculated using updated conversion factors

**Energy sources in 2007**



## Air emissions

Air pollutants result primarily from the supply and use of energy sources such as electric power, coke, natural gas and oil. They consist mainly of carbon dioxide emissions (CO<sub>2</sub>). Carbon dioxide, along with methane (CH<sub>4</sub>), is one of the main sources of greenhouse gases. Other pollutants generated include nitrogen oxides (NO<sub>x</sub>), sulphur oxides (SO<sub>x</sub>), and volatile organic compounds (VOC).

**Direct and indirect.** A distinction is drawn between direct and indirect emissions of pollutants into the air:

- Direct emissions at the production sites of Georg Fischer, which are caused by the consumption of fossil fuels such as gas, oil and coal.
- Direct emissions at the production sites that do not stem from energy use but from special production processes, for instance in the foundries. These emissions are as a rule much lower than the emissions from energy use.
- Indirect emissions from the generation of electric power and district heating. While these emissions are triggered by energy consumption at Georg Fischer, they are not generated within the company but at the producers of these energy sources.

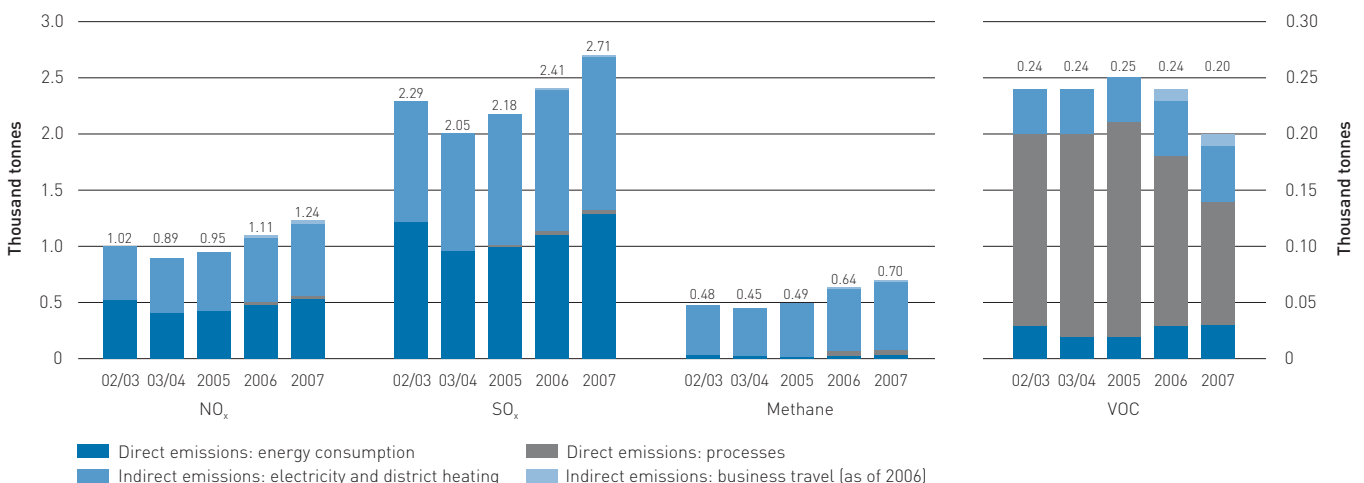
- Other indirect, off-premises emissions are caused by business travel. Data from travel in company cars and airplanes are recorded.

**Emissions.** Fossil fuels and power generation each account for about half of the emissions of nitrogen oxides (NO<sub>x</sub>) and sulphur oxides (SO<sub>x</sub>). Accordingly, the annual trend of these emissions is in line with the trend for total energy requirements. The emissions of sulphur oxides and nitrogen oxides each rose by 12 percent. Close to 90 percent of methane emissions (CH<sub>4</sub>) are caused by power generation, the remainder by the incineration of fossil fuels at the Corporation's production sites.

More than two thirds of the emissions of volatile organic compounds (VOC) were generated by production processes and one third by energy consumption. The main source is the use of cleaning agents, adhesives and paints. VOC emissions from production fell steeply by a further 30 percent in the reporting year, the main reason being a new paint plant at the Leipzig site. This plant now uses water-soluble paints, bringing about a reduction in emissions of more than 40 tonnes of VOC per annum (see page 29).

In its production processes, Georg Fischer does not cause any emissions of substances which damage the ozone layer. Except for tiny quantities used in the laboratories, Georg Fischer does not employ any halogenated hydrocarbons. In some cases, these substances are contained in closed systems such as fire prevention equipment. However, these cause no emissions.

Air emissions<sup>o</sup> from energy consumption, production processes and business travel



<sup>o</sup>Data recalculated using updated conversion factors



Renewable energy. The GF Piping Systems production plant in Traisen uses electricity from its own hydropower plant.

## Greenhouse gas emissions

The consumption of energy at Georg Fischer causes greenhouse gas emissions, particularly of carbon dioxide (CO<sub>2</sub>) but also of methane. Any measures taken to reduce energy consumption thus necessarily have the effect of lowering CO<sub>2</sub> emissions. The CO<sub>2</sub> emissions presented here are data which have been calculated. These calculations are based on specific emission factors which take into account the type of energy source used and the electricity mix in the individual countries. The data for the period 2002–2003 to 2007 were recalculated using updated conversion factors.

**CO<sub>2</sub>.** The emissions of the greenhouse gas CO<sub>2</sub> have increased in parallel to energy consumption. In 2007 they were 10 percent\* higher than the previous year. This trend is connected with the steep increase in manufacturing volume worldwide at Georg Fischer.

The direct emissions at the production sites in 2007 amounted to about 340,000 tonnes of CO<sub>2</sub>. The electric power and district heating used by GF caused the manufacturers of these energy sources to generate about 350,000 tonnes of carbon dioxide.

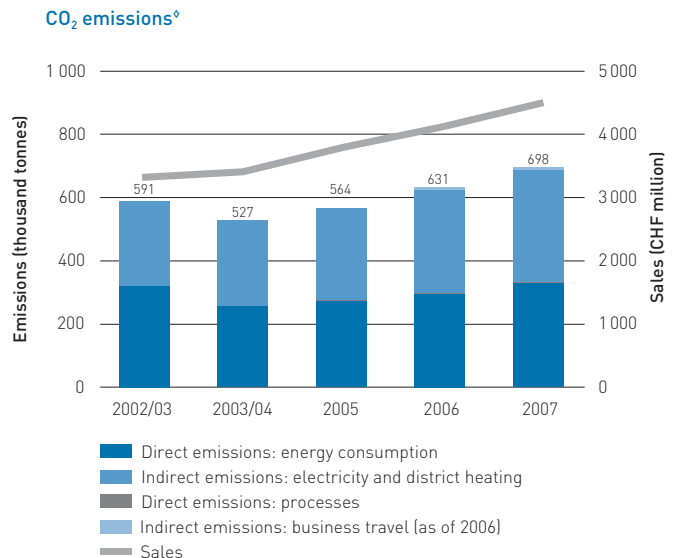
Compared with the emissions from energy consumption in production, the emissions caused by business travel are low, accounting for only about 1 percent of total emissions. This explains why Georg Fischer is focusing on measures to increase energy efficiency in production.

\* Adjusted for changes in the scope of reporting

Over and above the emissions from energy use, production processes at GF cause only minor emissions of CO<sub>2</sub> and methane. Georg Fischer does not release any other greenhouse gases in its production processes; in particular its foundries do not use sulphur hexafluoride (SF<sub>6</sub>).

**Legislation and guidelines.** The CO<sub>2</sub> Act came into force in Switzerland in 2000. It sets out to reduce CO<sub>2</sub> emissions by 10 percent by 2010 compared with the 1990 level. Since the beginning of 2008, Switzerland has levied a CO<sub>2</sub> tax on fossil fuels such as heating oil and natural gas, amounting to 12 Swiss francs per tonne of CO<sub>2</sub> emissions. The receipts from this tax are to be reimbursed to the population and to business. The overall financial impact of the tax on GF is therefore small. At several Swiss sites, the Corporation has joined the Business Energy Agency and has signed voluntary target agreements aimed at reducing CO<sub>2</sub> emissions.

In 2003, the EU adopted its Emissions Trading Directive, which is designed to limit CO<sub>2</sub> emissions as part of the Kyoto Protocol. A Corporation-wide analysis was carried out to establish whether GF sites fall under the provisions of this Directive. The Corporation was not affected by the first trading period from 2005 to 2007. The Georg Fischer production sites located in the European Union are also not affected by the second trading period lasting from 2008 to 2012.



<sup>o</sup>Data recalculated using updated conversion factors

## Waste and recycling

The primary goal of recycling is to prevent or to reuse waste. The costs of disposal are lowered by the recycling of waste. Moreover, recycling reduces the volume of raw materials that have to be purchased.

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

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

**Recyclables.** A key element in recycling is the channeling of waste from production directly back into the company's manufacturing processes. This internal recycling is standard practice in the foundries and plastics production facilities.

Owing to its long-term commitment, GF has reduced the volume of normal and hazardous waste that has to be incinerated or landfilled. In the year under review, this figure stood at 13 percent. The share of recycled waste has been gradually increased. Whereas at the end of the 1990s less than 70 percent of waste was recycled, by 2004 this proportion had risen to between 85 and 90 percent. In 2007 it was 87 percent.

Like the other key environmental figures, the volume of waste depends on production volume. Consequently, waste increased by 12 percent in 2007. The share of the various waste categories underwent only minor changes in 2007 compared with the previous year.

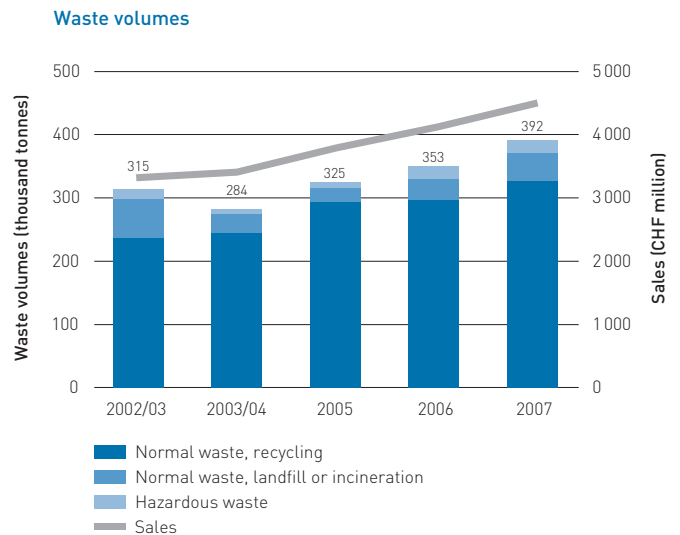
**Measures.** At the Friedrichshafen site in Germany, a recycling plant for core sand was installed. In casting, core sand is used to form mould cavities. The recycling equipment makes it possible to reduce the purchase of new sand by up to 30 percent. This eases the environmental impact because, with the need for less new sand, the volume of waste is also reduced. The financial advantages are considerable: thanks to the new equipment, about 1,700 tonnes less core sand was landfilled or recycled in the year 2007.

As a replacement for new sand in core manufacturing, foundries are using reconditioned – ground – core sand. However, more such sand is generated than can be reused. That is why part of the removed core sand is landfilled. At the Singen plant in Germany, this part of the core sand has been undergoing recycling since 2007: it is supplied to the cement industry as a substitute for quartz sand. As a result, the amount of sand

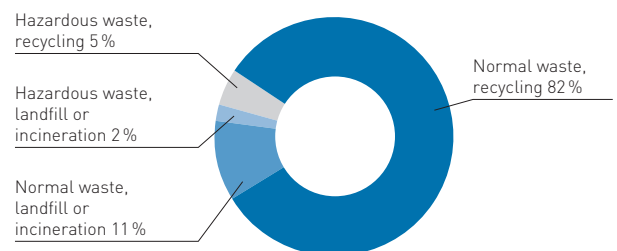
subjected to grinding was more than doubled in 2007, enabling Georg Fischer to deliver around 1,300 tonnes of ground sand to the cement industry. The amount of sand sent for landfilling has been reduced by half, which has also resulted in lower costs.

At the Herzogenburg site in Austria, the treatment plant for release agents has been expanded, scaling back the annual volume of hazardous waste by 2,500 tonnes. Disposal costs were also significantly reduced as a result.

Separating and recycling of waste is a much discussed topic not only at the European sites. At the foundry in Suzhou, China, the separate collection and recycling of waste was extended in the year under review.



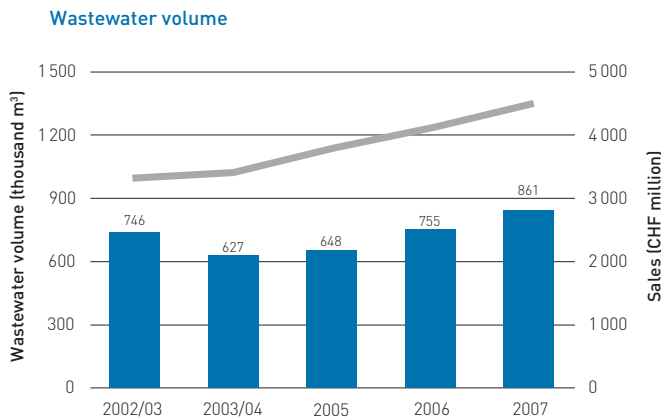
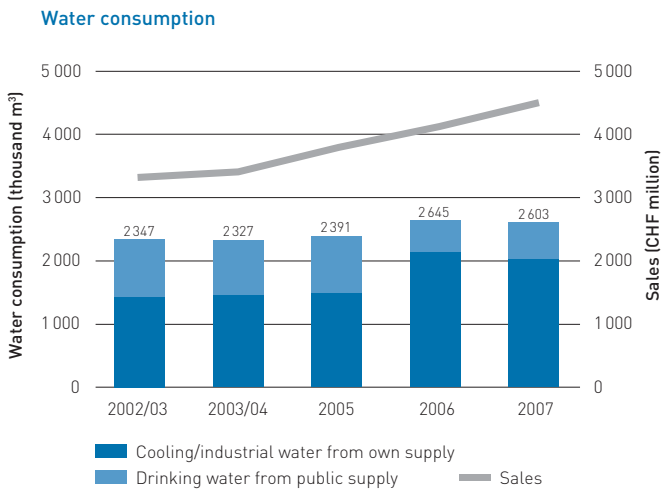
### Waste categories in 2007



## Water

The bulk of the water used at GF is for cooling equipment and cast parts in the foundries and the plastics facilities. At many of its sites, Georg Fischer uses not only water from public supply systems but also water from its own sources or surface water. Water from public supply systems accounts for only about 20 percent of total consumption. The remaining 80 percent comes from own sources. This industrial water is used primarily for cooling purposes and is not polluted. The impact on the environment is therefore low. Despite the rise in production volume, water consumption declined by 3 percent\*.

**A new recooling plant in the test laboratory brings annual savings of 25,000 cubic metres of fresh water and wastewater.**



**Measures.** The Schaffhausen site in Switzerland achieved the largest savings in drinking water. At a GF Piping Systems test laboratory in Schaffhausen, equipment for recooling the water used for testing was installed, which means that the water can now be continuously recycled. As a result, 25,000 cubic metres of fresh water and the same quantity of waste water are saved every year.

**Wastewater.** About one third of the water used becomes wastewater. The other two thirds are used for cooling, evaporate or are returned to nature unpolluted. The wastewater is treated in public wastewater treatment plants. At the larger GF sites, the facilities pretreat part of the wastewater internally. Compared with the previous year, wastewater increased by 11 percent\*, mainly due to the higher production volume in the foundries, which entails greater capacity utilisation of cooling systems and plant.

## Expenditure on environmental protection

In 2007, Georg Fischer spent some 31 million Swiss francs on environmental protection. In the previous year, its environmental spending had come to CHF 24 million. The Corporation spent 20 million Swiss francs on the construction of new installations. The operation and maintenance of existing installations

\* Adjusted for changes in the scope of reporting



– in particular for the treatment of emissions, wastewater and waste – cost 11 million Swiss francs. In 2007, GF Automotive accounted for around 90 percent of the spending on environmental protection. The spending also includes outlays for the training of specialists and environmental measures for building renovation and new builds.

**New facilities.** The most important new facilities in the year under review (see page 29) include a new paint plant at the Leipzig foundry, an extension to the air treatment plant at Altenmarkt in Austria and a core sand recycling plant in Friedrichshafen. These are all sites belonging to GF Automotive. At its Little Rock site in the USA, GF Piping Systems purchased new equipment to ensure optimum use of the plastic granulates the facility purchases.

**Energy costs.** Spending on energy came to around 170 million Swiss francs in 2007, which was 16 percent higher than the previous year. This increase is due both to a rise in consumption and to higher energy prices. A number of individual measures such as the greater use of waste heat or switching heating over from oil to gas failed to stem this trend. Despite the decline in consumption, water costs rose by 15 percent. However, Georg Fischer generated higher revenues from the recycling of waste, and these revenues exceeded the costs for disposal of the remaining waste.

## Incidents and compliance with regulations

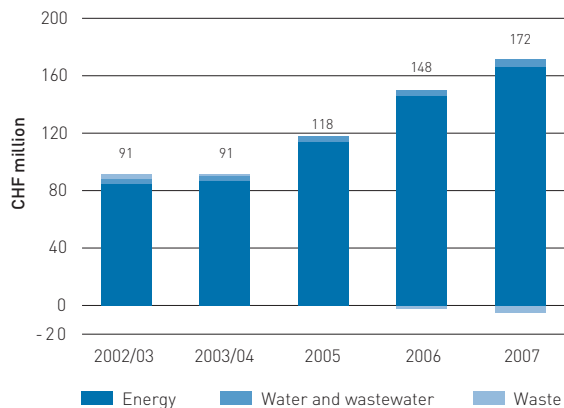
The Sustainability Information System (SIS) records compliance with environmental legislation as well as substance and energy flows. Moreover, the number of incidents that have an impact outside production premises are recorded, as are complaints by residents and other interested parties.

In the years 2006 and 2007, no cases of non-conformity in the environmental field were identified. No fines had to be paid. In 2006, however, one Chinese site was fined 1,000 Swiss francs for failure to comply with fire prevention regulations. The shortcoming was corrected.

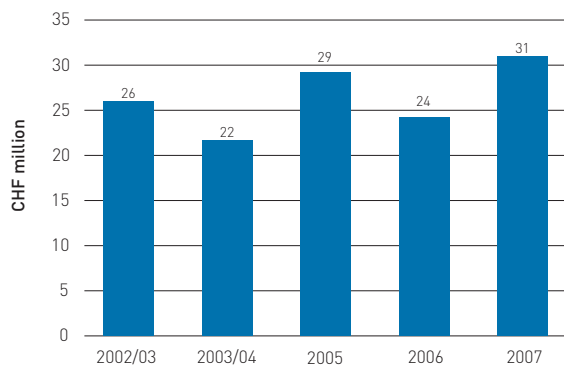
In 2006 and 2007, no incidents that had a significant impact outside the company premises occurred. At two European sites, air treatment facilities were out of operation for a short while because of malfunction. The interruptions were classified as not serious. In one case, however, a local resident complaint

was filed. Resident complaints were received at two other sites in Germany owing to odour emissions. Since then, further air treatment equipment has been installed at one of these sites. At the second site, an independent external expert confirmed the site’s conformity. In the spring of 2008, additional protective equipment was installed as a voluntary measure.

Energy, water and waste disposal costs



Expenditure on environmental protection





## Jobs and employees

Georg Fischer employs around 13,000 people worldwide. They represent the face of the company, its products and services. The Corporation takes its responsibilities towards its workforce seriously and does more than simply comply with national and international labour standards. Interesting jobs, stimulating work, focused training and skills development, fair pay and attractive social benefits are the foundations on which outstanding performance is built, and consequently help safeguard the economic future of the company.

**Employment trends.** The headcount rose by just under 5 percent over the previous year. As at 31 December, the Corporation had a total of 12,986 employees (up 601). Adjusted to take account of changes in the scope of consolidation, the company has therefore created 537 new jobs worldwide (2006: 104). The percentages varied in the individual regions. In Europe the number of employees rose again for the first time in four years. However, since 2001 the proportion of our workforce based in

Europe has fallen from 87 to 79 percent. On the American continent, the number of employees in 2007 remained constant compared with the previous year. In Asia and Australia, 2,100 people now work for GF (2006: 1,674). This equates to 16 percent of the workforce. GF has 1,672 employees in China alone, where the headcount rose in all 22 subsidiaries.

In addition to its 12,986 permanent employees, at the end of 2007 around 1,200 people from external firms ("supervised workers" as defined by GRI) were working for the Corporation. These include workers from temporary employment agencies and employees of subcontractors for whom GF bears direct responsibility for occupational health and safety, for example maintenance or cleaning personnel from subcontractors working for a corporate subsidiary on a long-term basis.

Following the establishment of Georg Fischer Piping Systems Pvt. Ltd. in Mumbai (India), GF now has employees in 30 countries. At 31 percent, Germany accounts for the highest percentage, followed by Switzerland (21 percent), Austria (19 percent) and China (13 percent).

Headcount*	2003	2004	2005	2006	2007
Headcount at year end	13 247	12 324	12 403	12 385	12 986
– Europe	11 484	10 476	10 347	10 059	10 234
– America	599	609	602	652	652
– Asia/Australia	1 164	1 239	1 454	1 674	2 100

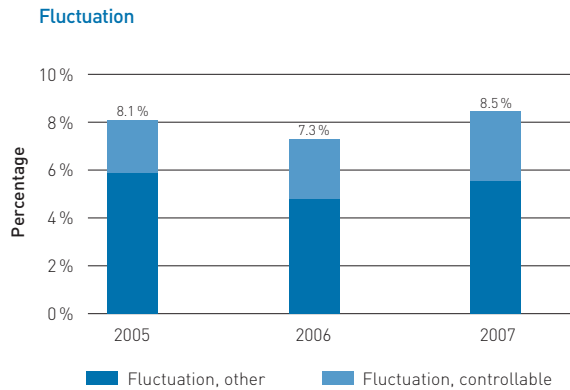
\* Not adjusted for changes in the scope of consolidation such as acquisitions, disposals or closures

**Growth in China.** GF has been operating in China through subsidiaries since 1993. The People's Republic is of great importance to the Corporation's growth strategy, both as a manufacturing location and increasingly also as a development location. All Corporate Groups are continually expanding their production capacities. GF plans to invest upwards of a hundred million Swiss francs in China by the year 2010, and the workforce is also set to rise in line with this expansion. Since the beginning of the millennium, the number of employees in China has risen from 545 to 1,672. As a consequence, in 2007 the post of Human Resources Manager for China was created specifically to develop and coordinate the HR programmes to support this growth.

GF's full compliance with all labour legislation in China goes without saying. Ahead of the introduction of a new labour law in the People's Republic on 1 January 2008, the human resources processes of all corporate subsidiaries were reviewed and adjusted where necessary. All employees have health insurance and additionally enjoy further social benefits such as accident insurance. As in other countries, working hours are contractually regulated and are set at 40 hours per week. All corporate standards and management systems for occupational safety, environmental protection, quality and sustainable development apply equally in our Chinese plants. The Chinaust joint venture was a pioneer in gaining certification to the internationally recognized OHSAS 18001 occupational health and safety management system, both within the Corporation and across Chinese industry.

Rapid economic growth in China is making it increasingly imperative to retain skilled staff. At 10 percent, the employee fluctuation rate here is above average for the Corporation. Against this background, the GF Academy has been offering a range of tailored management and leadership training courses in China since 2007. These courses seek to teach key competencies in the areas of self-management, staff and team leadership as well as project management in order to strengthen leadership skills, employee satisfaction and efficiency.

**Employee fluctuation.** Worldwide the fluctuation rate in 2007 was 8.5 percent (2006: 7.3 percent), with 1,070 departures overall. The number of departures for controllable reasons, i.e. employees who left the company because of dissatisfaction with pay, conditions, the atmosphere at work or career prospects, has risen to 2.9 percent (2006: 2.5 percent). This slight increase is a reflection of the generally positive economic climate and the competitive labour market. Employee turnover varied from region to region. At just under 5 percent, it was lowest in Ger-



many, while around 9 percent in the other European countries was about average for the Corporation as a whole. In China the rate was just short of 10 percent, and in the rest of Asia slightly over 11 percent.

**Employee satisfaction.** All Corporate Groups conduct regular employee surveys on work-related issues. The results are used to identify scope for improvements and track the success of their implementation. In 2007 nearly 7,400 people in 55 companies were surveyed, representing some 60 percent of the workforce. 80 percent of the corporate subsidiaries have conducted at least one employee survey over the last three years. In the year under review, GF Piping Systems simultaneously surveyed all its employees worldwide for the first time. The gratifying response rate of 83 percent was distinctly better than the industry norm. GF Automotive carries out employee surveys at several of its sites each year based on a worldwide standardised concept. In 2007 it surveyed 2,100 employees in Singen, Montreal, Leipzig and Altenmarkt. This was followed by surveys at Friedrichshafen and Garching at the beginning of 2008. 13 plants of GF AgieCharmilles surveyed nearly 1,500 employees.

**Employee organisations.** GF supports constructive cooperation with employee representatives and regular dialogue in an atmosphere of openness. For instance, in countries with relatively high labour costs such as Germany, Switzerland and Austria, HR managers and employee representatives jointly seek ways of balancing labour costs and productivity in order to maintain or boost the company's competitiveness. Over 200 employees across the Corporation are elected employee representatives. GF respects the right of all employees to join a trade union of their choice. Regular meetings between employee representatives and executive management are held throughout

the Corporation. In addition, each year since 1996 over 30 employee representatives from Europe have had the opportunity to discuss current issues with top management in Euroforums for each Corporate Group and the Corporation. The Euroforums help engender the mutual trust that is so crucial to constructive cooperation between management and labour.

Worldwide the working conditions of around two thirds of employees are defined in collective agreements such as sectoral or company pay agreements. In Switzerland the terms of employment are governed by the overall employment agreement reached between the employers' association of the Swiss mechanical and electrical engineering industries (Swissmem/ASM) and the labour organisations. This accord also stipulates that employee representatives must be notified in good time of any major changes in a company.

**Organisation.** HR work is conducted on a professional level in all 140 corporate subsidiaries. While the local companies have responsibility for personnel recruitment and development, vocational training, professional development, implementation of corporate policies, and salary negotiations, overarching issues are handled at the Corporate Group or Corporation level. These include for example policy development, the positioning of GF as an attractive employer, the fostering of talent, and providing advice on organisational matters such as the implementation of change processes.

## Pay and social benefits

Georg Fischer employees receive fair pay, without discrimination. Salaries are based on those being offered in the relevant markets. The Corporation uses modern and transparent remuneration systems. Individual salaries are based on the

requirements of the job, performance, and the company's financial results. In cases where it makes sense to do so, 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 recognised and rewarded. In addition, GF offers all the usual social benefits customary in the respective country and industry.

**Target agreements.** Fair assessment is the foundation for both personal and career development. Accordingly, our Human Resources Policy stipulates that managers will regularly provide staff with open and constructive feedback on their performance, conduct and development opportunities. In addition, line managers will agree on measurable and achievable targets with employees. For this purpose, a performance appraisal meeting is held at least once a year.

**Employee benefits.** Employee pension schemes comply with the respective legislation in each country. They are run chiefly by institutions and foundations that are independent of the Corporation. Pension funds are generally financed by employer and employee contributions.

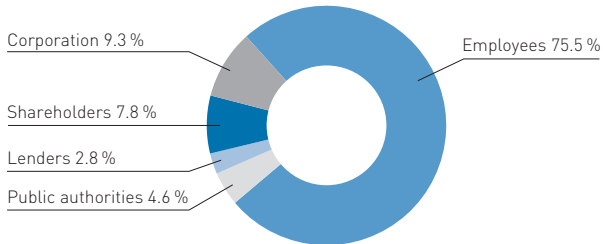
**Value added.** After deducting material expenses from sales, net value added of 1.43 billion Swiss francs was generated in the year under review. Of this, employees received 1.08 billion Swiss francs (75.5 percent) in the form of salaries, employee benefits and social security contributions. 66 million Swiss francs was paid to various states in taxes and levies. GF's shareholders received 111 million Swiss francs, while interest accounted for 40 million Swiss francs. The Corporation retained 134 million Swiss francs, which will chiefly be used to finance future growth.

**Compensation for Board and Executive Committee members.** Georg Fischer provides full disclosure with regard to its

Personnel expenses (in CHF million)	2003	2004	2005	2006	2007
Salaries and wages	802	787	810	818	882
Employee benefits	39	37	45	42	53
Social security	149	155	144	158	148
Total	990	979	999	1 018	1 083

### Distribution of net value added in 2007

(100% = CHF 1.43 billion)



compensation policy and remuneration packages for members of the Board of Directors and the Executive Committee. As a company listed on the Swiss stock exchange, GF complies with the Swiss Federal Code of Obligations (Art. 663b<sup>bis</sup> and Art. 663c para. 3 CO) and paragraph 5.1. of the Corporate Governance Directive (RLCG) of SWX Swiss Exchange. GF also observes the "Swiss Code of Best Practice for Corporate Governance" of Economiesuisse, the umbrella organisation representing the Swiss economy. The Annual Report provides full and transparent information on this matter.

## Training and professional development

Training and professional development are essential to ensure the continuing success of a company. GF supports tailored programmes across the entire span of occupations and careers, ranging from apprenticeships and training courses for employees and managers through to seminars for senior executives. Every subsidiary runs a training programme fitted to its own specific needs. On average the Corporation earmarks around

2 to 3 percent of its HR expenditure for training initiatives each year. In 2007, GF spent CHF 4.5 million on external training alone. A total of 8,400 individuals received training (up 14 percent). The aim is for each employee to receive an average of at least four days training a year. Much of this will take the form of on-the-job training. The subsidiaries reported about 30,000 "off-the-job" training days in the year under review, a rise of 39 percent. This equates to 2.4 days per employee (2006: 1.8 days). 66 percent of the workforce attended at least one training course in the year under review. 60 percent of the training measures were internal in order to gear training as closely as possible to the company's needs. In China an above-average percentage of employees – over 85 percent – underwent training. Around one third of corporate subsidiaries surveyed had provided some form of training for over 90 percent of their employees. Besides technical and managerial training, GF also ran programmes with a strategic focus.

**Corporate training centres.** With its own training centre in Schaffhausen, GF Piping Systems has an excellent infrastructure for running internal and external courses. GF Automotive will also have its own training facilities when its new headquarters opens in 2009. The Service Academy of GF AgieCharmilles focuses on training staff working in the areas of service, sales and management. The Corporation's training centre at the Klostergut Paradies is also extensively used. As well as numerous other participants, around 100 senior executives attended training courses there last year. During the year under review, overall some 15,000 people attended a conference or training in the former convent on the banks of the Rhine (see also page 49).

**Vocational training.** Georg Fischer can look back on a long tradition of vocational training. That this statement is no mere lip service is evidenced by a notable anniversary: GF opened its first factory school in Schaffhausen back in 1918 – i.e. exactly 90 years ago – thus formalising apprentice training. Nine decades on, not only does it still provide the company with a skilled workforce, it also makes a valuable contribution to society as a whole. In 2007 Georg Fischer Fittings GmbH in Traisen (Austria) was recognised by the Lower Austria Chamber of Commerce for its innovative apprentice training. The Corporation offered around 450 apprenticeships in a variety of technical and commercial occupations last year. In Switzerland the number of apprentices fell slightly over the previous year to 173 (2006: 204), which accounts for 6.4 percent of the workforce. In Germany GF employs 158 apprentices, which equates to 3.9 percent of the



**Employee benefits:** Detailed figures can be found on page 67 of the 2007 Annual Report or at <http://gb2007.georgfischer.com>

**Compensation policy and remuneration packages** for directors, 2007 Annual Report, pages 86, 87, 106, 107 and [www.georgfischer.com/corporate\\_governance\\_en](http://www.georgfischer.com/corporate_governance_en)

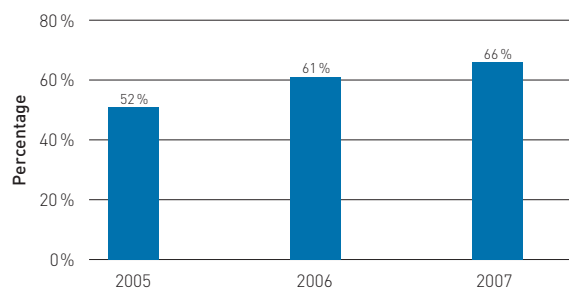
**Compensation policy:** Speech by Martin Huber, Chairman of the Board of Directors, on the occasion of the 112th Annual General Meeting on 19 March 2008, available at [www.georgfischer.com/generalversammlung\\_en](http://www.georgfischer.com/generalversammlung_en)

**Pay and social benefits:** For more information about the principles set out in our Human Resources Policy see [www.georgfischer.com/policies\\_en](http://www.georgfischer.com/policies_en)

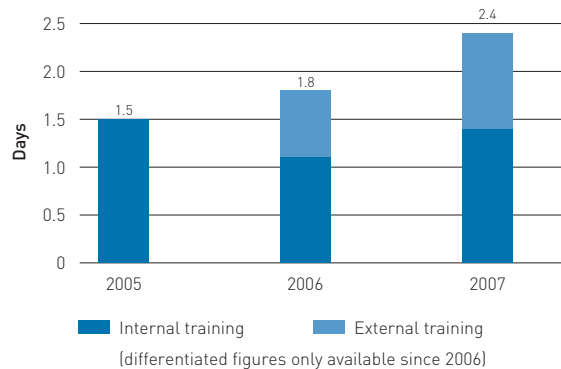
workforce, and the figure in Austria is 97 apprentices (4.1 percent of the workforce).

This system of dual vocational training is found mainly in Central Europe. In other regions, young people generally receive education at school and are then guided towards an occupation through on-the-job training.

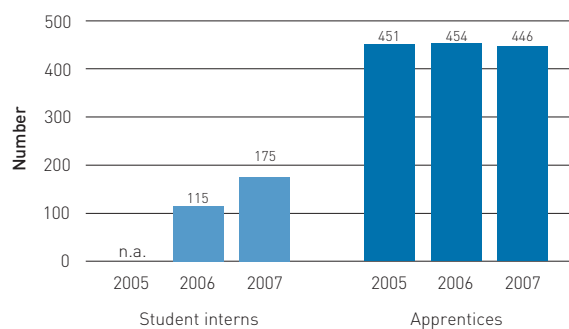
#### Employees participating in off-the-job training



#### Off-the-job training days per employee



#### Apprentices and interns



**Graduates.** GF also offers career entry routes to graduates through internships or theses. 175 students took up this opportunity in 2007. By helping to shape work processes in manageable units, students can very quickly become involved on a practical level. This enables units to form a very good picture of their commitment and attitude to work, and then recruit the best. To promote a culture of innovation at a strategic level, GF already attaches great importance to entrepreneurial spirit when selecting managers and specialists of the future. Cooperation with research institutes also serves to recruit young talent.

**Management development.** Management training is based on a well-established process. This enabled us to fill around 80 percent of all senior management vacancies with internal candidates in 2007. By combining existing seminars and adding new tailored programmes, the GF Academy plays a key role here. GF worked with the University of St. Gallen to design the programmes. These aim to deliver professional development to senior and junior managers, and provide them with the tools they need to take the next step in their careers. The Executive Committee contributes specific topics and cultivates personal dialogue with all participants.

One important function of the GF Academy is to develop managers in China. With a highly competitive labour market, experienced managers are in great demand in the People's Republic so the fluctuation rate is above average (see page 41). In view of this situation, the GF Academy has been offering a range of management and leadership training courses in China since 2007. Training is focused on executive management and middle management in all the companies. Four modules covering self-management, staff leadership, team leadership and project management are offered. The training courses are intended to strengthen leadership skills and boost efficiency, as well as improve retention rates (see page 29).

**Knowledge and know-how transfer.** Senior executives address key strategic and operational issues at regional meetings of the Managing Directors and at the annual two-day Corporate Convention. In 2007 around 120 top managers attended this conference which focused on the opportunities and special characteristics of the Chinese market. This top-level Corporate Convention was held in China and outside Europe for the first time because this country plays such a key role in our globalisation strategy and offers abundant opportunities for growth. At the same time it also requires an approach sensitive to the unique business operating climate there. Accordingly, in addition to lectures and workshops, customer visits were also on the agenda.

## Best young skilled worker in Germany

Thomas Bachmann has achieved the transition into his working life with flying colours. After his high school diploma, he completed his apprenticeship as a foundry technician at GF in Leipzig ahead of schedule. Not only that, but he was singled out for distinction in Berlin as the best young skilled worker in Germany in his chosen occupation. Since October he has been studying Materials Technology at the Technical University in Freiberg, specialising in foundry technology. He is receiving financial support from his former employer. The aim of GF Automotive here is to bind young talent to the company as early as possible. Even while now at University, Bachmann still wishes to continue his association with the company and work on placements across the Corporation. The student then intends to return to GF. On asked why, he needs little time to consider his answer: "GF is one of the top companies in Europe."

55 senior managers took part in the three regional meetings of Managing Directors. These took place in Copenhagen for Northern and Eastern Europe, Los Angeles for America, and Singapore for Asia. The meetings focused on the implementation of the "Managing for Growth" initiative, corporate compliance, and the new Human Resources and Social Responsibility Policies (see page 7) respectively. In addition, as part of the "Managing for Growth" project, around 120 senior executives attended an intensive training programme at the renowned Institute for Management Development (IMD) in Lausanne between November 2006 and the summer of 2007. In a four-day session under the guidance of leading international academics, three groups of 40 participants exchanged views on how the growth process might be driven forward, how to learn from studying the best, or how to speed up innovation and make it more customer-focused.

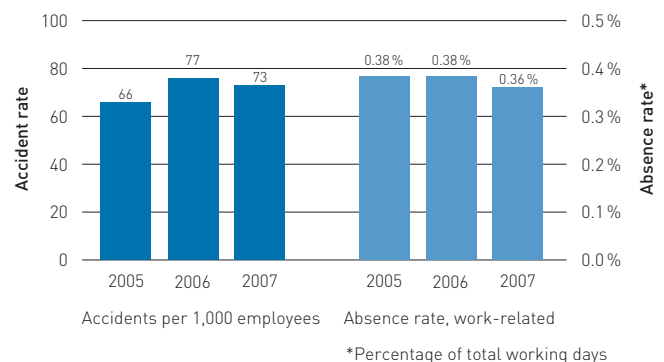
## Health and safety in the workplace

The accident rate fell slightly in 2007 to 73 accidents per thousand employees (2006: 77). The Executive Committee is keen to build on this and has set a target of at least further 5 percent decrease in 2008 and 2009 relative to the figures for the previous three years. One key to achieving this goal is the roll-out of the occupational health and safety management system OHSAS 18001. The aim is for all 50 manufacturing sites to be certified by the end of 2011 (see page 24). Numerous measures are being implemented locally to achieve this goal. The object is not simply to avoid accidents, but also to put a system of active health management in place. As 90 percent of all absences are attributable to non-work-related injuries and illnesses, the importance of empowering and motivating employees to adopt healthy practices in relation to exercise, nutrition and relaxation is clear. Companies are offering, for instance, free flu vaccinations, seminars on coping with stress and avoiding addiction, back exercise classes and a range of company sports.

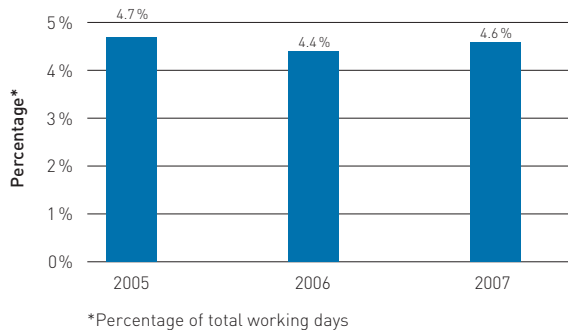
In 2007, 921 people suffered injuries and were unable to work for at least one day at Georg Fischer. There were no fatalities. Over 80 percent of the injuries occurred in the foundries of GF Automotive. On a positive note, around half of the corporate subsidiaries did not report any accidents at all. In 30 of the subsidiaries, the accident rate was lower than the previous year. With 25 accidents per 1,000 employees, the plants in Asia recorded the lowest figure.

**Absence rate.** The rate of work-related absences fell slightly from 0.38 to 0.36 percent in 2007. Around half of the subsidiaries succeeded in decreasing this figure. The overall rate

Work-related accidents and absences



Total absence rate



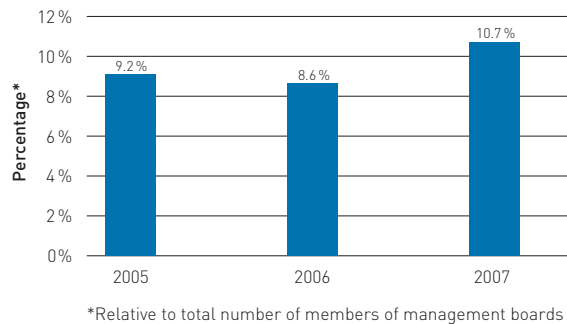
– that is to say work-related plus non-work-related absences – of 4.6 percent was roughly the same as in the previous year. A comparison between the Corporate Groups and the continents revealed that GF AgieCharmilles (2.2 percent) and our Asian companies (1.1 percent) reported the lowest absence rates.

## Diversity as opportunity

Currently one of the key objectives of human resources management is the implementation of the new corporate policies (see page 7), with particular focus on the areas of equality of opportunity (diversity), employee satisfaction and motivation. With sites in 30 countries, Georg Fischer regards the diversity of cultures, religions, nationalities, skin colours, ethnicity, gender and age as a valuable source of talent, creativity and experience. Diversity at Georg Fischer means that what counts is qualifications and performance, and that everyone has the same career development opportunities and prospects. We support increased internationalisation and working in intercultural teams. Top managers are recruited from all corners of the globe and all senior executives are expected to have worked abroad for a longer period.

**Women in management.** Recruiting and developing more women for senior positions and specialist posts is our long-term goal. Currently the proportion of women on management boards at the corporate subsidiaries is 10.7 percent. Of the companies surveyed, 40 percent have one or more women on the executive team. There are no women on the Executive Committee or on the management boards of the Corporate Groups. One of the ten members of the Board of Directors is a woman.

Women on management boards



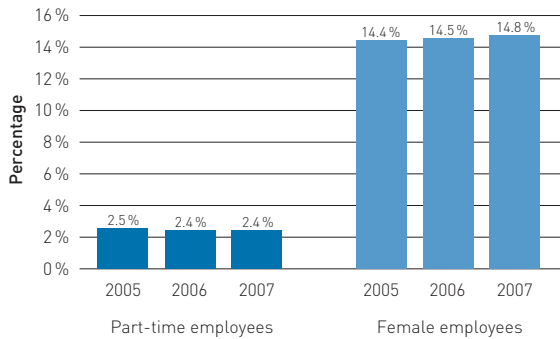
**Female employees.** In 2007 the proportion of female employees was 14.8 percent. Here, too, figures varied widely from one corporate subsidiary to the next. The share of women in the workforce is over 25 percent at 26 corporate subsidiaries and below 10 percent at 13. The proportion is significantly higher in Asia than on the other continents: it is 29 percent in Singapore, 24 percent in Japan and 19 percent in China. In the case of our production companies, women account for 13 percent of the workforce on average, while the figure is 24 percent for sales companies. At 53 percent, Georg Fischer Signet in the USA shows the highest proportion of women.

**Part-time employees.** Although the company expressly supports flexible working time models, in 2007 the number of part-time employees remained static compared with previous years and, at 2.4 percent, is relatively low. One of the main reasons for this is that there is little demand for part-time work at the predominantly series production lines (foundry, plastic injection moulding) operated at GF Automotive and GF Piping Systems. In addition, part-time work is more difficult to implement in shift-based systems than in offices. In countries with little shift work, the percentage is above average: Switzerland (6 percent), Italy (5 percent) or the Netherlands (15 percent). The highest percentage is at the Dutch corporate subsidiaries Georg Fischer NV and Georg Fischer Waga NV, where part-time employees account for 19 percent. Six companies have more than 10 percent part-time employees. There are people working part-time in 48 out of 87 corporate subsidiaries.

**Employees with disabilities.** At the end of 2007, 245 people with disabilities were employed at 32 corporate subsidiaries (2006: 248). 80 disabled people were working at the Corporation's largest foundry in Singen alone. In eleven corporate subsidiar-



Part-time and female employees



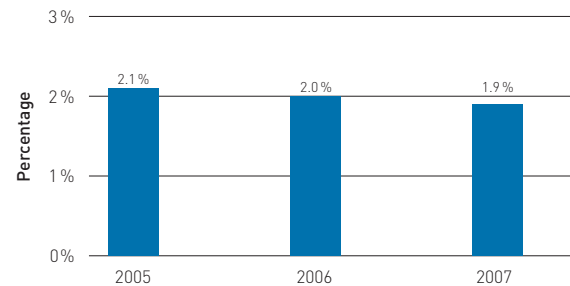
ies the proportion of employees who have a disability is greater than 3 percent. In addition, GF deliberately sources goods from workshops for the disabled. In the year under review, the Corporation-wide order volume amounted to approximately 2.7 million Swiss francs. The sites in Herzogenburg (Austria) and Epe (Netherlands) placed orders worth over 600,000 Swiss francs in each case.

Another example of corporate culture is a company of GF Piping Systems based in the Californian city of El Monte, USA. For almost 15 years the company has supported the Lincoln Training Center (LTC). This charitable organisation, which sub-contracts work from industrial companies, helps mentally and physically disabled people lead a normal life. Not only does it provide permanent work to 6 people from LTC, GF Signet is also one of its loyal sponsors, organising outings and a variety of other interesting activities.

**Discrimination.** Georg Fischer does not tolerate any form of discrimination. The Corporation operates a policy of equal opportunity in hiring and employment. No one may be discriminated against on the basis of gender, ethnic or national origin, age, religion, sexual identity or disability. For the past two years the internal sustainability reporting system SIS has been recording the number of discrimination incidents (cf. the definition of discrimination on page 53). No cases were filed in 2006. Two incidents were reported in 2007, which were investigated. In one case the accusation proved to be unsubstantiated, while in the second case disciplinary action was taken and the matter was reported to the police.

In August 2006, the new AGG anti-discrimination law (Allgemeines Gleichstellungsgesetz) came into force in Germany. Most companies in Germany took this opportunity to review

Employees with disabilities



their HR processes to ensure they were in compliance and make any necessary adjustments, and also to run training for senior managers in this respect.

## Challenges and priorities in the social field

**Demographics.** Georg Fischer employs close to 80 percent of its workforce in Europe. The demographic trend here is statistically predictable: without immigration, the population will decline due to low birth rates. At the same time, life expectancy is rising. In the year 2030 a quarter of the population of Western and Central Europe will be over 65 and only 20 percent will be under 20 years old.

The anticipated changes in the age structure of the workforce will therefore also have an impact on the long-term development of the Corporation. Irrespective of legal and social insurance requirements, a successful human resources policy must recognise the demographic, psychological and age-related changes, and must seek to identify, control and exploit the opportunities and risks they present. HR management at Georg Fischer recognises the challenge posed by this phenomenon. The performance of the workforce must be sustained, for example through lifelong learning, preventive healthcare and the timely development of younger employees. The Corporation is therefore aiming to draw up a strategy and provide senior executives with a range of tools for addressing the problems of an aging workforce. At the same time, employees should also be made aware that their company is responding to demographic changes so they can formulate their career planning accordingly.

**Employer branding.** Another area of focus will be on increasing the attractiveness of GF as an employer (“employer branding”). In particular, the Corporation aims at positioning itself as a strong employer brand for prospective future top executives. The objective is not only to recruit new talent, but also to retain it over the long term. Key aspects here are providing attractive working conditions, a good atmosphere and challenging work as well as opportunities for promotion, career and professional development. GF considers its employees to be the best ambassadors for the Corporation: if they demonstrate the opportunities and perspectives of the company to the outside world, then that constitutes the best form of branding. To recruit potential employees, GF conducts systematic HR marketing ranging across a variety of communication channels such as stands at careers fairs, panel discussions, presentations at universities, a separate careers section on the Internet, a brochure aimed at universities and image adverts.

## Anchored in the social environment

Georg Fischer fosters active cooperation with local communities and the respective authorities. It supports employees who work for the good of their communities. GF’s commitment to society through cultural, social and environmental engagement is anchored in our fundamental values and corporate principles, as is an undertaking to contribute part of our profits to the common good. The holding company and corporate subsidiaries are involved in many local projects at their respective sites. In 2007, around 2 million Swiss francs was donated to such projects at corporate level alone. Over and above this, 30 subsidiaries supported local activities with donations to a value of 160,000 Swiss francs. We are committed to sponsoring local projects in the vicinity of our sites.

Only organisations dedicated to the interests of business and industry should receive political donations. The Chief Executive Officer decides on political donations at the corporate level. All donations must be in accordance with the respective local laws.

Our sponsorship and donations policy is set out in binding corporate guidelines.

**Clean Water Foundation.** The Corporation maintains a number of foundations and charitable institutions. One of the most important of these is the Clean Water Foundation which



The Klostergut Paradies near Schaffhausen serves as a training and conference centre for Georg Fischer employees the world over.

supports projects all over the world aimed at providing people with clean drinking water. Background: Over one billion people have no access to clean water, while 2.6 billion people\* lack basic sanitary facilities. The hygienic and safe treatment of drinking water ensures survival, is a key element in improving health, and helps to curb migration. The foundation only supports projects which are implemented in close cooperation with the local community and which use local methods and materials wherever possible. The Clean Water Foundation was set up in 2002. In celebration of the company’s 200th birthday that year, shareholders agreed to give up an anniversary dividend so that the company could support the foundation with a contribution of 3.5 million Swiss francs. Georg Fischer intends to continue supporting the foundation with a substantial yearly donation.

**Anniversary.** The Foundation celebrated its fifth anniversary during the year under review. It can be proud of its achievements. By the end of 2007 the Clean Water Foundation had invested 5 million Swiss francs in 60 projects, thereby helping to permanently improve drinking water supplies for over 120,000 people (see pages 26 and 27). In 2007 GF supported ten drinking water projects with funding of 700,000 Swiss francs.

The commitment of the Corporation and its employees is documented in a versatile travelling exhibition that will tour a number of GF sites during 2008.

**Employee commitment.** Clean Water enjoyed a high level of support from employees from the very outset and they contributed to the success of projects in numerous ways. The Mettmann-Gorazde Friendship Association, to which many ac-

\* Unicef (2006)



The Iron Library houses over 40,000 publications and is open to employees, researchers and the general public.

tive and former GF employees belong, coordinated a project in Kosovo for example. In a school, a health care centre and a post office, a newly laid pipe has been supplying clean water from a remote drinking water reservoir since 2007. In 2004 GF apprentices from Schaffhausen installed a water supply to the village of Riom Parsonz (Switzerland) during a project week. Numerous other forms of sponsorship, appeals, donations, local assistance and project visits exist too.

**The Paradies Foundation.** The Paradies Foundation was set up by GF in 1975. It owns the Klostersgut Paradies situated between Schaffhausen and Lake Constance which now serves as a training centre for the Corporation. The former nunnery is inextricably bound up with the history of the region and has belonged to the company since 1918, when it originally served to supply the workforce with agricultural produce. Paradies is now open to the public as a training and conference centre. The foundation aims to preserve the former Clarissan convent and its environs in their original state as a cultural monument and to use it for appropriate purposes. The convent is not only a training centre for employees, it is also an attractive venue for numerous other visitors. Every year it welcomes some 15,000 external and internal guests through its doors.

**The Iron Library Foundation.** Housed in the Klostersgut Paradies, the Iron Library contains over 40,000 publications on the subject of iron, with around 450 further volumes being added each year. As well as significant historical works by famous scientists such as Isaac Newton and Otto von Guericke, the collection also covers modern literature in the field. No other

private or public collection in the world offers such a depth of knowledge on this subject. The library was founded exactly 60 years ago – in 1948 – by Georg Fischer AG. Although it has been maintained by the Corporation ever since that date, in 1952 it was also opened to the general public. Modern Internet workstations provide employees, students and academics with excellent research facilities. The entire collection is listed in an online catalogue which is available to the public for research purposes. In addition, a few valuable manuscripts from the collection can be accessed on the Internet as part of the e-codices project.

**Technology history conference.** Held annually since 1978 to promote research, technology history conferences are renowned for the breadth and topicality of the papers presented. Academics and guests from the world of business and industry meet at these conferences, which serve as a platform for an exchange of views. All papers are published in the “Ferrum. Nachrichten aus der Eisenbibliothek” journal and can be ordered over the Internet.

**New permanent exhibition.** The Iron Library has been extensively renovated over the last two years and was officially reopened in the autumn of 2007. A new permanent exhibition in the former reading room presents bibliophile treasures in a new way. Visitors can now view valuable first editions and leaf through facsimiles of old manuscripts. The late Gothic frescos from the period around 1500 can now also be appreciated in all their glory.

**The Homberger Foundation.** The Homberger Foundation was established in 1927 by former Honorary Chairman of the Board of Directors and longstanding Managing Director Ernst Homberger. The foundation provides financial assistance to talented children of employees of Georg Fischer AG and its affiliated companies, as well as to committed young adults to help them learn a trade or attend a course of further education at polytechnics, universities or similar institutions. This creates a solid foundation for their future career development. Grants amounting to approximately 48,000 Swiss francs were awarded to 23 people during the year under review.



**Klostersgut Paradies:** Further information about the Georg Fischer training centre can be found at [www.klostersgutparadies.ch](http://www.klostersgutparadies.ch)

**Iron Library:** Further information can be found at [www.eisenbibliothek.ch](http://www.eisenbibliothek.ch)

**Clean Water:** Further information can be found at [www.georgfischer.com/clean\\_water\\_en](http://www.georgfischer.com/clean_water_en)

## Awards and milestones

### Awards

- 2007** In the company ranking established by the magazine "Bilanz", GF was awarded first place for Corporate Governance. Together with Heidrick & Struggles, this Swiss business medium analysed corporate management at Switzerland's 100 leading companies.
- 2007** In the annual ranking established by "Bilanz", Georg Fischer came in second in the category "The Leading Communicators".
- 2007** In the inkom. Grand Prix of the German Association for Public Relations, GLOBE, the GF employee newspaper, took second place. The publication appears four times a year in five languages. Along with the Intranet, it is the platform where employees find regular information on sustainability issues. GLOBE won a silver medal in the Best of Corporate Publishing Award.
- 2007** Agie Charmilles Japan, the sales company of GF AgieCharmilles in Yokohama, was given the "Excellent Company" award for the seventh year in a row by the Nihon Kanagata Health Insurance Association.
- 2007** The Chinese joint venture Chinaust was named an "excellent supplier" by the vehicle manufacturer FAW Jiefang.
- 2007** GF received a number of customer awards: the 2007 VW Group Award for the design of a component made of a new lighter cast iron material, the Newcastle Award in the field of aluminium sand casting, the ZF Supplier Award and the Flow Control Innovation Award for the new electromagnetic flowmeter sensor 2552.
- 2007** The Lower Austria Chamber of Commerce gave GF Piping Systems in Traisen an award for its innovative apprentice training.
- 2006** For its energy-saving lighting systems, the Mettmann site of GF Automotive received the GreenLight plaque awarded by the European Commission.
- 2006** For its contribution to reducing emissions and for energy-saving measures, GF Automotive in Altenmarkt was awarded the Environmental Protection Prize of Styria, Austria.
- 2005** Beijing AgieCharmilles (BAC) in China received the "Safety Production Award" from the regional government.
- 2005** The Swiss "ethos" foundation named GF one of the "Swiss leaders" in a study on environmental and social responsibility reporting by Swiss firms.
- 2005** INRATE included Georg Fischer AG in its asset portfolio.
- 2003** GF Automotive in Herzogenburg received the Water Prize of the Lower Austria government in the category "Business and Water Protection".
- 2003** In its Corporate Sustainability Rating, SIRI (Sustainable Investment Research International Ltd), Geneva, Switzerland awarded Georg Fischer an "A" rating.
- 2002** The INRATE "Leader in Sustainability Award" went to GF AgieCharmilles for environmentally compatible production.
- 2002** GF Automotive received the WFO (World Foundrymen Organisation) environmental award for developing methods to prevent odour emissions.
- 2001** Thanks to its successes in the field of environmental protection, Georg Fischer was included in the Dow Jones Sustainability World Index Fund (DJSI).
- 2000** Georg Fischer Fittings GmbH in Traisen, Austria, received the BDO Auxilia environmental award (1st place) for environmentally relevant process improvements.
- 1999** Swiss cantonal banks and the WWF Worldwide Fund for Nature included Georg Fischer in their environmental fund after it received positive ratings.
- 1998** The CIATF Umweltpreis (International Committee of Foundry Technical Association Environmental Award) went to the Georg Fischer foundries in Singen and Leipzig, Germany.

### Sustainability milestones at Georg Fischer

- 2008** Introduction of a reporting system for employees who observe violations of the law and/or internal guidelines.
- 2007** Introduction of the Human Resources and Social Responsibility Policies.
- 2007** The Executive Committee decided to certify all production companies to OHSAS 18001 (Occupational Health and Safety Assessment Series) by 2011.
- 2006** The first corporate-wide Sustainability Report for the reporting year 2005.
- 2005** Appointment of a Corporate Compliance Officer.
- 2005** Company-wide risk assessment instrument introduced.
- 2002** Georg Fischer bicentenary: Clean Water Foundation established.
- 2002** Georg Fischer issued a Code of Conduct.
- 2001** Scientific publication issued: "Georg Fischer AG 1930 bis 1945 – Ein Schweizer Industriekonzern im Spannungsfeld Europas (history of GF in the prewar and war period)".
- 2000** The Corporation's first environmental report.
- 1997** The foundries in Singen, Mettmann and Leipzig were among the first ten foundries worldwide to introduce an ISO 14001 certified environmental management system.
- 1996** Definition of Georg Fischer's environmental policy.
- 1992** Signing of ICC Charter (International Chamber of Commerce): Georg Fischer declared its commitment to sustainability.
- 1981** Georg Fischer defined its corporate principles.
- 1974** GF opened its education and training centre in the former "Paradies" convent.
- 1941** Establishment of the first rest and holiday home for employees.
- 1935** Creation of company accident prevention service and installation of safety equipment.
- 1927** Establishment of the Ernst Homberger Foundation to enable the sons and daughters of employees to learn a trade.
- 1925** Establishment of a company welfare office, whose task was to provide all employees with advice and support for both work-related and private problems.
- 1918** Apprentice training formalised by establishment of GF's own factory school.
- 1898** Georg Fischer II instituted a superannuation allowance.
- 1898** Georg Fischer II supported the founding of a workers' commission (similar to a present-day works council).
- 1896** The company was changed into a joint stock company.
- 1876** Georg Fischer I took out private accident insurance for his employees.
- 1868** Construction of the first worker's house and purchase of houses for employees, forming the foundation of subsequent generous housing policy.
- 1867** Georg Fischer I established a sick fund for employees.
- 1802** Company founded: Johann Conrad Fischer laid the foundation in Schaffhausen.

## Validation by SQS\*

**SQS has assessed the validity of the Georg Fischer Corporate Sustainability Report 2007.** Both the data and the statements contained in the report were reviewed on site based on samples. In particular, SQS has checked whether:

- the key sustainability aspects have been determined and placed at the centre of the sustainability reporting;
- the data surveys are adequate and reliable;
- the statements made in the report are comprehensible and correct and correspond with the collected data.

**On the basis of the surveyed data and information** we confirm that the Sustainability Report 2007 has been carefully compiled and that the published information and quantified statements convey an accurate picture of the actual situation.



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The auditors

Dr. Hanspeter Graf

Arianna Bisaz

## Notes

### Environmental performance indicators

<b>Air emissions</b>	The air emissions are calculated from energy consumption. Specific emission factors are applied; these are derived from the Ecoinvent life cycle inventory database ( <a href="http://www.ecoinvent.org">www.ecoinvent.org</a> ) and take account of the type of energy source used and the electricity mix in the individual countries. In particular, emissions resulting from electricity production are included. Where present in significant quantities, air pollutant emissions from production not arising from energy use are also included. In addition, emissions from business travel are included.
<b>Business travel</b>	This item includes travel by airplane or in a company-owned car. On the basis of the distance travelled, energy consumption and emissions of pollutants are calculated, using specific emission factors from the Ecoinvent database.
<b>Energy consumption</b>	The figure refers to the quantity of energy bought in or produced in-house ("final energy" in the form of coke, natural gas, oil, electricity and other energy sources). The figure also includes energy consumption from business travel. Energy recovered from waste heat is not included. Conversions are based on the GRI guidelines on the EN3 indicator and the Ecoinvent database.
<b>Incident</b>	An incident is defined as an extraordinary event in operations that is associated either immediately or subsequently with significant effects (danger for human health or the environment) outside the factory premises.
<b>Waste and recycling</b>	Waste and valuable waste materials are categorised according to the type of waste (normal and hazardous waste) and the type of disposal (recycling and landfill/incineration). The categories are defined in accordance with the legal definitions applicable at each individual site.
<b>Water and wastewater</b>	Drinking water from public water supply systems as well as industrial water from own supplies are included. In the case of wastewater, the quantity fed into the public sewer system or into in-house water treatment plants is recorded. Uncontaminated cooling water which does not require any cleaning is not counted as wastewater.

### Social performance indicators

<b>Absence days, total</b>	Number of working days on which employees were unable to work for any unforeseen reason (e.g. both work-related and non-work-related accidents and illness). Approved absences such as for holidays, study leave, maternity/paternity leave etc. are not counted.
<b>Absence days, work-related</b>	Number of working days on which work-related accidents or illness prevented staff from working. Counting starts on the first day after the accident.
<b>Accidents involving injury, work-related</b>	Work-related accidents involving injury to employees who require medical treatment and who are absent from work for at least one day.

<b>Departures for controllable reasons</b>	Number of employees leaving the company over whose departure the company has an influence (departures for reasons of remuneration, working conditions, working atmosphere or career development). Controllable fluctuation is calculated by dividing the number of controllable departures by the total number of employees.
<b>Fluctuation for controllable reasons</b>	
<b>Departures, total</b>	Total number of employees leaving the company (e.g. resignations, dismissals, retirement).
<b>Fluctuation, total</b>	Total fluctuation is calculated by dividing the number of departures by the total number of employees.
<b>Employees participating in training</b>	Employees who have participated in "off-the-job" training at least once during the reporting year.
<b>Employees with disabilities</b>	Employees who are certified disabled in accordance with applicable local regulations.
<b>Fatalities, work-related</b>	Number of employee fatalities per annum caused by a work-related injury or illness incurred at Georg Fischer.
<b>Incidents of discrimination</b>	<p>Number of incidents of discrimination that have come to light in the year under review. This includes both formal legal action and cases of unequal treatment revealed by internal proceedings.</p> <p>Discrimination is defined as the act of making a distinction, exclusion or preference which is based on race, skin colour, gender, religion, political opinion, national or social origin or other personal criteria (such as disability, age or sexual identity) and which results in the loss or impairment of equal opportunity or equal treatment in hiring or employment.</p>
<b>Managers</b>	Members of the management boards of the Georg Fischer corporate subsidiaries ("first-line management").
<b>Order volume from workshops employing disabled people</b>	Annual volume of goods and services sourced from special workshops for people with disabilities.
<b>Part-time employees</b>	Employees who do not work a full working week.
<b>Student interns</b>	Number of students at university or other higher education establishments who work at Georg Fischer for at least two months as trainees or while writing a diploma thesis as part of their studies.
<b>Training days</b>	Working days on which "off-the-job" training courses were attended during the reporting year.

# GRI index (Global Reporting Initiative)

Report element	Status	Reference
<b>Profile</b>		
1.1 Statement of the CEO	●	1
1.2 Key impacts, risks and opportunities	●	1, 6-7, 14-16, 32-33, 47-48
2.1 Name of the organisation	●	Cover 4
2.2 Brands, products and services	●	4-5
2.3 Organisational structure	●	4-5, 10-11, 56 / AR 92 ff
2.4 Location of headquarters	●	4
2.5 Location of operations	●	56 / AR 92-95
2.6 Nature of ownership and legal form	●	4 / AR 45, 96-105
2.7 Markets served	●	4-5, 30-31
2.8 Company profile	●	4-5 / AR Cover 3, 32-38, 46
2.9 Significant changes during the reporting period regarding size, structure or ownership	●	30-31 / AR 59
2.10 Awards received	●	31, 50
3.1 Reporting period	●	Cover 2
3.2 Date of most recent report	●	Cover 2
3.3 Reporting cycle	●	Cover 2
3.4 Contact point	●	56, Cover 4
3.5 Process for defining report content	●	10
3.6 Report boundary	●	Cover 2, 10, 32-33
3.7 Limitations on the report scope or boundary	●	Cover 2, 10, 32-33
3.8 Basis for reporting on participations in other companies	●	Cover 2, 10, 32-33
3.9 Data measurement techniques and bases for calculations	●	10-11, 32-33, 52-53
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4.5 Compensation policy	●	42 / AR 86-88, 98, 106-107
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4.8 Policies, values, code of conduct	●	7-8
4.9 Monitoring sustainability performance by the Board of Directors and Executive Committee	●	10
4.10 Evaluating the performance of the Board of Directors and Executive Committee with respect to sustainability	●	AR 96-98 / www
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EN8 Water withdrawal	●	38

● Detailed information is provided for this indicator    ● For this indicator only partial information is provided    ● No information is provided for this indicator at present



Report element	Status	Reference
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This table represents an abbreviated version of the GRI Content Index. The full index with explanations can be found at: [http://www.georgfischer.com/gri\\_contentindex\\_en](http://www.georgfischer.com/gri_contentindex_en). The page numbers refer to this Sustainability Report. The abbreviation AR refers to the 2007 Annual Report, the abbreviation www to the GRI Content Index in the Internet.

## Locally anchored, globally active

<b>Europe</b>	80 companies
<b>Production plants</b>	Austria, Germany, Italy, Netherlands, Sweden, Switzerland
<b>Sales and service centres</b>	Austria, Belgium, Czech Republic, Denmark, France, Germany, Great Britain, Italy, Netherlands, Norway, Poland, Spain, Sweden, Switzerland
<b>Asia, Near East</b>	35 companies
<b>Production plants</b>	China, India, Malaysia
<b>Sales and service centres</b>	China, Japan, Korea, Singapore, Taiwan, Thailand, Turkey
<b>America</b>	12 companies
<b>Production plants</b>	Canada, USA
<b>Sales and service centres</b>	Bermudas, Brazil, Mexico, USA
<b>Australia</b>	2 companies
<b>Sales and service centres</b>	Australia

## Your opinion

**Feedback** What you think of the Georg Fischer Sustainability Report matters to us, as we are constantly striving to improve our reporting. We would therefore very much welcome your feedback. We will also be happy to answer any questions you may have.

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## Corporate Publications

<b>Annual Report</b>	In English and German, published once a year
<b>Mid-Year Report</b>	In English and German, published once a year
<b>Sustainability Report</b>	In English and German, a long version published every two years, a short version in alternate years
<b>Corporate profile</b>	Flyer in English and German, published once a year
<b>GF in China</b>	Brochure in Chinese and English
<b>Corporate policies</b>	In English and German
<b>Clean Water</b>	Brochure in English and German
<b>A career at Georg Fischer</b>	Brochure in English and German
<b>Corporate movie</b>	In English, French, German, Italian and Chinese
<b>GLOBE employee newspaper</b>	In English, French, German, Italian and Chinese, published four times a year
<b>Ferrum</b>	Journal of the Iron Library, in German, published once a year
<b>Internet</b>	See <a href="http://www.georgfischer.com">www.georgfischer.com</a> for regularly updated information about Georg Fischer, its core businesses, corporate governance, investor relations, jobs/careers and much more besides. You can also order the publications listed on the Internet free of charge.

### 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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### **Mixed Sources**

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