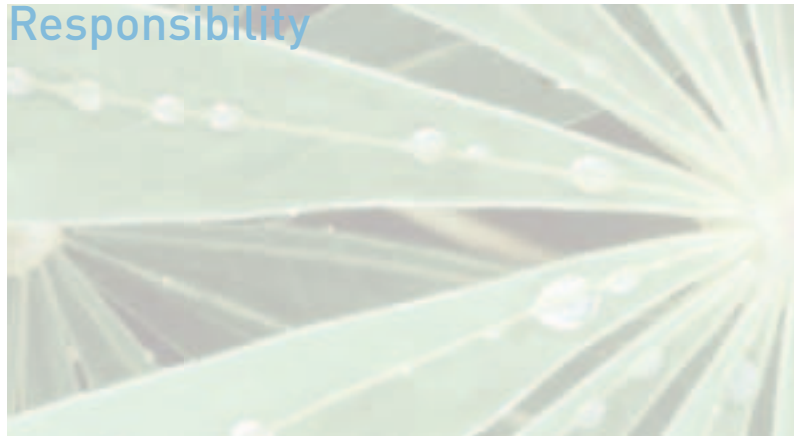


Adding Quality
to People's Lives

Sustainability
Report 2005

Content

Responsibility



Economy



Ecology



People



This symbol refers you to further information available on our website and the Internet.

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A far-sighted approach

Back in 1992, Georg Fischer signed the ICC (International Chamber of Commerce) Business Charter for Sustainable Development, “officially” committing itself to sustainable business operations. Over ten years ago, we formulated our environmental policy, and every year since 2000, Georg Fischer has published an environmental report. In 2005, we extended the Corporation’s information system so as to increase transparency over social aspects of the business. This has allowed us to expand our sustainability reporting and release this publication, thereby completing another milestone in the Corporation’s history. From the very beginning, over 200 years ago, Georg Fischer has provided numerous examples of sustainable practices.

As part of society, Georg Fischer has obligations to its various stakeholders. Our goal is to safeguard the long-term well-being of the Corporation, underpinned by solid profitability. In doing so, it is essential to harmoniously combine economic, environmental and social considerations. Only a profitable company can invest in environmentally-friendly measures and offer its employees attractive jobs.

The basic standards by which our Corporation operates are anchored in a set of principles: we are a source of strength for our customers and a source of benefits for people across the globe who use our products, we are a demanding and supportive employer, we create value for our shareholders, and we are committed to society and the environment. Georg Fischer fosters open communication and creates transparency. The management and organization of the Corporation comply with the requirements of corporate governance. We expect all employees to show social and ethical responsibility. Integrity has a long tradition at Georg Fischer.

The Corporation’s strategic objective is to enhance enterprise value through organic growth. Innovative and environmentally-compatible products and solutions, optimized processes and expansion into new markets are of crucial importance in this endeavour, which is why we continue to invest not only in our employees and environmental protection, but also in research and development. As innovation requires new perspectives and a fair amount of lateral thinking, we promote a corporate culture that challenges our employees to unleash their creative potential.

In future, the Corporation will regularly publish the facts and figures generated by the sustainability management system on the Internet and in printed format. The data is intended mainly to help bring improvement, true to our motto “Adding Quality to People’s Lives”.

A handwritten signature in blue ink, appearing to read 'Kurt E. Stirnemann'.

Kurt E. Stirnemann
President and CEO

Sustainability

means responsibility.

We act in the interests
of all our stakeholders
and always seek to
strike a balance between
their concerns.

Georg Fischer: at a glance

Georg Fischer is focused on its three core businesses GF Automotive, GF Piping Systems and GF Machine Tools (AgieCharmilles GF). Founded in 1802, the Corporation is headquartered in Schaffhausen, Switzerland, and has over 140 locations worldwide including 50 production facilities. In 2005, some 12 000 employees generated annual sales of CHF 3.7 billion.

Adding Quality to People's Lives. People all over the world expect Georg Fischer to make a significant contribution to meeting their needs now and in the future. Mobility, comfort and precision are key market requirements that the Corporation meets with its products and services.

Mobility. People are increasingly mobile, and that means ever higher demands with regard to vehicle comfort and safety. By supplying highly stressable cast components made of light metal and iron, GF Automotive makes it possible to build lightweight passenger and commercial vehicles.

Innovation and technology

Georg Fischer's goal is to grow by its own efforts. Innovation plays an important role in this strategy, which is why the Corporation invests more than 3 percent of its gross sales every year in research and development. It focuses on product development and improvement, new materials and the use of tried and tested technologies for new applications. The Corporation has some 600 people in seven countries working in research and development. Over 4 000 patents are proof of its innovativeness and technological expertise.

Comfort. A reliable supply of clean water is becoming a crucial challenge. GF Piping Systems makes the worldwide supply of drinking water easier and enables the safe transport of liquids for industrial purposes.

Precision. The serial production of consumer goods and high-quality precision parts requires sophisticated manufacturing technologies. GF Machine Tools (AgieCharmilles GF) provides the machines and system solutions for producing the necessary moulds, tools and parts.

Sustainability 2005: in brief

In the 2005 reporting period, Georg Fischer extended the environmental reporting system it has been operating since 1997 to include socially relevant topics. The new reporting system – the Sustainability Information System (SIS) – captures key data based on the Global Reporting Initiative (GRI) guidelines, making sustainability information transparent and comparable. The newly added social data includes key facts and figures on employees, health and safety in the workplace, training and education.

Environmental performance*

- Energy consumption rises by almost 6 percent, in line with the increase in production volumes
- The proportion of recycled waste is increased to 90 percent, thereby reducing the amount of waste incinerated or landfilled to below 10 percent
- Water consumption rises by 3 percent and wastewater by 1 percent, in line with the increase in production volumes
- CHF 29 million is spent on environmental protection measures

Economic performance*

- Sales rise by 4 percent
- Net profit for the year increases to CHF 175 million (up 67 percent)
- Earnings before interest and taxes rise by 33 percent
- The EBIT margin increases from 5 to 7 percent
- Net debt falls by 16 percent

Social performance

- Over 100 new jobs are created
- “Off-the-job” training days average 1.5 per employee
- There are 66 accidents per 1 000 employees, none of them fatal
- Employees receive 80 percent of net added value created, or around CHF 1 000 million
- Orders worth around CHF 2 million are placed with workshops employing people with disabilities
- The Clean Water Foundation contributes to a sustained improvement in drinking water supply for 100 000 people

* Key figures for 2005 compared to the previous year



Responsibility

Our values

Staying true to its motto “Adding Quality to People’s Lives”, the Georg Fischer Corporation delivers products and services that help to improve people’s quality of life. The principles by which we operate are set out in the document entitled “Our Values”:

- We are a source of strength for our customers. As a reliable partner, we answer their needs with competitive solutions and products and in doing so set industrial standards.
- We are a source of benefits for people all over the world, helping those who use our products to satisfy their need for mobility, comfort and precision.
- We are a demanding and supportive employer. We offer our employees interesting work, enable them to develop their skills, challenge them to exploit their entrepreneurial potential and reward them for excellence – all of this in a culture of mutual trust and respect.
- We create value for our shareholders by pursuing a strategy focused on profits and growth. The Corporation is also committed to a high standard of management, corporate governance and communication. It thus generates an appropriate yield on invested capital.
- We are socially committed, support the communities in which we live and use natural resources sparingly. We observe international ethical standards in everything we do.

Principles and policies

Based on the principle of sustainability and on common values, the Corporation has a responsibility to foster trust and credibility through active, straightforward and prompt communication and through transparent reporting in compliance with the law. At the same time, the values and principles provide the basic guidelines according to which employees all over the world should conduct themselves. They are set down in our policies, all of which can be accessed on the Internet.

The Code of Conduct sets out more precise rules on dealing with fellow workers, customers, suppliers, business partners, competitors, authorities and the general public on a day-to-day basis. This Code of Conduct aims to help ensure that employees meet not only professional standards, but also legal and ethical requirements too. Georg Fischer monitors adherence to its Code of Conduct and the related internal directives, which outline and define the basic principles in more detail. Any infringements are punished internally and can also have penal consequences. The Code of Conduct is published on the Internet.

Corporate governance

The Board of Directors and Executive Committee of Georg Fischer attach considerable importance to corporate governance and legal compliance. The relevant information is published both in the Annual Report and on the Internet. Georg Fischer Ltd is organized 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 Ltd 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. 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 of Corporate Finance and Controlling form the Corporate Center, Corporate Management in the narrower sense, and also support the Board of Directors in the tasks it needs to complete in order to meet its responsibilities.

Economic policy: innovating for success

A marked rise in profits was reported in 2005, a financial year from which Georg Fischer emerged stronger. The measures instituted in 2003 to boost efficiency, the Corporation's success in the marketplace and favourable economic conditions were all contributing factors. In 2006, the Corporation is aiming to achieve further improvements in efficiency and competitiveness and continue growing. We will reach our goals on the strength of innovative products and processes, our technological expertise and expansion in emerging markets.

Enhancing enterprise value through organic growth is a strategic goal that has been clearly communicated. Georg Fischer aims to continue expanding its three core businesses in attractive market segments. Europe will be our principal market in future too. We see market globalization as an opportunity and are targeting a leap in growth in Asia, particularly China, which we intend to build up into a pivotal base for research and development, production and purchasing. This will enable us to safeguard the Corporation's competitiveness in this region too.

Environmental policy: acting with foresight

Acting as a responsible company includes accountability in ecological and safety matters. We understand the environmental footprint of our production processes and products. For over ten years now, an environmental policy based on the principles set down in the International Chamber of Commerce (ICC) Business Charter for Sustainable Development has been binding on all the Corporation's activities.

In 1996, Georg Fischer formulated its environmental policy:

- We are committed to taking an active part in protecting natural resources and strive to conduct our operations in harmony with the environment.
- We protect natural resources by setting and implementing environmentally-compatible operational targets. Monito-

Economic targets for 2007

- To achieve an EBIT margin of 8 percent
- To grow primarily by our own efforts and finance this growth out of operating cash flow
- To strengthen our presence in the growth markets of Asia and Eastern Europe
- To support our strategy through targeted acquisitions in specific cases

Our top priority is to further improve performance. The key to success is developing innovative solutions in all our businesses. Georg Fischer therefore promotes a corporate culture in which employees are challenged and incentivized to unleash their creative potential. The Corporation also invests systematically in research and development. Innovating new, weight-saving materials in the automotive industry or opening up new business opportunities in ship-building and medical technology – these are some of the ways in which Georg Fischer is coming up with the right answers to the issues and trends of the future.

ring progress regularly is considered part of managerial responsibility. To support this, we conduct external audits.

- Georg Fischer complies with environmental legislation.
- Georg Fischer develops and manufactures products and services in a manner that minimizes adverse environmental impacts.
- We work closely with our suppliers and business partners to conserve natural resources.
- We motivate and educate our employees to carry out their activities in an environmentally responsible manner.
- We encourage openness and dialogue with our employees and the public on environmental matters.



Georg Fischer has an environmental footprint. That is to say, the process of manufacturing products has a direct impact on the environment. Our production sites consume raw materials and energy, using up a finite amount of resources – and the resulting emissions such as carbon dioxide and nitrogen oxide escape into the atmosphere. Conserving natural resources is therefore at the centre of our environmental policy. The “Ecology” chapter on pages 25ff. outlines our environmental measures and their results. Georg Fischer’s products also have a varied indirect impact on the environment. When designing products, we influence not only the type and amount of raw materials required for the manufacturing process, but also the resources consumed by the customer in using these products. Product design is therefore extremely important when it comes to sustainability (see chapter “Considering the entire life cycle” on page 16).

Goals achieved

The goals set in the last environmental report have now been achieved.

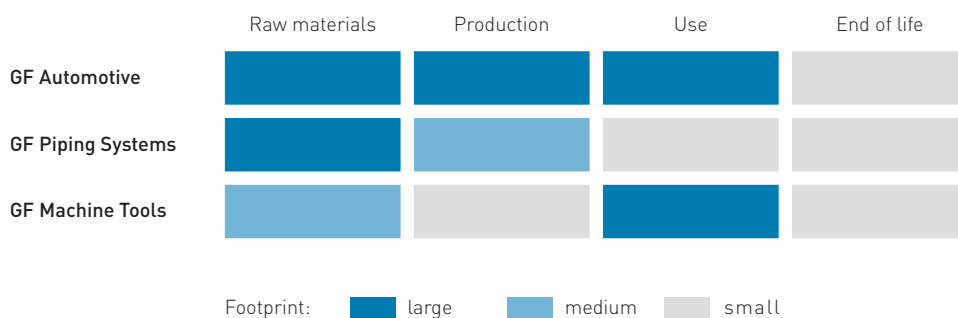
- The environmental report has been expanded into a sustainability report. The reporting system has been extended accordingly.
- All corporate subsidiaries* with production facilities have ISO 14 001 certified environmental management systems.

* All companies in which Georg Fischer holds an interest of over 50 percent

Environmental goals for 2007

- To place greater emphasis on environmental aspects when choosing new suppliers and working together with existing suppliers
- To analyse options to reduce CO₂ emissions and to define a CO₂ strategy for the Georg Fischer Corporation

Environmental footprint at the various stages in the life cycle of Georg Fischer products



Social policy: shaping the future

Georg Fischer fulfils its responsibilities to society and its employees, basing its actions on its values, principles and policies and aiming to act for the common good. The Corporation supports communities, uses natural resources sparingly and observes internationally accepted ethical standards in everything it does. As an employer, it focuses on striking a balance between being demanding and supportive. Georg Fischer offers its employees interesting work, enables them to develop their skills, challenges them to exploit their entrepreneurial potential and rewards them for excellence – and all of this in a culture of mutual trust and respect.

Building on these values, Georg Fischer has developed internal principles governing human resources management:

- The success of the company largely depends on its employees.
- Partnership between the company and its employees is based on mutual trust, good faith and responsibility. Each employee takes responsibility for reaching corporate and personal goals. The company takes responsibility as a competent and demanding employer.
- Each employee takes entrepreneurial initiative and responsibility for acting in the corporate interest and meeting the highest demands concerning work quality and reliability.
- Employees are able and willing to engage in teamwork, even beyond the limits of formal organization.
- Georg Fischer regards the development of employee capabilities and personalities as an investment in the future. The development is to be of mutual benefit for the company and the employees. It ensures that well-selected, capable employees are correctly deployed to fulfil their tasks. Employees are primarily responsible for ensuring that their professional capabilities are in accordance with the requirements of their task.

Social goals for 2007

- To become even more attractive as an employer, for example by creating flexible terms of employment and jobs that are aligned with employees' needs
- To prepare and publish a human resources policy by the end of 2006 and to train managers and those employees responsible for human resources
- To extend the management system for social sustainability and to improve the significance of the social reports
- To analyse in more depth the key figures on health and safety in the workplace and absences and to define measures
- To place greater emphasis on social aspects when choosing new suppliers and working together with existing suppliers

- Personnel selection is non-discriminating, based on professional and social competence, on personality, and on leadership competence.
- Employee assessment is carried out regularly, fairly and candidly. It is the basis for performance-related remuneration and for individual development.

The internal principles governing human resources management will be further developed and published in the form of a human resources policy by the end of 2006.



Organization and implementation

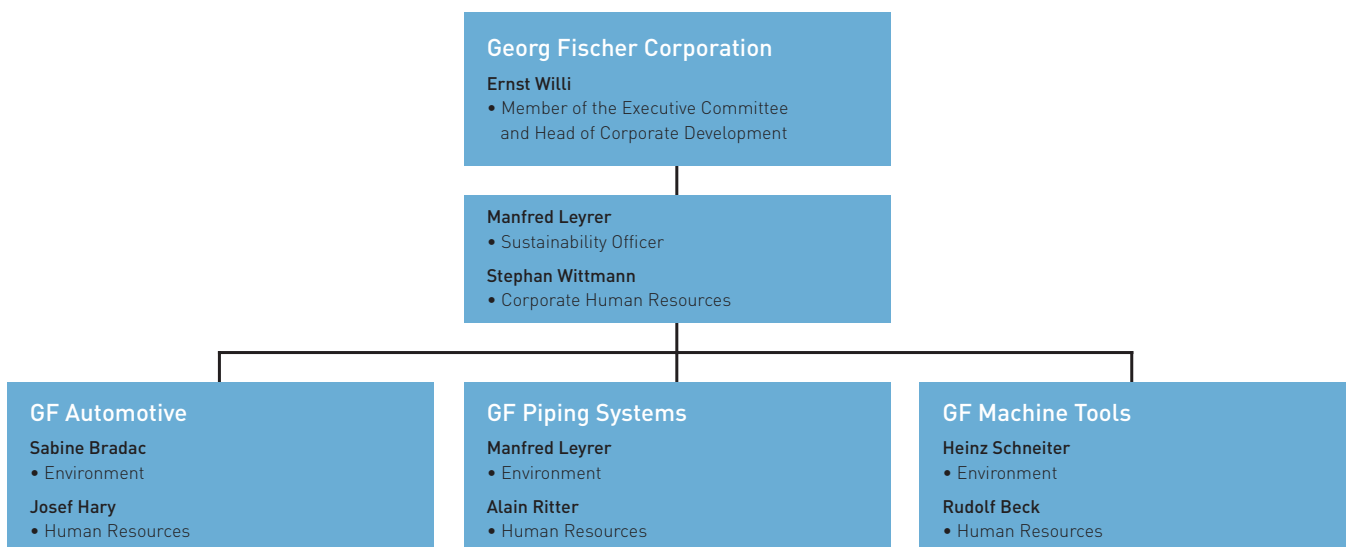
Georg Fischer incorporated sustainability requirements into day-to-day operations at an early stage – by putting in place a clear organizational structure, an active communication policy and an internal reporting system.

Quality and environmental management systems have been introduced at all the relevant locations. All production companies and most sales companies have a certified quality management system, which means over 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 ISO 14 001 certified. This means they have an active environmental management system ensuring their compliance with international environmental standards and environmental laws. Together with other certified sales companies, more than 10 000 Georg Fischer employees work at environmentally-certified sites, i.e. over 85 percent of all employees.

Committed to a defined policy of active, open and prompt communication, the Corporation systematically communicates with all stakeholders, both internal and external. This reinforces the public perception and image of the Corporation. Georg Fischer has a strong brand, which ensures its presence and reputation in the public sphere. All Corporate Groups benefit from the credibility attached to the brand and the confidence shown in it. Open communication at all levels is an important element of management responsibility. The Annual Report, Mid-Year Report and press releases provide shareholders in Georg Fischer Ltd with regular information on all major issues. Georg Fischer publishes any information that may impact the share price in accordance with the ad hoc disclosure requirements of SWX Swiss Exchange. Responsibility for communication and information lies primarily with the Corporate Communications and Investor Relations departments. All information is updated on a regular basis and available on the Internet.

www.georgfischer.com



Sustainability is anchored in Georg Fischer's organizational structure.


The Sustainability Information System (SIS) is used to gather from Georg Fischer's corporate subsidiaries social and environmental data based on Global Reporting Initiative (GRI) guidelines. Trained employees are responsible for data capture and reporting within the individual companies. A central database is used to consolidate and analyse the data. This is the responsibility of the Corporate Sustainability Officer. The results serve as a basis for internal and external sustainability reports, for planning and for setting targets.

The social reporting system, containing key figures on employees, health and safety in the workplace, training and education, have now been merged at Corporation level. This social data is recorded by corporate subsidiaries with more than ten employees, of which there were 88 in 2005. Georg Fischer's social reporting system therefore covers more than 98 percent of all employees.

The environmental reporting system, launched in 1997, captures environmental data from the Corporation's production companies. This includes data on energy and water consumption, emissions and the amount of waste (see page 25).

Global Reporting Initiative (GRI)

The GRI guidelines form the globally recognized sustainability reporting framework. They ensure that sustainability information is transparent and comparable. The guidelines are in the public domain and can be applied voluntarily by companies reporting on sustainability-related topics. GRI is currently preparing the third version of the Sustainability Reporting Guidelines, a draft version – "Draft G3" – of which was published in January 2006. Georg Fischer's Sustainability and Annual Reports cover some of the indicators listed in this draft version (see pages 48-49).

 www.globalreporting.org



Controlling risk

Risk management is given systematic consideration at all levels of the Georg Fischer Corporation. The Organization and Business Regulations, supplemented by a Corporate directive, set out the responsibilities, principles, risk strategies, tools and risk categories. Strategic risks and opportunities are assessed primarily by the Board of Directors, and financial and operational risks primarily by the CEO and the Executive Committee. A Chief Risk Officer appointed by the CEO assumes responsibility for the implementation of risk management measures. Each managing director is responsible for the risks and opportunities relevant to his or her company. Risk management enables Georg Fischer to handle risks and opportunities with confidence, increasing the chance of it meeting its corporate objectives and enhancing enterprise value.

Georg Fischer's strategy is to control risks. With this aim in mind, risks and opportunities are systematically identified throughout the Corporation. Causes and effects are regularly analysed and assessed and measures drawn up on the basis of this information. Regular reports, at all levels and to the Board of Directors and the Executive Committee, are another integral part of risk management at Georg Fischer. Risk analysis is based on a risk map in use across the Corporation covering four risk fields, namely Markets, Management and Resources, Operations and Finances. The criteria applied in assessing risks include their impact and the probability of their occurrence. Carefully analysing and reducing technical and organizational risks helps to improve process stability, maintain real values, prevent interruptions to operations and therefore make the delivery of products and services to customers more reliable. Georg Fischer attaches great importance to these aspects.

All Georg Fischer production sites are certified to the HPR (Highly Protected Risk) or HMP (Highly Managed Prevention) standards. Once the necessary technical and organizational precautions have been implemented, the certificates are issued in accordance with standard worldwide guidelines in cooperation with a property insurer specializing in loss prevention. In the year under review, 30 out of a total of 50 production sites were audited with regard to industrial and other risks such as fire and environmental risks.

Considering the entire life cycle

Sustainable solutions require that a product's entire life cycle be taken into account. Georg Fischer's responsibility therefore extends beyond the production process to its collaboration with suppliers, customers and end consumers.

Environmental responsibilities at Georg Fischer are therefore addressed as a whole. Consideration is given to the impact products have on the environment throughout their entire life cycle. Life Cycle Assessments (LCA) are becoming increasingly important within the Georg Fischer Corporation. These assessments begin with the selection of raw materials and suppliers and cover everything from production and the use of products at the customer's end through to end-of-life recycling.

Innovative and optimized product design, supplemented by optimized production processes, improve the Corporation's environmental and social performance. Rating agencies and current legislation are also picking up on this trend. For example, the new EU Directive on Energy-using Products (EuP) sets rules for eco-design, encouraging manufacturers of certain energy-using products to optimize environmental performance throughout the products' entire life cycle.

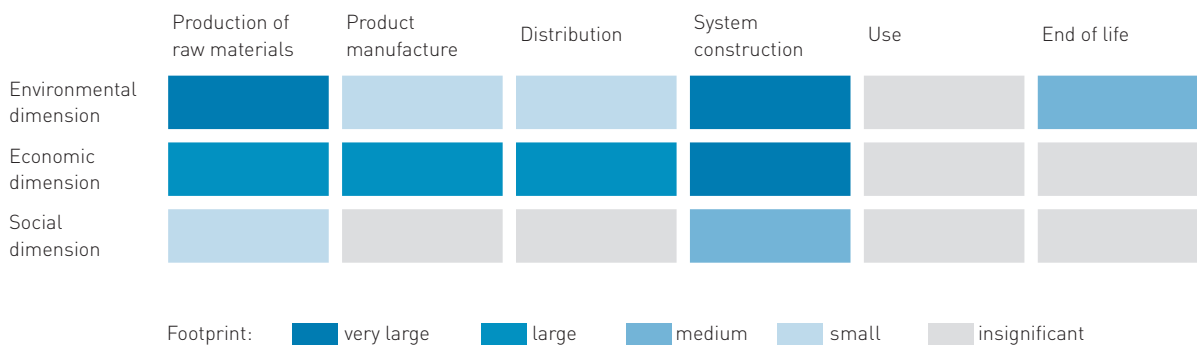
GF Automotive uses only scrap sorted by model, some of it from car manufacturers, to produce its iron materials and clean pig iron (cast bars) for the production of aluminium and magnesium alloys. It uses recycled materials to meet around 50 percent of its raw materials requirements. More than 85 percent of the waste produced when melting 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. The aim is to systematically roll out these assessments across the entire Corporate Group. The first recycling systems have been partially installed for products such as PVDF (polyvinylidene fluoride), which customers can return after use and which is recycled for other products.

GF Machine Tools provides its customers with an extensive service offering that ensures that the more than 100 000 machines installed always meet the current technical standards and have a long service life. For the longer a machine is in use, the smaller its environmental footprint becomes.

The sustainability check developed by GF Piping Systems in collaboration with experts has been carried out on several product groups. This tool highlights relevant aspects at various stages in a product's life cycle. This information can provide the basis for the product's focused development.

Example of a sustainability check: a connection system for use in domestic water installations, supplied by GF Piping Systems





Cooperation with suppliers

The procurement of goods and services plays an ever greater role – economically, strategically, environmentally and socially. The volume of goods and services purchased by Georg Fischer on an annual basis is in excess of CHF 2 billion. The range is broad, with goods and services coming from a wide variety of countries. They include raw materials such as coal, metals and plastics, as well as components and IT services. Since we realize that this is a major issue in the context of sustainable development, our first step is to define the social and environmental criteria to be applied in selecting and assessing our supplies (see box and page 12).

Selecting suppliers

In addition to extended environmental criteria, GF Piping Systems has for the first time included social criteria on the checklist it uses to assess suppliers. As well as the quality and delivery requirements, further criteria are also checked when assessing new suppliers and auditing existing suppliers.

Georg Fischer is interested in long-term collaboration with business partners. This is also set out in our corporate policy: “We attach great importance to the careful selection of our partners. We consider the continuity of these partnerships to be a long-term advantage both for us and for our partners”. Conversely, an increasing number of business partners in the automotive industry in particular are defining (minimum) environmental requirements to be met by their suppliers. We welcome this development.

Product sustainability

Georg Fischer aims to develop innovative products that meet the future needs and requirements of customers, society and the environment. The Corporation is a technology leader active in future-oriented markets. The expertise of the three Corporate Groups extends the length of the value chain, starting with the development of their own materials and including everything from product and process development through to approval tests and global delivery capability. This expertise forms the basis of optimum customer service from development through to mass production. Located close to the customers, production facilities in Europe, Asia and the USA meet local requirements.



GF Automotive

People are increasingly mobile, and that means ever higher demands with regard to comfort, safety and environmental protection. Reducing emissions and using resources sparingly are high priorities. Employing lightweight and highly stressable materials, improved techniques and optimized processes, GF Automotive creates ready-to-assemble components and systems for use in the production of passenger and commercial vehicles. New processes and designs continue to support the trend towards lightweight construction. A steering wheel made of magnesium, for example, meets the most exacting requirements in terms of dimensional accuracy and guarantees a weight saving of up to 30 percent compared to aluminium. Further advantages include increased safety, as crash energy is absorbed, and more comfort, as steering wheel vibration is eliminated.



GF Piping Systems

Clean water is one of the most valuable resources. Providing people everywhere with a reliable supply of drinking water is therefore a crucial challenge. GF Piping Systems contributes to the world's water supply and treatment infrastructure. Water must be transported uncontaminated, systems must be safe and cost-efficient, and control devices must be reliable and easy to use. GF Piping Systems meets all these requirements by providing plastic piping systems that are leak-free, lightweight, corrosion-resistant and highly durable. The connection technologies are fast, simple and secure.



GF Machine Tools

The production of consumer goods and high-quality equipment requires extreme precision and sophisticated production technologies, such as those provided by GF Machine Tools (AgieCharmilles GF) for producing the necessary moulds, tools and parts. The electric discharge and high-speed milling machines it develops and produces are accurate to within a thousandth of a millimetre. Precision parts are moulded from high-quality materials. The machines and systems are also used to produce implants, instruments and other medical equipment. Particularly complex moulds that quickly close with tireless precision and immediately open again are also in demand for use in the manufacture of PET bottles. The precision of the seams is decisive for the thinness of the bottle's wall. The issue is not simply one of weight but also of money. For, very soon, a bottle costs more than its contents.

Economy

A close-up photograph of a green leaf with water droplets, serving as a background for the word 'Economy'. The leaf is positioned diagonally from the top left to the bottom right. The water droplets are of various sizes and are scattered across the leaf's surface. The background is a soft, out-of-focus gradient of light blue and white.

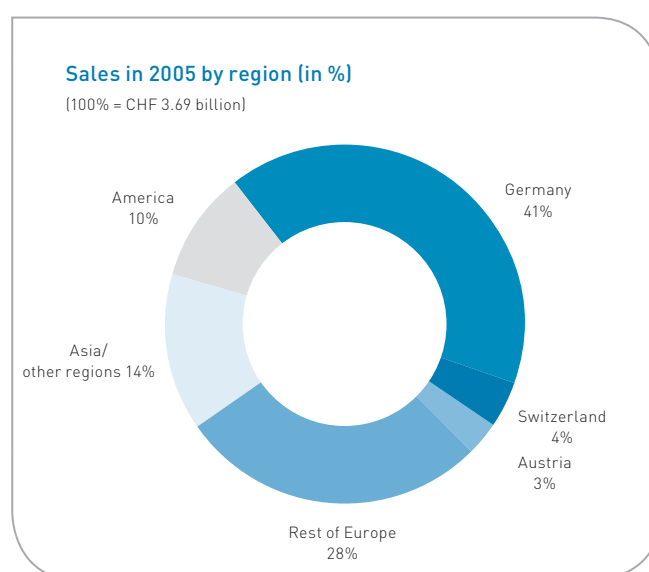
A significant improvement in performance

The **2005 financial year** saw the Georg Fischer Corporation achieve a significant year-on-year improvement in its key figures. The Annual Report contains a more detailed financial review.

www.georgfischer.com/publications_en

Net profit surged by 67 percent to CHF 175 million (2004: CHF 105 million). This equates to earnings per share of CHF 46 (2004: CHF 28). Sales rose to CHF 3.7 billion (2004: CHF 3.5 billion). Free cash flow stands at CHF 184 million (2004: CHF 193 million). Georg Fischer was therefore able to reduce net debt by CHF 119 million to CHF 606 million. The improved performance was driven by market successes, innovativeness and greater efficiency. Organic growth was 5 percent in local currency terms. GF Machine Tools posted the sharpest rise in sales, having upped revenues by 8 percent. GF Piping Systems grew by 6 percent. GF Automotive lifted sales by 1 percent (3 percent with the same scope of consolidation) despite the lack of any stimulus from the European automotive industry.

Profitability. With operating income at CHF 252 million in 2005, Georg Fischer clearly surpassed the prior-year figure (CHF 189 million). As a result, the Corporation's EBIT margin increased from 5.1 to 6.8 percent. One-off factors, particularly at GF Automotive, had a negative impact on operating income and therefore on the margin.



Value added. During the year under review, Georg Fischer generated gross added value amounting to CHF 1.4 billion (2004: CHF 1.3 billion). The Corporation generated 91 percent of this added value in Europe, with the corporate subsidiaries in Germany (41%), Switzerland (25%) and Austria (17%) contributing 83 percent of the total (unchanged year on year). At the end of the year under review, these three countries accounted for 76 percent of all Corporation employees. This figure also remained constant.

The growth strategy is now under way. With the closure of GF Automotive's Munich plant, the production structure in Europe was further streamlined. In China, Georg Fischer opened an aluminium die casting foundry for the emerging automotive market and increased capacity at Beijing Agie Charmilles. Our innovativeness continues to be fostered and exploited and was demonstrated to investors at a "Technology Day". Through a series of strategic and operational measures, we will further enhance our competitiveness and enterprise value.

The impact of social and environmental efforts on the overall result is not explicitly quantified. Georg Fischer does not doubt that they have a positive impact, despite the substantial investment required. Lower transport costs for waste and the long-term reduction in water consumption, for example, can both be described as positive. Thanks to heat recovery systems and energy-saving processes, energy efficiency is improving. High safety and environmental standards make it possible to obtain lower insurance premiums and reduce environmental risks. Georg Fischer is convinced of the unquantifiable, but nevertheless high value of its reputation as a responsible business enterprise.

Financial overview

CHF million	2005	2004	2003	2002	2001
Order intake	3 783	3 730	3 385	3 480	3 732
Sales	3 692	3 540	3 257	3 417	3 848
EBIT	252	189	-96	80	156
Net profit for the year	175	105	-149	-12	76
Free cash flow	184	193	197	110	43
Net debt	606	725	926	1 077	1 134
Equity %	39	32	31	34	33
Return on Sales (EBIT margin) %*	6.8	5.1	2.9	2.3	4.1

* In 2003 and 2004 before special charges

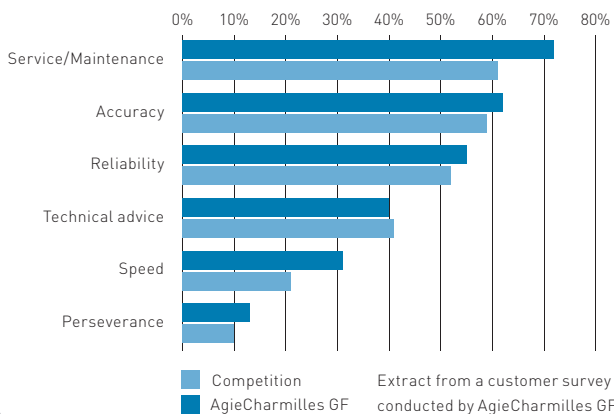
Accounting standard: IFRS

Customer satisfaction

The satisfaction of our customers is a key issue at all levels of the Georg Fischer Corporation. Through an extended sales and service network, we maintain a global presence. We offer applications support, assistance with planning and tailored solutions. The individual Corporate Groups conduct regular surveys among their target groups, thus adding to their knowledge and assessment of the market. In 2005, GF Machine Tools conducted a large-scale survey. High quality, precision, reliability and the ability to provide out-

AgieCharmilles GF offers the best service

How customers rate AgieCharmilles GF compared to the competition (in %)



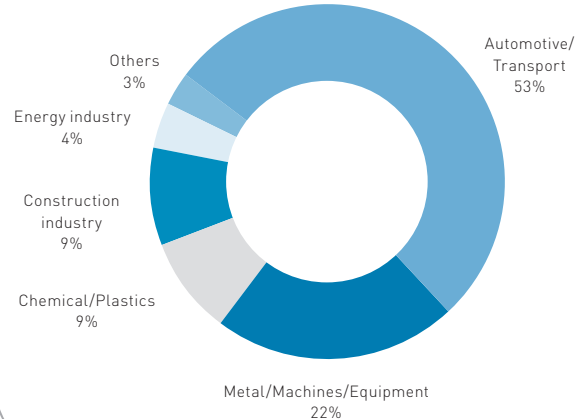
standing service and support were the most frequently mentioned values. In a rapidly changing environment, these factors are very important. 2005 also saw GF Piping Systems launch a customer satisfaction survey that is to be extended worldwide in 2006 (see box).

Customer wishes

In 2005, GF Piping Systems conducted a customer opinion survey in Switzerland together with a market research institute. Over 350 customers were questioned in detail during a series of telephone interviews. The results show that the customers are very willing to recommend the company, as they have been impressed by factors such as the high quality of its products. GF Piping Systems is ahead of the competition when it comes to the most important issues, such as its field force, image and product range. We also learnt that we need to work on complaints management, the product portfolio and joint marketing with distributors. Measures drawn up at workshops are to be successfully implemented by 2007.

Sales in 2005 by end consumer (in %)

(100% = CHF 3.69 billion)



The **"Customer Value Leadership Award 2005"** was given to AgieCharmilles GF by the global consulting firm Frost & Sullivan. This award is given each year to companies that are shown to consistently provide sustainable advantages and value for customers within their sector. The analysts said AgieCharmilles GF had been selected because of the combination of superior technologies and excellent service offerings.

Ecology



Environmental footprint

Energy consumption and air emissions resulting from the manufacture of our products have the greatest impact on the environment, followed by waste. Kept at low levels at many of our sites, water consumption has a less significant impact. Compared with the other Corporate Groups, the GF Automotive foundries have the greatest impact on the environment due to the energy- and materials-intensive melting process, which requires large quantities of coke, natural gas and electric power.

Environmental impact of the three Corporate Groups

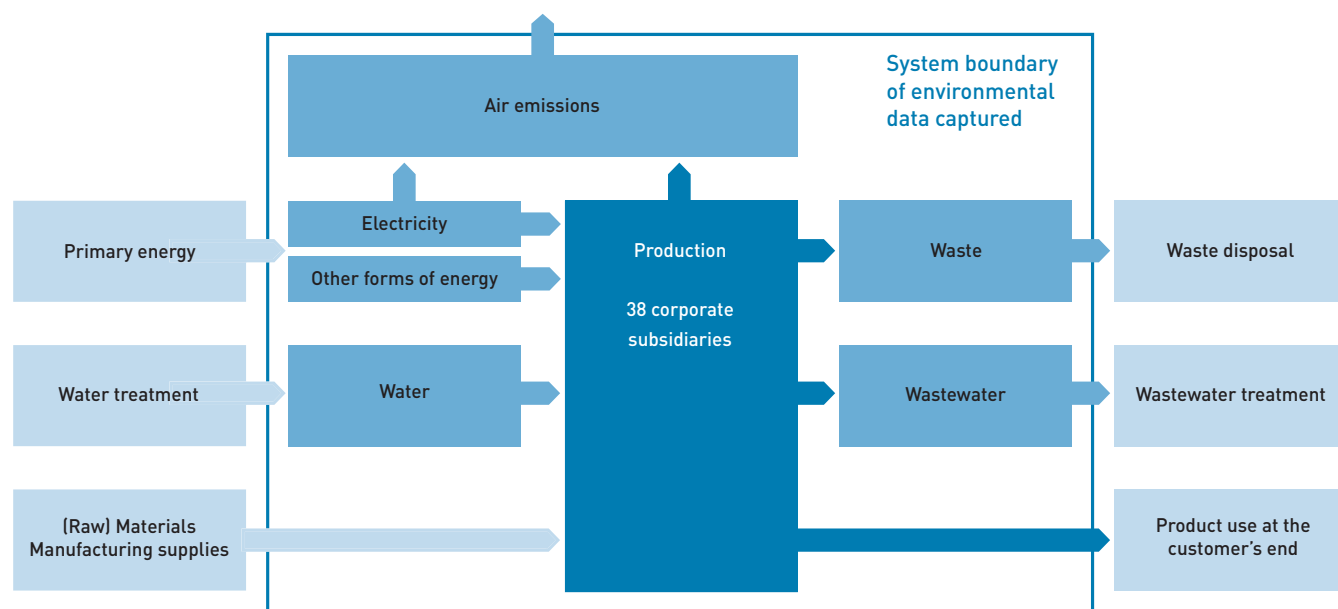
	Energy consumption	Water consumption	Waste and recycling
GF Automotive	89%	55%	94%
GF Piping Systems	9%	42%	6%
GF Machine Tools	2%	3%	<1%

The Sustainability Information System (SIS) is also used to gather environmental data from Georg Fischer’s production sites. A total of 38 production sites recorded data in 2005. The information therefore covers all sites with the exception of two in China. It does not cover companies in which Georg Fischer’s interest is no more than 50 percent. This applies to

ten companies in Germany, China and Switzerland. The sales companies, which are mainly offices, only occasionally generate environmental data. The current results therefore cover almost 80 percent of employees and an estimated 95 percent of Georg Fischer’s environmental footprint.

The environmental data recorded are substance and energy flows. These flows include energy and water as input and emissions, wastewater and waste as output. All streams within the system boundary are recorded (see chart). In particular, these include the emissions that occur during electric power generation. Purchased materials, infrastructure, the treatment of waste and wastewater, transportation (deliveries, product distribution and business trips) and product use at the customer’s end are not recorded.

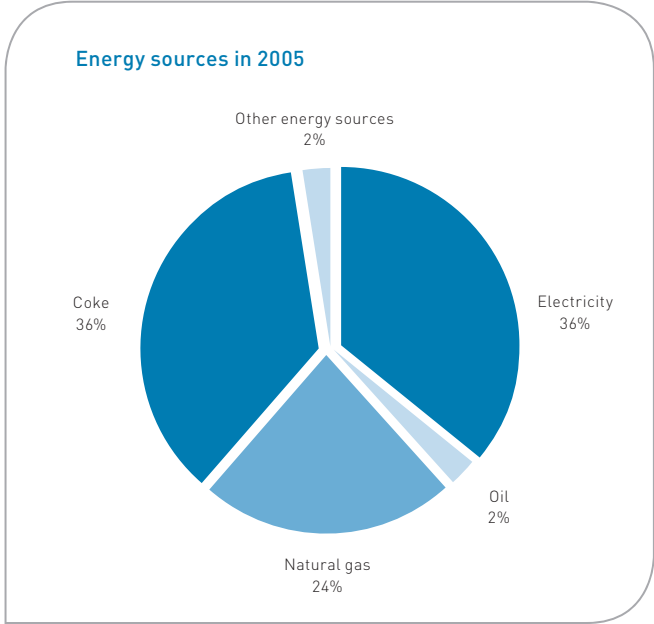
The results are presented as absolute values. Any changes to the sites recorded on the system, such as in the event of an acquisition, divestment or closure, have an impact on the results. In 2002/2003 and 2003/2004, the environmental data were generated between the middle of one year and the middle of the next. As in earlier and later years, the data for these years apply to a twelve-month period.



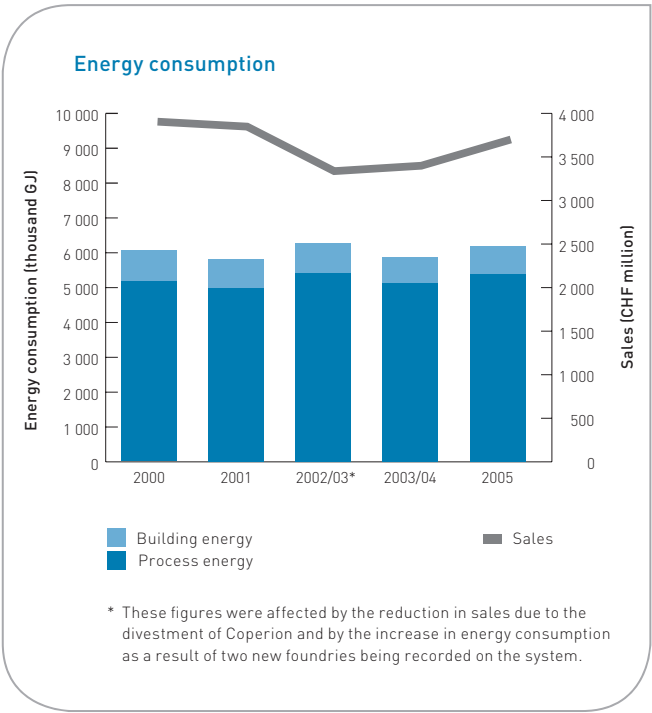
Energy

Energy consumption has the largest environmental footprint at Georg Fischer. This applies primarily to GF Automotive.

In 2005, energy consumption at the production sites rose by almost 6 percent year on year. This was mainly due to an increase in energy consumption at several large production sites and to a lesser extent to changes to the sites recorded on the system. The rise is in line with the increase in production volumes. In total, Georg Fischer spent over CHF 100 million on energy in 2005.



The main sources of energy at Georg Fischer are electricity, coke, natural gas and oil. Coke is used at the foundries for melting and carburization. Electricity and natural gas are used primarily as process energy sources, whereas oil is used mainly to heat buildings. Other energy sources include waste heat and district heating. The percentages accounted for by the individual energy sources barely changed year on year. Over the years, however, the use of coke has declined while electricity has increased. Process energy accounts for roughly 85 percent of total consumption, with the remainder being used for buildings. The three largest foundries in Singen and Mettmann in Germany and Herzogenburg in Austria required around two thirds of the energy. In contrast, the twenty production sites with the lowest consumption figures use less than 3 percent of the total amount of energy consumed.





We at Georg Fischer are committed to taking an active part in protecting natural resources.

We aim to minimize energy consumption by optimizing production processes and to use an increasing amount of energy from renewable sources. After all, by using energy, we are consuming non-renewable resources and causing air emissions. Georg Fischer uses renewable energy at several of its production sites. This accounts for around 3 percent of total energy consumption, with waste heat making up the largest proportion by far. The foundry in Altenmarkt buys in green power. The plants in Herzogenburg and Traisen produce hydroelectric power. Two sites use district heat from waste incineration plants.

Optimized use of energy

- In Friedrichshafen, Germany, GF Automotive has a more environmentally friendly, more efficient energy supply as a result of switching its core moulding plant from oil to gas heating. The compressed air system throughout the entire plant has been optimized, resulting in further savings.
- The foundry in Mettmann, Germany, has reduced energy consumption by replacing the settling tanks with an inclined clarifier.
- At the Traisen foundry in Austria, GF Piping Systems has reduced specific coke consumption by 5 percent by installing a sieve device for fine particles. Another advantage of this is that these particles can be sold at a profit.
- At several sites operated by GF Piping Systems, the compressed air supply has been optimized and electricity consumption cut by reducing leaks, adjusting the operating pressure and reviewing usage.

Air emissions

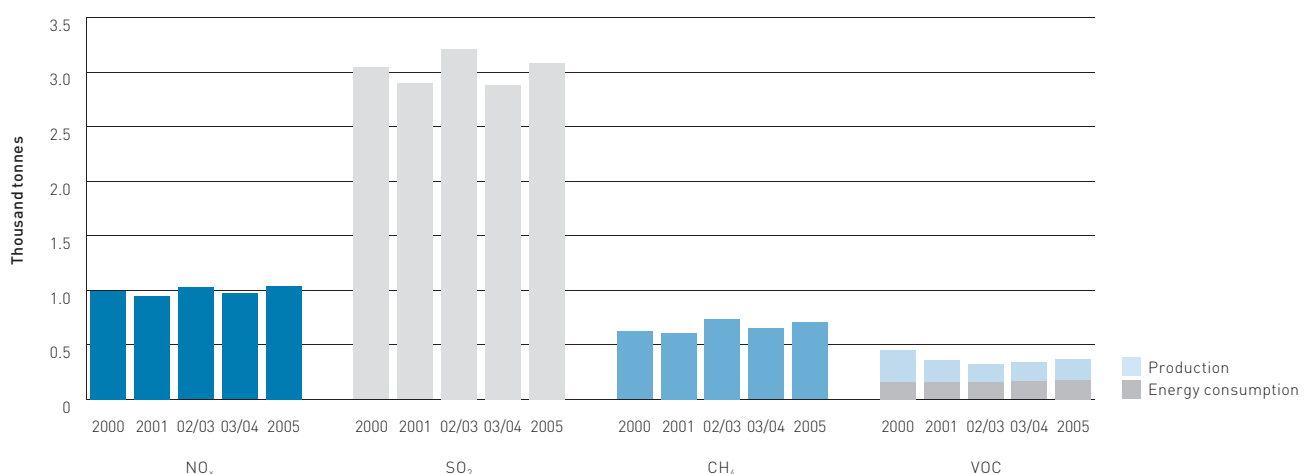
Air pollutants at Georg Fischer result primarily from the supply and use of energy sources such as coke, natural gas and oil. They consist mainly of carbon dioxide emissions (CO₂). Together with methane (CH₄), carbon dioxide contributes to the greenhouse effect. Other air pollutants produced at Georg Fischer include nitrogen oxide (NO_x), sulphur dioxide (SO₂) and volatile organic compounds (VOC). The Corporation's production processes also generate a small amount of particulate emissions and other VOCs. Georg Fischer therefore aims to make ongoing improvements to the measures it takes to protect its employees and the environment.

The emissions of nitrogen oxide (NO_x), sulphur dioxide (SO₂) and methane (CH₄) come entirely from energy consumption. The annual change in these emissions is therefore in line with the annual change in Georg Fischer's energy requirements. Energy consumption and production each account for around half of the VOCs. These result mainly from the use of cleaning agents, adhesives and dyes. Various measures have been taken to reduce VOC emissions and these have been stable for three years now.

Modern facilities

- Two supply air units with a flow rate totalling 225 000 m³/h have been installed in the die casting foundry in Altenmarkt, Austria. The discharged air is purified by passing it through several stages of filtering. The warm discharged air is used in a heat exchanger to heat the supply air. As a result, the production areas are ventilated in an energy-efficient manner, the air in these areas is improved and air emissions are reduced.
- Autumn 2005 saw the official opening of the new light metal foundry in Suzhou, China. GF Automotive is manufacturing here as supplier to the local automotive industry. The old foundry in Zhangjiagang was closed down when the new one came on stream. This modern facility has reduced atmospheric emissions substantially.

Air emissions from energy consumption and production processes

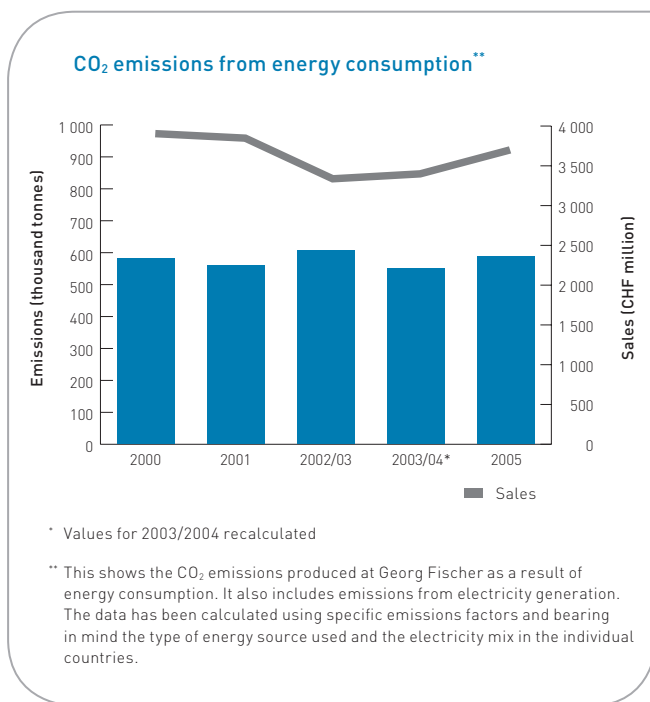


Values for 2003/2004 recalculated



CO₂

By consuming energy, Georg Fischer produces greenhouse gas emissions: primarily carbon dioxide, but also methane. Only a very small amount of greenhouse gas emissions come from its processes. Measures to reduce energy consumption are, at the same time, measures to reduce CO₂ emissions. CO₂ emissions change in line with energy consumption. Due to the rise in energy consumption, in turn resulting from the increase in production volumes, CO₂ emissions in 2005 were 7 percent up on the period 2003/2004.



In 2000, the CO₂ Act came into force in Switzerland. Through voluntary measures, this sets out to reduce CO₂ emissions by 10 percent compared to 1990 levels by 2010. If the voluntary measures prove to be insufficient, the government may introduce a CO₂ tax. A decision has not yet been taken, however. At three of its sites, Georg Fischer has joined the Business Energy Agency and signed voluntary target agreements aimed at reducing CO₂ emissions.

Under the Kyoto Protocol, the EU adopted the Emissions Trading Directive in July 2003 with a view to limiting CO₂ emissions. An analysis was carried out across the Corporation to establish whether Georg Fischer sites fall under the provisions of this Directive. The Corporation is unaffected by the first trading period from 2005 to 2007, but the second period from 2008 to 2012 could affect two of its foundries. However, this will depend on the ultimate scope of the legislation and the definition of the term "installation". This analysis is currently being updated bearing in mind the second emissions trading period in the EU and current activities in Switzerland and other countries.

Recycling and waste management

The main aim of recycling is to avoid or re-use waste materials. Through long-term commitment to such efforts, Georg Fischer has continued to reduce the amount of waste that needs to be incinerated or deposited in landfill sites. Since 1999, this has fallen from 30 to less than 10 percent. By contrast, the amount of waste recycled by the Corporation has increased each year, rising from 68 to 90 percent since 1999. Materials recycling reduces both disposal costs and the consumption of raw materials. Ideally, the raw materials that went into making a product can be fed back into the production process at the end of the product's life cycle. Georg Fischer supports recycling such as this.

A reduction in waste volumes

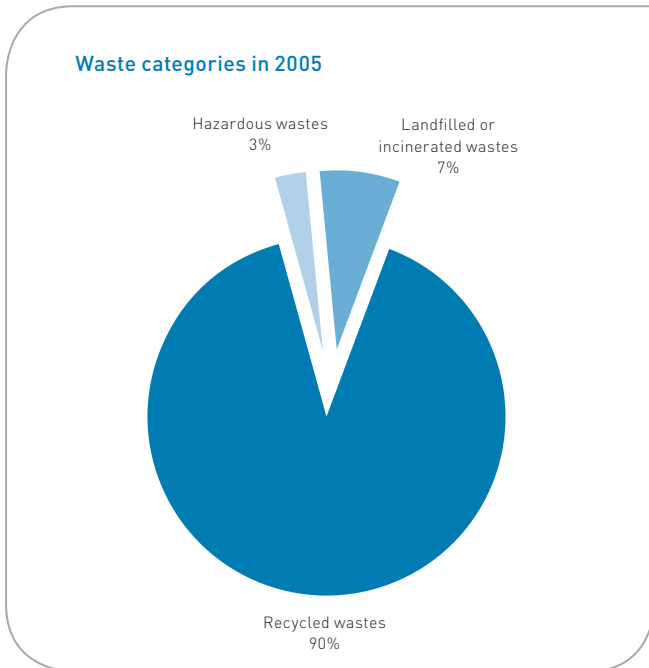
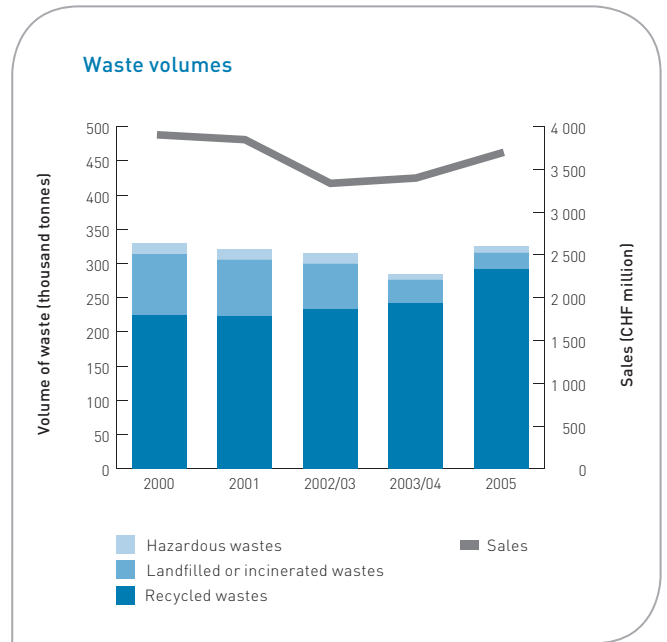
- By installing a magnesium scrap crusher at GF Automotive in Altenmarkt, Austria, and an improved chip-briquetting system in Friedrichshafen, Germany, Georg Fischer has substantially reduced waste volumes. The amount of waste transported from the two sites has been reduced by 50 and 80 percent respectively.
- At the Losone site in Switzerland, GF Machine Tools has reduced machine packaging by employing an "In out In" transportation system. This has minimized the amount of the waste and reduced the overall impact on the environment.
- At the Epe production site in the Netherlands, GF Piping Systems has reduced the amount of packaging material by 14 percent year on year.

Small-scale recycling loop: The waste generated during production is often used in the Corporation's own production processes without any further treatment. This small-scale recycling is standard procedure at Georg Fischer.

Large-scale recycling loop: The goal for the future is to establish a large-scale recycling system in which used materials are recycled at the end of a product's life cycle. This large-scale recycling process involving producers and customers is only in its infancy, however.



On the subject of our activities to protect the environment, we encourage openness and dialogue with our employees and the public.



We distinguish between three categories of waste:

- Recycled wastes
- Landfilled or incinerated wastes
- Hazardous wastes that need to be treated separately

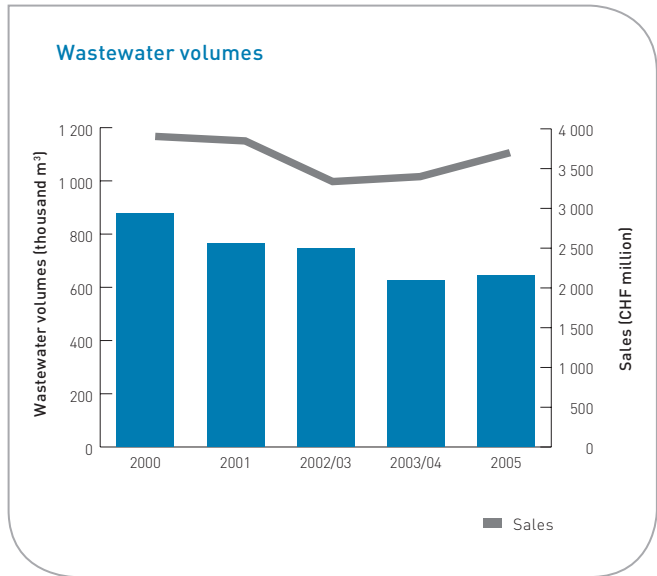
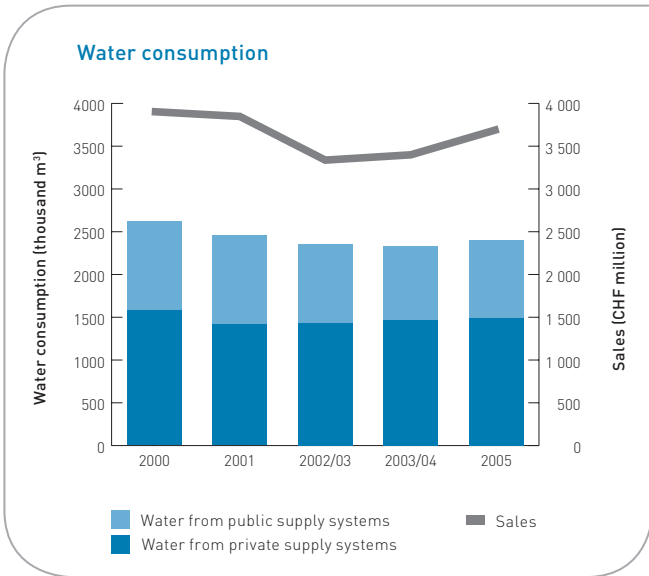
The total amount of waste increased by just over 10 percent in 2005, reflecting the increase in production volumes in the year under review. There was a further reduction in landfilled and incinerated wastes, while the share accounted for by recycled wastes increased to 90 percent.

Water

The majority of the water is used to cool equipment and castings. At some sites, Georg Fisher uses not only drinking water from public water supply systems, but also water from its own sources or surface water. Water from public systems accounts for just 38 percent of total consumption. The remaining 62 percent comes from private sources. In 2005, water consumption rose by almost 3 percent as against 2003/2004, in line with the increase in production volumes.

Wastewater quantity reduced

At the die casting foundry in Gleisdorf, Austria, a purification system has been installed for the wastewater occurring during the casting process. Evaporation separates the contaminants from the clean water, which is then of high purity when delivered to the municipal sewage treatment plant. The volume of wastewater has been substantially reduced. Both costs and the volume transported for disposal have been cut.



Less than a third of the water used becomes wastewater. The remaining two thirds are used as cooling water, evaporate or returned clean to the environment. Wastewater is treated at public purification plants. At some larger production sites, preliminary treatment is carried out internally before the water enters the public wastewater system. The volume of wastewater has increased only slightly year on year.



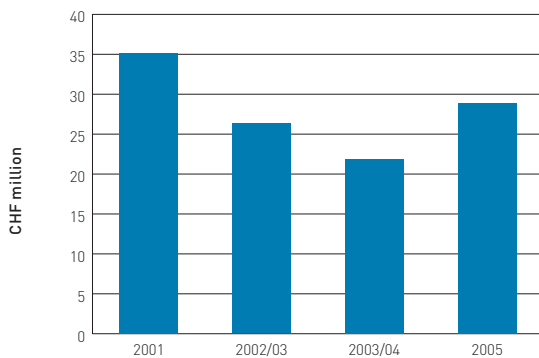
Expenditure on environmental protection

Around CHF 29 million was spent by Georg Fischer on environmental protection in 2005. The measures undertaken by the Corporation include the construction and operation of ventilation, wastewater purification and waste treatment systems and the provision of training for specialists in the field.

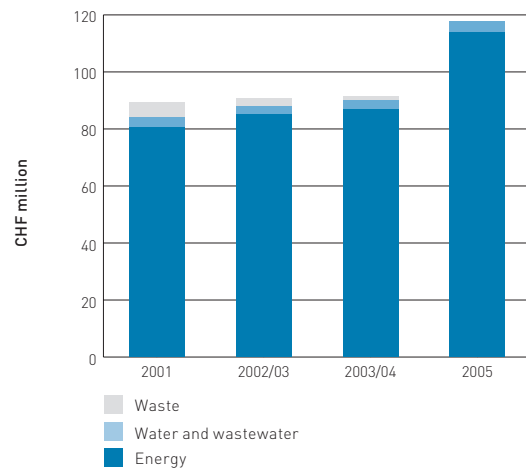
Resource recovery system

At its Schaffhausen site in Switzerland, Georg Fischer has a new system for recovering waste and recycling materials. In future, all waste and resources are to be taken by just one waste disposal and recycling specialist, simplifying procedures, increasing revenue from the sale of resources and reducing waste disposal costs.

Expenditure on environmental protection



Energy, water and waste disposal costs



Energy, water and waste disposal costs

- Energy costs have risen sharply – by 30 percent as against 2004 to CHF 100 million. They are much more significant than the water, wastewater and waste disposal costs due primarily to higher energy prices and also to increased consumption, in turn caused by the rise in production volumes.
- Water and wastewater costs are on a par with previous years.
- By increasing the amount of waste it recycles, Georg Fischer has been able to continuously reduce its waste disposal costs. In 2005, income from recycling outstripped waste disposal costs for the first time.

The background of the image is a vibrant pink gradient. Overlaid on this background is a complex network of nodes and lines. The nodes are represented by small, translucent spheres that vary in size and are arranged in a somewhat irregular, interconnected pattern. Some nodes are larger and more prominent, while others are smaller and less distinct. The lines connecting the nodes are thin, light-colored lines that form a web-like structure across the entire image. The overall effect is that of a dynamic, interconnected network or a molecular structure.

People

Employees

Georg Fischer's success depends largely on its employees, their skills, their level of commitment and their constructive cooperation. We therefore offer interesting work, focused training, fair pay and good social benefits. We are committed to non-discriminatory and equal treatment of all employees and offer transparent terms of employment. In Switzerland, for example, the terms of employment are those of the collective employment agreement signed by the employers' association of the Swiss mechanical and electrical engineering industries (Swissmem) and the labour organizations.

Employee participation at both job and team level is important to Georg Fischer and a key part of the management culture. It aids employees' personal development and work satisfaction, helps to create a good working atmosphere and enhances the Company's performance.

Internal employee representatives can count on a constructive working relationship with Georg Fischer. At regular meetings held in an open atmosphere, managers and employee representatives strive to find joint solutions in the interest of the Corporation and its employees. Some 220 employees of the Georg Fischer Corporation worldwide are elected employee representatives. Georg Fischer respects the right of all its employees to join a trade union of their choice.

The challenges and successes experienced by managers and employees over the last two years have released creative energy and provided the encouragement to tread new paths.

The "Euroforums" have provided a platform for an exchange of information and dialogue with employee representatives, at both corporate subsidiary and Corporate Group level since 1996. Every year since then, events have been held with employee representatives from each Corporate Group to discuss the financial statements, the current business trend and strategic issues. Talks are also held with the President and Chief Executive Officer. These Euroforums give more than 30 employee representatives from different countries throughout Europe an opportunity to discuss questions and concerns of relevance to their Group with members of the Executive Committee. The Euroforums help generate the mutual trust that is so crucial to constructive cooperation between management and labour.

The number of employees increased slightly year on year. As at the end of 2005, Georg Fischer employed 12 403 people. Adjusted for changes in the scope of consolidation, the Corporation created 104 new jobs worldwide during 2005. The change in headcount varies from region to region. While the percentage of employees in Europe has fallen since 2001 from 87 to 83 percent, in America it has remained stable and in Asia the figure has risen. Asia was home to 12 percent of all employees in 2005, over 1 100 of whom were employed in China. Staff fluctuation stands at around 11 percent at the Chinese companies and is therefore slightly above the Corporation average of 8 percent. Given the fierce competition in the labour market for technical and managerial staff in China, however, this can be considered a good percentage.

Staff fluctuation stood at 8 percent in 2005, or around 1 000 employees. This figure includes all departures from the Corporation and therefore reflects both natural attrition and departures due to measures targeting human resources. The reasons for the separations are investigated so that human resources management activities can focus on specific issues. If Georg Fischer has some control over the reasons for an employee's departure, these are analysed in detail. Staff turnover due to dissatisfaction with salaries, the working atmosphere, the terms of employment or professional development are considered to be reasons over which the Corporation has some control. There were around 270 such departures across the Corporation in the year under review, involving around 2 percent of employees. We therefore achieved a good result.

In response to a changing market and competitive environment, Georg Fischer started to close down the pressure die-casting plant in Munich in 2005. Production is being transferred to other sites. A new light metal foundry was opened in Suzhou, China [see page 28]. GF Machine Tools set up a new sales company in Thailand, while GF Piping Systems sold a production company in Singen, Germany.

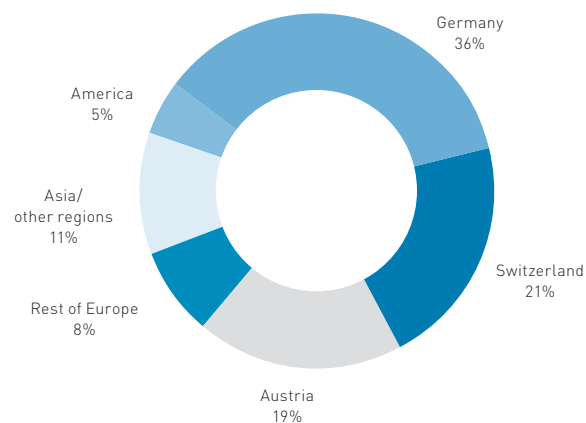
Staff fluctuation in 2005

	Number	Percentage*
Total departures	1 008	8 %
- For controllable reasons	273	2 %

* As a percentage of the total number of employees

Employees in 2005 by region (in %)

(100% = 12 403)



Employees*

	2005	2004	2003	2002	2001
Employees at year end	12 403	12 324	13 247	13 737	14 935
- Europe	10 347	10 476	11 484	11 924	12 919
- America	602	609	599	732	909
- Asia, Australia	1 454	1 239	1 164	1 081	1 107

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



Getting the best talent on an innovative and fiercely competitive environment is extremely important for the Corporation. Georg Fischer therefore carries out systematic HR marketing activities. It presents itself to potential employees as an attractive employer through a series of communication initiatives such as appearances at careers fairs, a separate careers section on the Internet, a university flyer and image campaigns. The Corporation also offers entry-level opportunities in the form of work placements and diploma theses. Students welcome the opportunity to very quickly familiarize themselves with the practical side of workflows in small, manageable units and to become involved in shaping these workflows. This gives the business units an opportunity to observe their level of commitment and approach to their work and then recruit the most qualified people. So that it can foster the culture of innovation that is a strategic necessity, Georg Fischer attaches considerable importance to entrepreneurial mindsets when selecting its future managers and specialists. It intends to step up its HR marketing activities even further in future.

Collaboration with universities and research and scientific institutes provides another opportunity to recruit qualified talent. At the same time, it serves as a source of ideas and creative potential. GF Automotive, for example, works closely together with the technical universities in Aachen, Vienna, Clausthal and Leoben and with the University of Applied Sciences in Constance. GF Machine Tools collaborates with the Swiss Federal Institutes of Technology in Zurich and Lausanne and with a Belgian university in Louvain. GF Piping Systems collaborates with the technical university in Aachen on plastics and also has links with the Swiss Federal Laboratories for Materials Testing and Research in Zurich.

Since 2005, **employee key figures** have been gathered from across the Corporation following the expansion of the internal reporting system to include social aspects. The data captured includes information on part-time, female and disabled employees and departures from the Corporation.

Employees in 2005

	Number	Percentage
Employees	12 403	
- Part-time employees	281	2 %
- Female employees	1 750	14 %
- Disabled employees	271	2 %
Female managers	60	*11 %

* As a percentage of the total number of managers

The results of the social reporting procedure show that, at just over 2 percent, part-time employees make up a small proportion of the workforce. This is mainly due to the fact that reduced working hours are rarely a possibility at the foundries. In the year under review, plans were made for measures to promote part-time working and thus retain and attract qualified employees. Female employees make up almost 14 percent of the total workforce, an average of 12 percent of the workforce at the production companies and 25 percent at the sales companies. The percentage of female employees is highest at George Fischer Signet Inc., USA, where they make up 55 percent. Female managers make up around 11 percent. One of the ten members of the Board of Directors is female. There are no women on the Executive Committee or the senior management teams at the three Corporate Groups. Georg Fischer conducts regular surveys aimed at gauging employees' satisfaction with their terms of employment. In 2005, around 4 500 employees at 28 companies, or more than a third, were asked about their level of satisfaction.

Training and education

By providing focused development opportunities, Georg Fischer keeps its employees fit for the job, which in turn improves both their career prospects and its competitiveness. Georg Fischer's continuing personal and professional development programmes range from apprenticeships to further training courses for employees and managers and seminars for senior management.

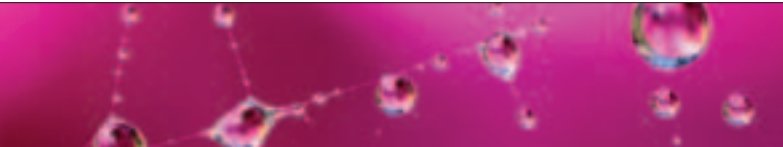
The training initiative launched in 2000 requires each corporate subsidiary to provide a training programme geared to its strategic requirements and local circumstances. The aim is to invest on long-term average around 2 to 3 percent of personnel expenses in training measures and to have each employee use four days a year for training. A significant proportion of this training takes place "on the job". However, it is mainly possible to measure "off-the-job" activities, which reached around 18 000 training days in the year under review, or 1.5 days per employee.

Over 450 technical and commercial apprenticeships were provided by the Georg Fischer Corporation in 2005. We have a long tradition in training apprentices and will remain actively involved in basic training towards country-specific qualifications and standards. In Switzerland, the number of apprentices continued to rise in the year under review, with the 204 trainees making up around 8 percent of the workforce.

Besides the interesting array of technical and management training courses, the strategic training programmes on offer also play a major role. The Corporation provides these programmes in order to ensure that employees have the skills and competencies needed to implement its strategy. GF Automotive continued to offer its long-established training programme "Fit for Tomorrow", again with much success.

At the newly opened training centre, GF Piping Systems organized internal training courses focusing on strategic growth segments. The GF Machine Tools Service Academy offers courses lasting between one and several days for employees in Service, Sales and Management. As well as classic courses in customer-oriented service, the programme also includes special projects on promoting cooperation between Sales and Service, problem-solving techniques, management seminars and further training courses for apprentices. All in all, over 1 500 employees throughout the Corporation attended at least one strategic training course in 2005.

Management training is based on a well-established management development process. This enabled Georg Fischer to fill around 80 percent of all senior management vacancies with internal candidates in 2005. The internal Financial Management Training (FMT), People Management Training (PMT) and Corporate Management Training (CMT) courses all play a key role in the provision of basic and further training at Georg Fischer. In addition to the professional training provided, these courses also aim to promote shared values and culture, the transfer of experience and best practices and the creation of a truly global network. The members of the Executive Committee take a keen interest in these courses and besides contributing specific topics and projects, also cultivate personal dialogue and exchange with all those who attend them.



The Corporation's own training centre, the "Klostergut Paradies", is used by the Georg Fischer companies for a variety of events. As well as numerous other participants, around 100 senior managers last year attended training courses and exchanged ideas in this unique environment. The centre is also open to external visitors. During the year under review, some 15 000 people in total attended a training course or meeting in the former convent on the banks of the Rhine.

The exchange of best practices is facilitated not least by the optimum and secure use of information technology and the fostering of an open and dynamic communications culture. The Corporation's senior managers meet to discuss issues of strategic and operational significance both at an annual two-day conference and at the regional meetings of the Managing Directors, all of which are chaired by the President and Chief Executive Officer. In 2005, 50 Managing Directors attended the three meetings for southern Europe, North America and Asia, held in Bologna, Chicago and Shanghai respectively. As well as strategy and financial management, the items on the agenda included human resources and social policy. Human resources management was also the main topic of the 2005 meeting for Managing Directors in Asia.

In the field of training and education, Georg Fischer records the number of employees who took part in off-the-job training at least once during the year under review. It also calculates the number of training days, i.e. the total number of working days on which employees took part in off-the-job training in the year under review, and records the number of student interns who complete work placements of at least three months or write a diploma thesis at Georg Fischer as part of their university studies.

Training and education in 2005*

Employees taking part in "off-the-job" training	6 500
- % of employees with training	50 %
"Off-the-job" training days	18 000
- "Off-the-job" training days per employee	1.5
Apprentices	451
Student interns**	95

* The quality of the data is limited, as this is the first time it has been recorded.

** Converted into full-year interns

Pay and social benefits

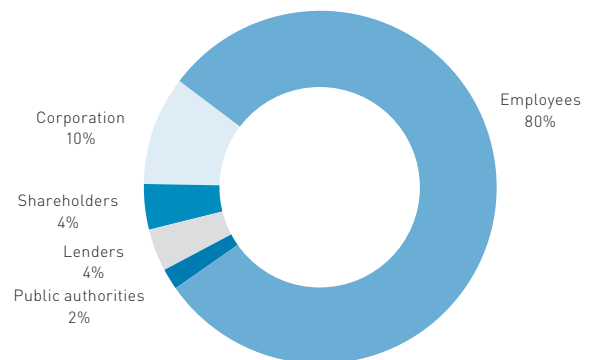
Georg Fischer employees receive fair pay, without suffering any discrimination. The Corporation uses modern and transparent remuneration systems. Salaries are based on those being offered in the relevant market. Individual salaries are based on job requirements, performance and the Corporation's financial results. In cases where it makes sense to do so, we use a performance-related, variable component and allow employees to share in the Corporation's success. Excellence on the part of individual employees and teams is recognized and rewarded. Employees received 80 percent of net value added achieved in 2005 in the form of salaries, employee benefits and social security contributions.

Personnel expenses

CHF million	2005	2004
Salaries and wages	810	787
Employee benefits	45	37
Social security	144	155
Total	999	979

Distribution of net value added in 2005 (in %)

(100% = CHF 1.25 billion)



Employee benefits. Pension funds in favour of employees comply with the respective legislation in each country. They mainly comprise funds and foundations that are independent from the Corporation. Some of these funds are defined contribution plans, some defined benefit plans. Pension funds are generally financed by employer and employee contributions.

We offer employees fair pay based on job requirements, performance and the Corporation's financial results.

Health and safety in the workplace

Georg Fischer provides workplaces and a working environment that promote physical and mental well-being and are free from hazards. Employees are obliged to respect the applicable health and safety regulations.

The SIS reporting system generates key figures on work-related accidents resulting in injury and work-related fatalities. We distinguish between absences due to work-related accidents and illness and absences that are not work-related. The figures for the first reporting period (2005) will serve as the basis for setting targets and defining measures.

In 2005, there were 825 work-related accidents at Georg Fischer, none of them fatal. Eight percent of absences were due to work-related accidents or illness. The vast majority of cases were due to accidents or illnesses unrelated to work. Therefore, as well as work-related accidents, we also need to reduce those accidents and cases of illness that are not work-related.

Accidents and absences in 2005*

Work-related accidents resulting in injury	825
- Accident rate (accidents per 1000 employees)	66
Fatalities, work-related	0
Absence days due to accidents and illness	
- Work-related	10 600
- Total	132 000
Absence rate (% of total working days)	
- Work-related	0.4%
- Total	4.6%

* The quality of the data is limited, as this is the first time it has been recorded.

Good working conditions

- In Leipzig, Germany, GF Automotive has equipped 18 workstations in the cleaning shop with new extraction units and new lighting. The workstations were designed together with employees. The new ventilation units have substantially improved the air quality and working environment.
- A GF Machine Tools production company in Peking, China, doubled its production capacity within two years due to strong demand in the Chinese market. Despite this rapid expansion, considerable importance was attached to safety in the workplace. As a result, the local government authorities awarded the company the "Safe Production Award" as a "Model Enterprise of Safe Production in 2005".
- In Yokohama, Japan, a GF Machine Tools sales company was once again voted an "Excellent Company" by the Nihon Kanagata Health Insurance Association. The award was given among others for the annual medical check made available to all employees.
- The sickness rate at GF Piping Systems in Seewis, Switzerland, was halved within four years, partly due to the introduction of interviews with absentees. GF Piping Systems is continuing its activities in this area by providing a health programme covering nutrition, physical exercise, flu vaccinations and advice for employees who work the nightshift.

Anchored in the social environment

Actively cooperating with the local population and the authorities is company policy at all locations. The company supports employees who work for the good of their communities and sponsors cultural, sporting and social activities. Georg Fischer also maintains a number of foundations:

- Clean Water Foundation – supporting drinking water projects worldwide
- Paradies Foundation – preserving landscapes and buildings and maintaining the region's cultural heritage
- Iron Library Foundation – the largest private library in the world dedicated to iron
- Homberger Foundation – giving the children of employees access to vocational training

The Corporation alone spends around CHF 2 million a year on community-benefit causes.

Through the Clean Water Foundation, Georg Fischer makes an important contribution to health and disease prevention. More than a fifth of the world's population lack access to clean water. The hygienic and safe treatment of drinking water is therefore a top priority. Georg Fischer set up the bicentenary foundation in 2002. In this, the Corporation's bicentenary year, shareholders waived their anniversary dividend, enabling the Corporation to donate CHF 3.5 million to the foundation. This money has since been used to support around 50 clean water projects worldwide, thereby helping to permanently improve drinking water supplies for over 100 000 people. In 2005,

Georg Fischer approved eight new clean water projects and completed ten more. The Corporation has thus provided over CHF 200 000 for victims of the tsunami disaster. The supply of drinking water to five villages in Aceh (Indonesia) has now been fully restored. Convinced of the benefit of this work, we will continue to support clean water projects worldwide.

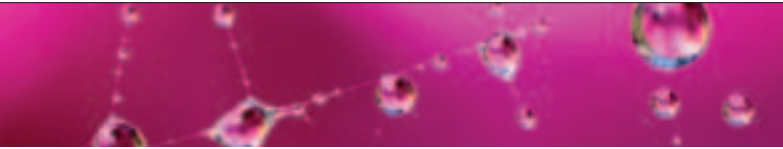
 www.georgfischer.com/clean_water_en

The Paradies Foundation, set up by Georg Fischer in 1975, includes the Klostergut Paradies situated in a delightful location on the banks of the Rhine between Schaffhausen and Lake Constance. The former nunnery is inextricably bound up with the history of the region and since 1918 has been the property of Georg Fischer Ltd. Paradies is now open to the public as a training and conference centre. The foundation aims to preserve the former convent of the order of St Clare and its immediate surroundings in its original state as a cultural monument and to use it for appropriate purposes. The convent is therefore not only a meeting point for employees from all over the world, but also an attraction for numerous visitors who come to enjoy the unique atmosphere of the ancient building and estate. Each year, around 15 000 internal and external guests attend events held in the conference and training centre.

 www.klostergutparadies.ch

The Iron Library at the Klostergut Paradies serves as an international forum for research and each year holds a Conference on Technological History. The collection ranks among the world's leading scientific and technical libraries. It offers a sumptuous array of both older and modern texts. Around 40 000 current and historical works on the subject of iron may be viewed by visitors free of charge. The Iron Library also organizes guided tours.

 www.eisenbibliothek.ch



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 Ltd and its affiliated companies as well as to committed young adults towards learning a trade or attending courses of further education at polytechnics, universities or similar institutions. This creates a solid foundation for their future advancement. Grants amounting to around CHF 50 000 were awarded to 24 people during the year under review.

Supporting the education of young people

- The sales company of GF Machine Tools in Seoul, South Korea, offers a special education programme for students at its local Technical University.
- Georg Fischer Australia sponsors the publication of a handbook offering many useful tips and ideas for pupils in their final year of school.
- In Lincolnshire, USA, Georg Fischer supports the “Lake County Partnership” which provides career advice to university students. This includes a visit to the company and a presentation on career opportunities in mechanical engineering.

Social commitment

One example of excellent corporate culture is GF Signet which has its headquarters in El Monte, USA. For over ten years the company has supported the Lincoln Training Center (LTC). This charitable organization, which subcontracts work from a wide variety of industries, enables mentally and physically disabled people to lead a normal life. GF Signet employs a group of six people from the LTC. This team of employees from very different backgrounds is responsible for preparing and sending out brochures and various small parts. GF Signet not only supports LTC as an employer, it is also one of its loyal sponsors, organizing outings and a variety of other interesting activities.

Our commitment to society is highlighted by the fact – to cite one example – that 22 corporate subsidiaries awarded contracts to workshops for people with disabilities in 2005. These orders were worth around CHF 2 million.

Awards and milestones

Awards

- 1998** CIATF Umweltpreis (International Committee of Foundry Technical Association Environmental Award) goes to Georg Fischer foundries in Singen and Leipzig, Germany
- 1999** Swiss Cantonal Banks and WWF Worldwide Fund for Nature include Georg Fischer in their environmental funds after it received positive ratings
- 2000** Georg Fischer Fittings GmbH in Traisen, Austria, receives the BDO Auxilia environmental award for environmentally relevant process improvements, taking first place
- 2001** Thanks to its successes in the field of environmental protection, Georg Fischer is included in the Dow Jones Sustainability World Index Fund (DJSI)
- 2002** INRATE "Leader in Sustainability Award" goes to AgieCharmilles (GF Machine Tools) for environmentally compatible production
- 2002** Georg Fischer foundry in Mettmann, Germany, receives WFO (World Foundrymen Organisation) environmental award for developing methods to prevent odour emissions
- 2003** "A" rating awarded by Corporate Sustainability Rating SiRi (Sustainable Investment Research International Ltd), Geneva, Switzerland
- 2004** The 2003 Water Award "Business and Water Pollution Control" for Lower Austria is given to Georg Fischer Automotive subsidiaries in Herzogenburg for their project entitled "Emergency Organization for Water Pollution Control"
- 2005** Beijing Agie Charmilles (BAC), a manufacturing company of GF Machine Tools based in China, receives Safety Production Award from regional government
- 2005** Agie Charmilles Japan, a GF Machine Tools sales company based in Yokohama, was again voted an "Excellent Company" by the Nihon Kanagata Health Insurance Association
- 2005** The Swiss "ethos" foundation names Georg Fischer one of the "Swiss leaders" in a study on environmental and social responsibility reporting by Swiss firms
- 2005** Georg Fischer rises 42 places to 11th place in the rankings of sustainably managed Swiss companies published by BILANZ
- 2005** INRATE includes Georg Fischer Ltd in its asset portfolio. AgieCharmilles GF is retained in its asset portfolio.

Sustainability milestones at Georg Fischer

- 1802** Company founded: Johann Conrad Fischer lays the foundation stone in Schaffhausen
 - 1867** Georg Fischer I establishes a sickness fund for employees
 - 1868** Construction of the first worker's house and purchase of houses for employees, forming the foundation of subsequent generous housing policy
 - 1876** Georg Fischer I takes out private accident insurance for his employees
 - 1898** Georg Fischer II institutes superannuation allowance
 - 1918** Apprentice training formalized by establishment of own factory school
 - 1925** Company welfare office set up to provide all employees with advice and support for both work-related and private problems
 - 1927** Establishment of Ernst Homberger Foundation to enable the sons and daughters of employees to learn a trade
 - 1935** Creation of company accident prevention service and installation of safety equipment
 - 1974** Company opens education and training centre in the former "Paradies" convent
 - 1981** Georg Fischer defines corporate principles
 - 1992** Signing of ICC Charter (International Chamber of Commerce): Georg Fischer declares its commitment to sustainability
 - 1996** Definition of Georg Fischer's environmental policy
 - 1997** The German foundries in Singen, Mettmann and Leipzig are among the first ten foundries worldwide to introduce an ISO 14 001 certified environmental management system
 - 2000** First corporate environmental report
 - 2002** Georg Fischer bicentenary: Clean Water Foundation established
 - 2002** Georg Fischer issues a Code of Conduct
 - 2005** Corporate Compliance Officer is named
 - 2005** Company-wide risk assessment instrument introduced
 - 2006** Publication of first Sustainability Report
-  www.georgfischer.com/sustainability_en

Validation by SQS*

SQS has examined the Sustainability Report 2005 of the Georg Fischer Corporation and has assessed the validity of the data and statements in the report by means of certifications and audits on the basis of local spot checks. In particular, SQS has checked whether

- the main aspects have been determined as the basis for the report on sustainability,
- the data surveys are adequate and reliable,
- the statements in the report are understandable and correct and agree with the data collected.

On the basis of the examined data and information we confirm that the Sustainability Report 2005 has been drawn up with careful attention to the contents and that the published information and quantified statements convey an accurate picture of the actual situation.



Swiss Association for Quality and Management Systems (SQS)
3052 Zollikofen, Switzerland

Dr. Silvio Leonardi
Member of the Executive Committee

Dr. Markus Braun
Chief Auditor



Notes

Social key figures

Part-time employees	Employees who do not work a full working week
Managers	Managers who report directly to the managing director of a corporate subsidiary ("first-line management")
Employees with disabilities	Employees holding a handicapped ID in accordance with applicable local regulations
Order volume from workshops employing disabled people	Annual volume of goods and services purchased from special workshops for people with disabilities
Departures	Total number of employees leaving the company per year (e.g. resignations, dismissals, retirement)
Departures for controllable reasons	Number of employees leaving the company per year over whose departure the company has an influence (e.g. departures for reasons of remuneration, working conditions, working atmosphere or career development)
Accidents involving injuries	Number of work-related injuries among employees and subcontractors' employees per year which required medical attention and resulted in at least one day off work
Fatalities	Number of fatalities among employees and subcontractors' employees per year caused by a work-related injury or illness incurred at Georg Fischer
Absence days due to work-related accidents and illnesses	Number of days which employees were unable to work due to work-related accidents or illnesses (counted from the first day after the accident)
Absence days, total	Number of working days on which employees were unable to work for any reason (e.g. both work-related and non work-related injuries and illnesses; approved absences such as for holidays, study leave, maternity/paternity leave etc. are not counted)
Employees undergoing training	Employees who have participated in "off-the-job" training at least once during the reporting year
Training days	Working days on which "off-the-job" training courses were attended during the reporting year
Student interns	Number of students at university or other higher education establishments who complete a diploma thesis as part of their studies or spend at least three months on placement at Georg Fischer (expressed as full-year equivalents).

Environmental key figures

Energy consumption	Final energy consumption is stated, i.e. the energy content of the energy sources consumed for production, heating and buildings. Power conversion is not included.
Air emissions	The air emissions are calculated from the energy consumption. Specific emission factors that take account of the type of energy source used and the electricity mix in the individual countries are applied. 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.
Water and wastewater	Drinking water from both public and private water supply systems is included. In the case of wastewater, the quantity fed into the public sewer system or into in-house water treatment plants is captured. Uncontaminated cooling water which does not require any cleaning is not counted as wastewater.
Waste and recycling	Wastes and valuable waste materials are divided into "recycled waste", "waste for landfill or incineration" and "hazardous waste". The categories are defined in accordance with the legal definitions applicable at each individual site.

Key figures

Economy

Financial data is reported in detail in the Georg Fischer 2005 Annual Report.

Ecology**

As of December 31, 2005

	Unit	2000	2001	2002/03	2003/04	2005
Energy consumption (EN3*)	1 000 GJ	6 061	5 789	6 272	5 863	6 192
- Production energy	1 000 GJ	5 193	4 978	5 432	5 119	5 396
- Building energy	1 000 GJ	868	811	840	744	796
- Electricity	1 000 GJ	1 957	1 881	2 037	2 055	2 236
- Natural gas	1 000 GJ	1 320	1 326	1 558	1 350	1 423
- Coke	1 000 GJ	2 475	2 284	2 387	2 133	2 237
- Oil	1 000 GJ	194	180	179	168	146
- Other sources of energy	1 000 GJ	115	118	111	157	150
Air emissions (EN17*, EN19*)						
Nitrogen oxides (NO _x)	1 000 tonnes	1.0	0.9	1.0	1.0	1.0
Sulphur dioxide (SO ₂)	1 000 tonnes	3.0	2.9	3.2	2.9	3.1
Methane (CH ₄)	1 000 tonnes	0.6	0.6	0.7	0.6	0.7
VOC	1 000 tonnes	0.5	0.4	0.3	0.3	0.4
CO ₂	1 000 tonnes	580	559	606	550	587
Water consumption (EN9*)	1 000 m ³	2 616	2 455	2 347	2 327	2 391
- From public supply	1 000 m ³	1 031	1 029	916	864	901
- From private supply	1 000 m ³	1 586	1 426	1 431	1 463	1 490
Wastewater volumes (EN21*)	1 000 m ³	876	765	746	627	648
Waste volumes (EN20*)						
Recycled wastes	1 000 tonnes	224	223	234	242	292
Landfilled or incinerated wastes	1 000 tonnes	89	82	65	34	24
Hazardous wastes	1 000 tonnes	16	16	16	8	9
Monetary values (EN30*)						
Expenditure on						
environmental protection	CHF million		35	26	22	29
Energy costs	CHF million		81	85	87	114
Water and wastewater costs	CHF million		4	3	3	4
Waste and recycling costs	CHF million		5	3	1	0

* Indicator number as per Global Reporting Initiative (GRI), Sustainability Reporting Guidelines, Version G3 (draft of January 2006)

** The data relates to the Georg Fischer production sites as specified on p. 25.

People**

As of December 31, 2005

	Unit	2005
Employees (LA1*)	Number	12 403
Part-time employees	Number	281
	Percentage	2
Female employees	Number	1 750
	Percentage	14
Female managers	Number	60
	Percentage of all managers	11
Employees with disabilities	Number	271
	Percentage	2
Order volume from workshops employing disabled people	CHF million	***2
Departures	Number	1 008
Departures for controllable reasons	Number	273
Staff fluctuation, overall	%	8
Staff fluctuation, for controllable reasons	%	2
Workforce surveys	Number of employees surveyed	***4 500
Health and safety (LA7*)		
Accidents involving injuries	Number	825
Accident rate	Accidents per 1000 employees	66
Fatalities, work-related	Number	0
Absence days due to work-related accidents and illness	Number	***10 600
	Percentage of total working days	***0.4
Absence days, both work and non-work related	Number	***132 000
	Percentage of total working days	***4.6
Training and education (LA11*)		
Employees participating in "off-the-job" training	Number	***6 500
	Percentage of employees	***50
"Off-the-job" training days	Number	***18 000
	Training days per employee	***1.5
Student interns	Full-year equivalents	95
Apprentices	Number	451

* Indicator number as per Global Reporting Initiative (GRI), Sustainability Reporting Guidelines, Version G3 (draft of January 2006)

** The data relates to all Georg Fischer companies with more than ten employees (cf. p.14).

*** Since this is the first time key figures have been collected, the quality of the data is limited.

Locally anchored, globally active

Europe	<p>88 companies</p> <p>Production plants Austria, Germany, Italy, Netherlands, Sweden, Switzerland</p> <p>Service and sales centres Austria, Belgium, Czech Republic, Denmark, France, Germany, Italy, Netherlands, Norway, Poland, Sweden, Switzerland, Spain, UK</p>
Asia, Middle East	<p>29 companies</p> <p>Production plants China</p> <p>Service and sales centres China, Japan, Korea, Malaysia, Singapore, Taiwan, Thailand, Turkey</p>
America	<p>10 companies</p> <p>Production plants USA</p> <p>Service and sales centres Brazil, USA</p>
Australia	<p>2 companies</p>

Corporate publications

Annual Report	Annual Report of Georg Fischer Ltd, in German, English, part in Chinese, published once a year
Mid-Year Report	Mid-Year Report of Georg Fischer Ltd, in German and English
Sustainability Report	In German and English
Corporate Profile	Flyer in German, English and Chinese
Our Values	Flyer in German and English
Ferrum	Journal of the Iron Library, in German, published once a year
Internet	See www.georgfischer.com for regularly updated information about the Georg Fischer Corporation, its core businesses, Corporate Governance, Investor Relations, jobs/careers and much more besides.

Your opinion matters

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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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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