



Sustainability in the CENTROTEC Group

Sustainability Report

Update 2014



Sustainability key figures

		2008	2009	2010	2011	2012	2013	2014
General*								
Revenue	EUR '000	476,081	466,613	479,650	537,841	533,781	525,431	530,549
CO ₂ per revenue	t CO ₂ /EUR '000	0.316	0,286	0.293	0.252	0.230	0.235	0.217
CO₂ based on scopes								
Scope 1 (direct emissions from heating and processing)	t CO ₂	4,812	5,118	5,470	5,347	5,957	6,230	5,045
Scope 2 (direct emissions from the consumption of purchased electricity)	t CO ₂	9,762	9,900	10,352	9,376	9,228	8,878	8,538
Scope 3 (other indirect emissions from transport, lease cars, business travel and raw materials)	t CO ₂	135,746	118,468	124,825	120,976	107,370	108,357	101,601
Total	t CO₂	150,320	133,486	140,646	135,699	122,556	123,466	115,184
CO₂ based on sources								
Heating and processing (Scope 1)	t CO ₂	4,812	5,118	5,470	5,347	5,957	6,230	5,045
Electricity (Scope 2)	t CO ₂	9,762	9,900	10,352	9,376	9,228	8,878	8,538
Transport (Scope 3)	t CO ₂	14,574	13,442	13,492	13,323	14,762	17,195	15,002
Lease cars (Scope 3)	t CO ₂	3,372	3,397	3,856	3,847	3,030	3,375	3,282
Business travel (Scope 3)	t CO ₂	353	366	378	460	413	361	364
Raw materials (Scope 3)	t CO ₂	117,447	101,263	107,099	103,346	89,166	87,427	82,953
Total	t CO₂	150,320	133,486	140,646	135,699	122,556	123,466	115,184
Raw materials use (part of Scope 3)								
Carbon steel	t	7,560	6,696	7,084	7,271	6,854	6,472	6,042
Galvanised steel	t	14,111	12,449	13,861	14,702	14,188	13,316	12,180
Stainless steel	t	1,080	1,153	1,133	1,437	1,357	1,300	1,353
Primary aluminium	t	1,945	1,470	1,611	1,133	1,079	1,051	977
Secondary aluminium	t	1,373	1,303	1,557	2,311	2,054	2,156	2,282
Polypropylene (PP)	t	2,461	2,713	2,608	3,040	2,263	2,662	2,813
High-density polyethylene (HDPE)	t	3,163	3,128	1,408	593	657	793	784
Polyvinyl chloride (PVC)	t	1,423	1,123	1,153	722	705	728	735
Other plastics	t	2,228	1,717	2,162	2,371	2,221	2,523	2,812
Other materials	t	5,286	4,511	5,121	5,382	4,863	4,588	4,320
Total	t	40,630	36,265	37,698	38,963	36,242	35,590	34,297
Energy use								
Total natural gas use	m ³	2,188,688	2,077,919	2,466,995	2,269,546	2,445,069	2,553,550	1,969,610
Total diesel use**	litres	26,802	35,938	40,119	50,286	162,932	148,263	126,597
Total petrol use** / ***	litres	0	0	0	128,672	10,547	2,736	13,756
Total fuel oil use	litres	100,540	257,240	110,515	109,439	124,278	148,851	103,272
Total LPG use	litres	500	6,200	9,840	13,139	14,151	9,088	61,219
Externally sourced electricity	MWh	20.552	19.789	20.749	20.359	20.415	20,997	21,210
of which from renewables	%	17.4	19.4	20.4	26.3	40.1	40,1	43.6
Water								
Total water use	m³	23,504	24,243	24,813	26,746	29,854	31,190	29,061
Waste								
Waste, total	t	6,184	5,539	5,097	5,083	4,982	4,868	5,070
Recycled waste	t	5,713	5,006	4,604	4,596	4,618	4,529	4,697
Recycling rate	%	92	90	90	90	93	93	93
Work, health & safety								
Employees	individuals	2,220	2,218	2,308	2,470	2,551	2,580	2,554
Female employees	%	17.0	18.3	18.2	18.8	18.9	18.6	18.3
Part time employees	%	9.2	9.1	10.0	11.0	13.2	13.6	14.3
Temporary employees	individuals	124	155	138	136	107	91	97
Apprentices	individuals	119	129	126	141	145	166	165
Frequency of lost time incidents	per mill. h	8.7	11.5	13.0	8.9	13.8	14.2	10.2
Employee health rate	%	96.0	95.6	96.0	96.0	95.9	95.5	95.3

* Key financial figures refer to the CENTROTEC Group, other key figures to production locations; certain prior-year figures adjusted in the light of more recent findings

** excluding use by lease cars (Scope 3)

*** increased figures as previously no distinction from lease cars at one subsidiary

Sustainability will become an increasingly important component of business success for companies, not least because it also provides them with an opportunity to set themselves apart from and above their competitors. We at CENTROTEC responded to this trend at a very early stage, in particular by focusing our product range on energy efficiency in buildings. Over the next few years we aim to implant the sustainable use of resources even more deeply in the minds of our employees and in the corporate processes of the group.

1. Core values of the Group

2. Products of the Group

- 2.1 High-efficiency heating systems**
- 2.2 Combined heat and power plants**
- 2.3 Solar thermal**
- 2.4 Climate control**

3. Update for 2014 Sustainability Report

3.1 Reporting boundaries

3.2 Key figures

- Key financial figures
- Key environmental figures
- Key social figures

1. Core Values



Integrity

For CENTROTEC, integrity means a consistently fair, transparent, honest and incorruptible way of behaving, both for the enterprise and for the individual. For us, that means we have to say what we think, and do what we say!

Social responsibility

CENTROTEC bears social responsibility both for its employees and for its wider corporate environment. It is important for us to regard employees as human beings, not merely as a resource, and to address their individual needs as effectively as possible. In addressing the corporate environment, CENTROTEC operates ethically and responsibly, and furthermore shows independent initiative in promoting living conditions and social cohesion within its direct sphere of influence (good corporate citizenship).

Entrepreneurial action

For every employee, entrepreneurial action means treating the company as if it were his or her own, and demonstrating the responsibility and foresight that that would entail. This offers opportunities for both the company and the individual. CENTROTEC promotes this entrepreneurial spirit by granting its employees and subsidiaries the maximum possible freedom of scope.

Sustainable action

This means meeting today's needs without endangering the scope of future generations to do likewise. The way energy is used and the consequences of its use are of key importance for a sustainable society. To achieve that goal, CENTROTEC supplies affordable solutions for saving energy and putting renewable energies to a wide range of uses in buildings. In developing, manufacturing and selling our solutions, we strive for the highest possible standards of resource efficiency and sustainability. For each individual, this action begins with a sense of personal responsibility towards the wider community.

2. Products of the Group

CENTROTEC is by its very essence sustainable thanks to its product portfolio of energy solutions and systems for the use of renewables.

2.1 High-efficiency heating systems

Mastering fire is one of the landmark achievements of human history – one that has possibly changed the way we have evolved more than any other discovery. Even in today's advanced civilisation, fire and heat remain a key requirement of modern life.

HEAT Modern heating systems now make it convenient to harness fire. Various different energy sources can be used very efficiently for diverse applications, from the gas combi-boiler to the industrial boiler. What is more, innovative biomass heating systems and highly efficient heat pumps, which can also be combined with solar thermal systems, make it easy to tap the potential of renewable energies for heat and comfort while avoiding CO₂ emissions.



2.2 Combined heat and power plants

The pinnacle of energy efficiency. Electricity from the plug socket, and heat from the radiator. Both forms of energy, which are generated separately and with high losses in our traditional energy infrastructure, have become an integral part of modern life.

ELECTRICITY & HEAT There is a more intelligent way of using scarce energy resources: the combined generation and use of electricity and heat by means of co-generation. Combined heat and power plants achieve an overall energy efficiency of up to 90 % of the energy sources used, thus cutting primary energy consumption by more than one-third. Combined heat and power units running on biogas, natural gas and sewage gas are able to operate in an entirely climate-neutral way, using renewable energies and with a closed CO₂ cycle. Now that's what we call a bright idea.



2.3 Solar thermal

Showering by the sun's power. Hot water is part of everyday life – these days, people take six showers a week on average.

HOT WATER Innovative solar thermal systems use highly effective solar collectors, a well-insulated hot water tank and an intelligent control system to capture the sun's energy for washing – entirely without any climate-harming emissions. Solar thermal systems are capable of covering up to 60 % of the annual energy input for hot water and also provide backup for the heating system. Thanks to an innovative control concept, solar thermal systems can be combined with other heat-generating systems such as gas condensing boilers, heat pumps or pellet heating systems to form energy-efficient, environmentally friendly concepts for supplying hot water and heat.



2.4 Climate control

Optimum conditions keep you alert and efficient. Humans have a body temperature of 37 °C and feel most comfortable at a room temperature of 20 to 22 °C and at humidity levels of between 50 and 65 %.

COOLING A pleasant interior climate inside larger buildings is a key condition for its users to remain alert and comfortable. Central climate control systems are on-demand, efficient solutions that are suitable for a variety of uses – from office buildings to event complexes, sports stadiums and clinics. Innovative climate control solutions are configured to incorporate energy recovery for a primary energy saving of up to 70 %, or to use renewable energies for solar cooling.



3. Update for 2014 Sustainability Report

CENTROTEC has decided to inform the public annually of developments with a bearing on the topic of sustainability within the group. The Sustainability Report for 2014 that you now have before you is the group's third report on this topic, and constitutes an update to the comprehensive report first issued in 2010. In future, the sustainability information will be fully revised as and when necessary. Corresponding updates will be published annually and are to be read in conjunction with the appropriate main report. This approach echoes the established practice in the world of financial reporting of issuing comprehensive annual reports followed by condensed updates in the form of the quarterly reports that appear throughout the year.

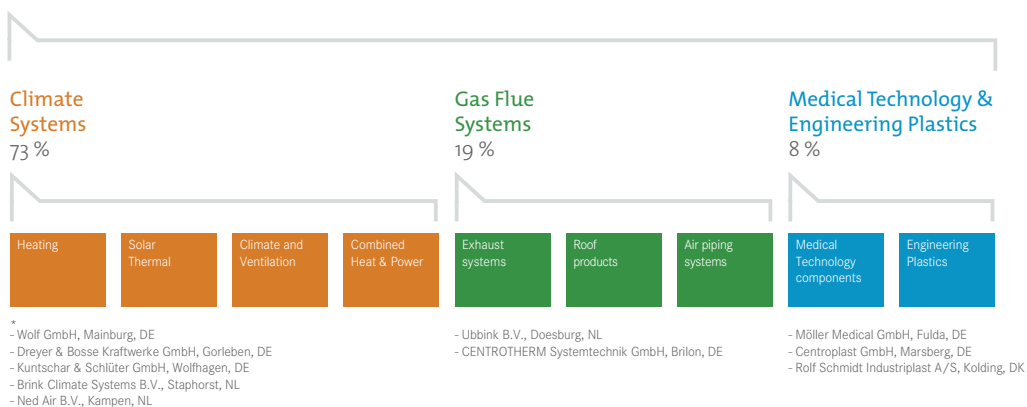
3.1 Reporting boundaries

As in the previous year's issue, the information identified and reported in this Sustainability Report, along with the formats for its presentation, reflects the requirements of the latest version of the GRI (Global Reporting Initiative) G3 Guidelines and the CO₂ emissions data reported to the Carbon Disclosure Project (CDP) at the end of May 2015.

The report covers data for all fully consolidated, manufacturing CENTROTEC companies. As in the previous year, these comprise ten individual companies with a total of 2,554 (previous year 2,580) employees. The data in this Sustainability Report thus represents over 80 % of the group's total workforce and the overwhelming part of the group's value chain. As in the previous year it spans all functions, i.e. including nonproductive ones, of the companies considered. Potential areas of deviation are pointed out in each area.

Business fields

of CENTROTEC Sustainable AG

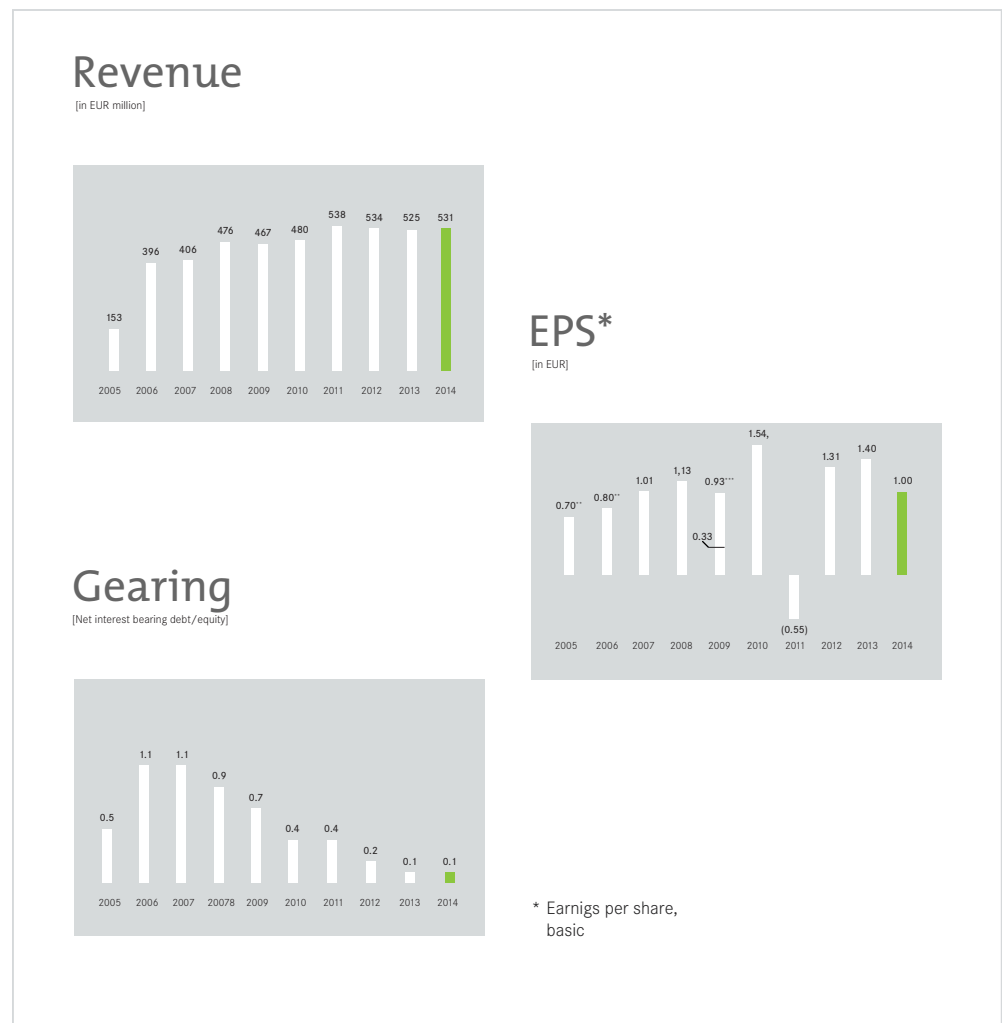


* Production companies of CENTROTEC Group

3.2 Key figures

Key financial figures

Various key financial figures that are helpful in making a fundamental assessment of the overall CENTROTEC Group are provided below. For more detailed economic information on CENTROTEC as well as on compliance matters, please refer to the latest Annual and Quarterly Report.



Value added statement

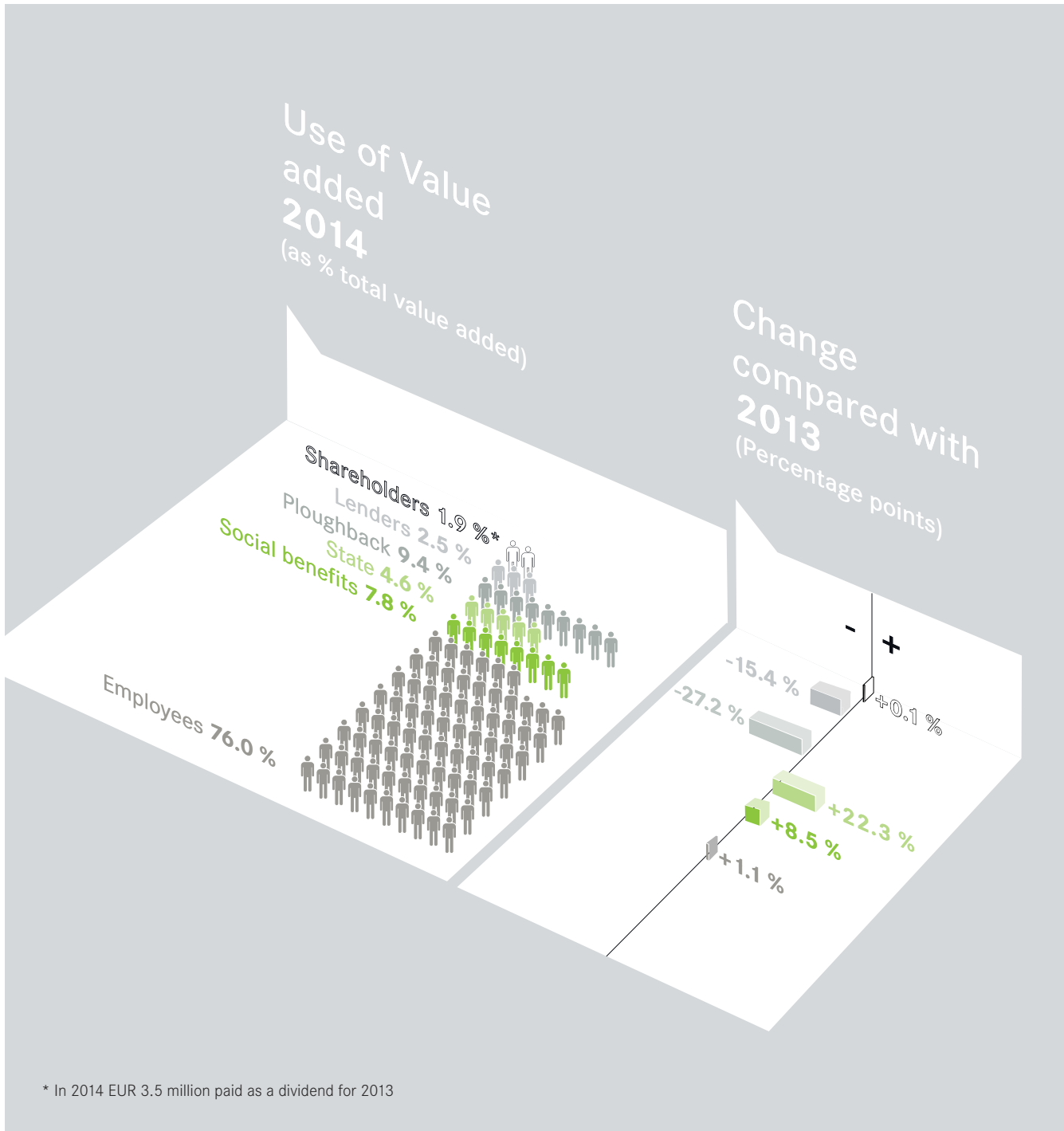
The value added calculation shows the sources of the value added of EUR 188.9 million (previous year EUR 192.1 million) for the CENTROTEC Group in the year under review of 2014.

SOURCES OF VALUE ADDED

	2013		2014	
	in EUR '000	in %	in EUR '000	in %
Revenue (incl. changes in inventories and production for own fixed assets capitalised)	530,473	96,7	533,019	98.1
Other income	17,193	3.1	10,680	2.0
Interest income	408	0.1	267	0.0
Investment results	513	0.1	-496	-0.1
Corporate performance	548,587	100.0	543,470	100.0
Other expenses	-87,839	-16.0	-86,448	-15.9
Cost of purchased materials	-248,837	-45.4	-246,062	-45.3
Gross value added	211,911	38.6	210,960	38.8
Depreciation and amortisation	-19,839	-3.6	-22,030	-4.1
Net value added	192,072	35.0	188,930	34.8

USE OF VALUE ADDED

	2013		2014	
	in EUR '000	in %	in EUR '000	in %
Employees	141,954	73.9	143,503	76.0
Social benefits	13,524	7.0	14,673	7.8
State (income taxes)	7,152	3.7	8,747	4.6
Company (ploughback)	24,294	12.6	17,690	9.4
Lenders	5,489	2.9	4,641	2.5
On-controlling interests	-341	-0.2	-324	-0.2
Net value added	192,072	100.0	188,930	100.0
Shareholders (Dividend distributed in the following year)	3,523	1.8	3,525	1.9



Key environmental figures

Within the key environmental figures, the CO₂ emissions are of central importance and are divided into three major sub-categories depending on their source: first there is the category of direct consumption of fossil fuels such as gas and oil, then the category of externally sourced electricity and heat; finally there is the third category of emissions indirectly attributable to the enterprise. The latter area covers transport of own products, fuel consumption in lease cars, employee travel and consumption of raw materials. As in the financial view, where the purchased materials ratio at group level is around 50 %, this last aspect is also of prime importance from the vantage point of the emission factors and is responsible for more than three-quarters of the documented CO₂ emissions.

Scope 1: Heating and processing energy

Scope 1 CO₂ emissions are caused by the energy sources used directly for heating and processing.

Scope 2: Electricity

Scope 2 considers the figures from externally sourced electricity and heat, which is partly produced by our combined heat and power plants and solar systems.

Scope 3: Transportation, leased vehicles, business travel and raw materials

The category of CO₂ emissions that accounts for the largest volume is to be found in Scope 3, in which the areas of transport, lease cars, business travel and raw materials are bracketed together. In industrial companies this area regularly accounts for the bulk of emissions, and in CENTROTEC's case it is over 85 %. The most significant subsidiary area here is raw materials consumption, which consistently contributes nearly three-quarters of the CO₂ emissions recorded for CENTROTEC.

RAW MATERIALS CONSUMPTION*

[part of Scope 3, in t]

	2008	2009	2010	2011	2012	2013	2014
Carbon steel	7,560	6,696	7,084	7,271	6,854	6,472	6,042
Resulting CO ₂ emissions	12,172	10,781	11,405	11,706	9,829	9,281	8,597
Galvanised steel	14,111	12,449	13,861	14,702	14,188	13,316	12,180
Resulting CO ₂ emissions	33,584	29,629	32,989	34,990	29,285	27,499	25,029
Stainless steel	1,080	1,153	1,133	1,437	1,357	1,300	1,353
Resulting CO ₂ emissions	5,702	6,088	5,982	7,586	7,572	7,236	7,507
Grey cast iron	1,441	1,199	1,602	1,419	1,052	973	824
Resulting CO ₂ emissions	5,620	4,676	6,248	5,534	1,885	1,747	1,472
Primary aluminium	1,945	1,470	1,611	1,133	1,079	1,051	977
Resulting CO ₂ emissions	28,981	21,903	24,004	16,888	15,754	15,340	14,251
Secondary aluminium	1,373	1,303	1,557	2,311	2,054	2,156	2,282
Resulting CO ₂ emissions	2,362	2,242	2,678	3,976	3,582	3,750	4,136
Copper	1,074	839	909	1,053	1,021	1,012	839
Resulting CO ₂ emissions	4,317	3,373	3,654	4,234	4,103	4,066	3,320
Brass	312	291	323	487	521	484	331
Resulting CO ₂ emissions	1,413	1,318	1,463	2,208	2,361	2,193	1,459
Polypropylene (PP)	2,461	2,713	2,608	3,040	2,263	2,662	2,813
Resulting CO ₂ emissions	4,824	5,317	5,112	5,958	4,436	5,218	5,514
High-density polyethylene (HDPE)	3,163	3,128	1,408	593	657	793	784
Resulting CO ₂ emissions	6,105	6,037	2,717	1,144	1,269	1,531	1,513
Polyvinyl chloride (PVC)	1,423	1,123	1,153	722	705	728	735
Resulting CO ₂ emissions	6,290	4,965	5,096	3,192	3,116	3,219	3,249
Other plastics	2,228	1,717	2,162	2,371	2,221	2,523	2,812
Resulting CO ₂ emissions	3,832	2,954	3,719	4,079	3,835	4,358	4,900
Rock wool	870	835	856	891	813	769	952
Resulting CO ₂ emissions	940	902	924	739	675	628	776
Glass	1,312	1,082	1,111	1,115	1,062	950	907
Resulting CO ₂ emissions	1,307	1,078	1,107	1,111	1,058	946	999
Other materials	277	265	320	416	395	401	465
Resulting CO ₂ emissions	0	0	0	0	408	415	233
Total	40,630	36,265	37,698	38,963	36,242	35,590	34,297
Resulting CO₂ emissions	117,447	101,263	107,099	103,346	89,166	87,427	82,953

* continuously adjusted emission factors

CO₂ emissions at CENTROTEC

[tons/year]

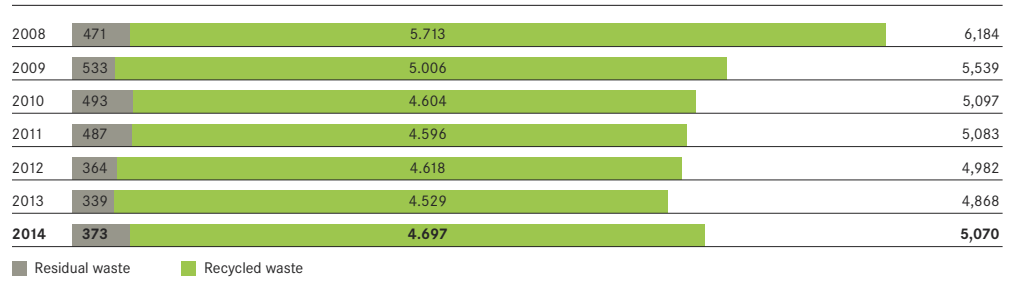
	2014	2013	2012	2011	2010	2009	2008
Scope 1 Heating and processing energy	5,045	6,230	5,957	5,347	5,470	5,119	4,812
Scope 2 Electricity	8,538	8,878	9,228	9,376	10,352	9,900	9,762
Scope 3 Transportation	15,002	17,195	14,762	13,323	13,492	13,442	14,574
Leased vehicles	3,282	3,375	3,030	3,847	3,856	3,397	3,372
Business travel	364	361	413	460	378	366	353
Raw materials		87,427	89,166	103,346	107,099	101,263	117,447



Total	2014	2013	2012	2011	2010	2009	2008
	115,184	123,466	122,556	135,699	140,646	133,486	150,320

VOLUMES OF WASTE BY TYPE, AND PROPORTION OF RECYCLED WASTE

[tons]



RECYCLING RATE

[in %]



WATER CONSUMPTION

[m³]



Key social figures

In order to promote motivation and loyalty among employees and fundamentally create a sound human resources basis for the future, CENTROTEC believes it is important to recruit and train young people as well as keep improving the qualifications of its existing workforce.

In addition, increasing efforts are being made to improve the employment opportunities for women within the company, and more specifically in management positions, so that there is every prospect of being able to increase the base of qualified employees in an increasingly narrow human resources market.

KEY EMPLOYMENT FIGURES

[based on all group production locations]

		2008	2009	2010	2011	2012	2013	2014
Employees	individuals	2,220	2,218	2,308	2,470	2,551	2,580	2,554
Hours of work done	million h	3.436	3.564	3.779	4.032	4.121	4.212	4.217
Female employees	individuals	378	406	421	464	483	480	467
Female employees	%	17.0	18.3	18.2	18.8	18.9	18.6	18.3
Employees in management positions (senior and top executive levels)*	individuals	111	112	118	135	144	137	127
Employees in management positions (senior and top executive levels)	%	5.0	5.0	5.1	5.5	5.6	5.3	5.0
Women in management positions (senior and top executive levels)*	individuals	7	9	10	13	18	12	9
Women in management positions (senior and top executive levels)	%	6.3	8.0	8.5	9.6	12.5	8.8	7.1
Part time employees	individuals	205	201	230	271	336	352	366
Part time employees	%	9.2	9.1	10.0	11.0	13.2	13.6	14.3
Disabled employees	individuals	100	133	121	120	117	121	111
Disabled employees	%	4.5	6.0	5.2	4.9	4.6	4.7	4.3
Temporary employees	individuals	124	155	138	136	107	91	97
Temporary employees	%	5.6	7.0	6.0	5.5	4.2	3.5	3.8
Apprentices	individuals	119	129	126	141	145	166	165
Apprentices	%	5.4	5.8	5.5	5.7	5.7	6.4	6.5

* adjusted definitions lead to changed quota

The period under review also saw the group consistently develop the wide variety of health care initiatives, which go beyond the usual scope of accident prevention measures and health and safety at work in the industry. The effectiveness of these activities is only highlighted to some degree by the data collected, though it is reflected in aggregated form in the consistently good employee health rate for an industrial company.

OCCUPATIONAL SAFETY

[based on all group production locations]

		2008	2009	2010	2011	2012	2013	2014
Hours of work done	million h	3,436	3,564	3,779	4,032	4,121	4,212	4,217
Frequency of lost time incidents	Number	30	41	49	36	57	60	43
Frequency of lost time incidents	per 1/1 mill. h	8.7	11,5	13.0	8.9	13.8	14.2	10.2
Total time lost (result of lost time incidents)	h	2,360	2,338	4,165	3,718	5,415	5,651	3,976
Number of working days (lost due to time incidents)	per 1/1 mill. h	85.9	82.0	137.8	115.3	164.3	167.7	117.8
Absence due to sickness	h	139,117	157,936	152,749	160,340	168,012	187,994	198,227
Employee health rate	%	96.0	95.6	96.0	96.0	95.9	95.5	95.3

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