



Thinking ahead. Acting today.

Sustainability Report 2017



Schindler



We elevate our world

Sustainability is a dual commitment for Schindler: we want to fulfill our vision of leadership in urban mobility solutions and strive to optimize our environmental impact while investing in people and society.

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Chairman's statement

"Schindler provides vertical and horizontal mobility solutions shaping urbanization for the ever-expanding urban world. That brings with it a duty of care to passengers and to over 61 000 employees worldwide. We take that responsibility very seriously, and enforce this commitment without compromise across the whole value chain to contribute to functioning and environmentally friendly cities.

Sustainability reflects a dual commitment for the Schindler Group: first, we want to fulfill our vision of leadership in urban mobility systems and services. At the same time, being a responsible citizen, we strive to minimize our use of natural resources, optimize the recycling of materials, invest in people, and ultimately contribute to society.

For Schindler, sustainability is a long-term mission. We are committed to fulfilling that mission on behalf of all our stakeholders. In 2018, we are launching our new sustainability strategy, 'We elevate our world', which is structured around six priorities: safety, diversity, community, smart urban mobility, climate and energy, and supply chain.

Safety is a continuous effort. We build on our behavior-based safety initiatives to promote risk awareness and foster a comprehensive safety culture.

As a global company, we engage with diversity in all its forms. Gender diversity was identified as an immediate goal and we intend to broaden the scope of our initiatives in the future.

Our community efforts consist of expanding our vocational training program across the globe, support education for employees and their families as well as employee volunteering initiatives.

To make cities a better place to live, we integrate new digital technologies and optimize traffic and people movement across the globe.

We contribute to global efforts to preserve the environment by investing in environmentally-friendly offices and production sites as well as by reducing CO₂ emissions from our service fleet.

The goal of our supply chain assessment process is to ensure the compliance of our key suppliers with globally recognized ethical standards.

Sustainability is about values. Over 144 years of history, Schindler has grown around the world being recognized as a responsible corporate citizen. We firmly intend to continue evolving along this path."



Silvio Napoli, Chairman



Introduction

This Sustainability Report describes the economic, environmental, and social impacts of our activities. It also provides details of our corporate values and governance, and it demonstrates the link between our strategy and our commitment to promoting sustainable urban mobility.

We adhere to the Global Reporting Initiative (GRI) guidelines – a global framework for sustainability reporting. This framework ensures greater organizational transparency and enables us to effectively communicate our sustainability performance to our stakeholders. When developing this report, we took account of the GRI G4 guidelines.

The Group's consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and are compliant with the Swiss Code of Obligations.

This report contains standard disclosures, details of our management approach, and data on sustainability performance indicators. The information contained in this report relates to the period from January 1, 2017, to December 31, 2017, unless otherwise stated.

1 Strategy and analysis

G4-1 Chairman's statement

Please refer to the statement on page 2.

Additional information on our overall vision and strategy is available in the Group Review 2017:

- Schindler in Brief, pages 4–5
- Statement of the Board of Directors, pages 31–33

G4-2 Key impacts, risks, and opportunities

Key social impacts and opportunities

Our key social impacts include: ensuring the safety of passengers and our employees, providing customers with the products and services they expect from a leading elevator and escalator company, investing in the professional training and development of employees and attracting a diverse workforce. We invest in communities around the globe to help address social challenges.

Safety

We do not compromise on safety in any aspect. As well as striving to systematically guarantee passenger safety, we want to continue to improve employee safety following our progress in this area over the last decade. Please refer to section 10 and to G4-LA6 for additional information on our achievements in this area.

Customer Excellence

As part of our commitment to offering high-quality products and services to existing and potential customers, we launched our Customer Excellence program in 2012.

The program provides additional training for our teams of service technicians as well as survey tools to ensure that we can realize our value proposition. Please refer to section 10 and to G4-PR5 for additional information on our achievements in this area.

Employee development and diversity

To attract, promote, and retain the best talents over the long term, we provide an open, communicative working environment and challenging roles, and create the necessary conditions to allow employees to develop their skills and realize their potential. The professional development of employees is essential to make sure that they all possess the necessary skills and expertise to perform their respective roles. We provide a wide range of training courses, support flexible work arrangements, and identify opportunities to increase the number of women in leadership positions at Schindler.

Investing in communities

We operate in more than 100 countries and strive to support local causes. Our efforts range from targeted financial contributions in the area of education and disaster relief efforts to supporting employee participation in volunteering initiatives.

Key environmental impacts and opportunities

Our key environmental impacts include: the energy efficiency of our products, the emissions of our global service fleet of around 23 000 vehicles, and the environmental footprint of our production facilities. As a significant consumer of raw materials such as steel, we have a significant opportunity to influence the ethical performance of our supply chain.

Energy efficiency

Enhancing the energy efficiency of buildings is becoming increasingly important in view of global urbanization: it is estimated that by 2050, over two-thirds of the global population will live in urban areas. Our objective when developing new elevators and escalators is therefore to achieve continued advances in energy efficiency. Please refer to G4-EN7 for more information on how we reduce the energy requirements of our products.

Service fleet

We operate a global fleet of vehicles to effectively install and maintain our products. The service fleet has a material environmental impact in the form of CO₂ emissions. We continuously strive to reduce the amount of CO₂ emissions generated by the fleet. Please refer to G4-EN6 and to G4-EN15 for details of the progress achieved to date.

Production facilities

We measure the environmental footprint of our production facilities in order to monitor and reduce energy consumption and waste. We also set targets to improve their footprint and we adhere to the ISO 14001 standard. In 2017, we continued our implementation program to obtain ISO 14001 certification for our production sites worldwide. Please refer to section 9 and to G4-EN27 for additional information on our achievements in this area.

Ethical performance of suppliers

Suppliers are assessed according to quality and environmental criteria. As a global organization, we have an opportunity to influence our supplier network. This means that we are able to expand our assessment criteria to a broader range of sustainability measures and further strengthen our risk-based approach.

Additional information is available in the Group Review 2017, on pages 65–69.

2 Organizational profile

G4-3 Name of the organization

The name of the reporting organization is Schindler Holding Ltd.

G4-4 Primary brands, products, and/or services

Schindler was founded in 1874 in Lucerne, Switzerland, and is one of the leading manufacturers of elevators, escalators, and moving walkways, as well as a top provider of vertical transportation maintenance and modernization across the globe. We are active in the areas of production, installation, maintenance, and modernization. The Group has over 1 000 branch offices in more than 100 countries, in addition to production sites as well as research and development centers in Brazil, China, Europe, India, and the United States.

Each day, our elevators and escalators transport over one billion people to their destinations safely and efficiently – serving the most diverse needs. Through our strategic investments in people and technology, we are able to provide energy-efficient and user-friendly solutions to meet today’s mobility needs. In this way, we can move people and materials and connect vertical and horizontal transport systems, thus helping to shape urban landscapes – both now and in the future.

Products

Our range of passenger elevators covers the entire spectrum of customer needs – from affordable solutions that meet basic transportation requirements in low-rise buildings through to mid-rise solutions for the residential and commercial market segments and, finally, advanced solutions that are targeted at the high-rise segment.

Our freight elevators are designed to transport small or large volumes of light or heavy-duty freight.

We produce escalators and moving walks for a wide range of applications, from shopping malls, offices, hotels, and entertainment centers to airports, subways, and railway stations. Moving walks – whether inclined or horizontal – provide an efficient means of transportation in public areas.

Modernization

Specific modernization solutions ensure the safety, reliability, and comfort of existing installations and also serve to protect long-term building infrastructure investments. We can replace entire systems or modernize them on a gradual basis by replacing individual parts. We can upgrade any installation to meet changing passenger needs and to comply with official regulations.

Services

We provide a swift and reliable service worldwide 24 hours a day thanks to our extensive network of service technicians, which ensures our proximity to our customers. Digital tools support our service technicians in their daily work, reduce call backs and optimize route planning. Our maintenance offering is transparent and can be tailored to individual customer needs. Our comprehensive range of services is designed to ensure the smooth functioning of our products throughout their lifetime.

G4-5 Location of the organization's headquarters

Schindler Holding Ltd. is located in Hergiswil, Canton of Nidwalden, Switzerland.

G4-6 Number of countries and location of operations

A list of material Group companies is provided in the Financial Statements 2017, pages 59–60.

G4-7 Nature of ownership and legal form

Schindler Holding Ltd. is a public company listed on the SIX Swiss Exchange. Information on its capital structure is available in the Financial Statements 2017, pages 104–105, sections 2.1–2.5. Information on its registered shares and participation certificates is available in the Financial Statements 2017, page 40.

G4-8 Markets served

We are a global provider of elevators, escalators, and moving walks.

Further information on our markets is available in G4-4.

G4-9 Scale of the organization

Revenue 2017

In CHF million

10 179

Revenue by region, 2017

Asia-Pacific, Africa The Americas Europe



Number of employees

As of December 31, 2017

61 019

Market capitalization

As of December 31, 2017
In CHF billion

23.9

Material Group companies

Further information is available in the
Financial Statements 2017, pages 59-60

Total assets

As of December 31, 2017
In CHF million

8 626

G4-10 Total number of employees by employment type and region

As a result of our growth strategy, global headcount grew by a further 4.7% to 61 019 by the end of 2017. New positions were created in all regions, with the largest increase in the Asia-Pacific region.

Headcount by business area

	2017	2016	2015
Number at year-end			
Installation and maintenance	35 670	33 679	32 578
Production	4 489	4 321	4 342
Engineering, Sales, and Administration	20 860	20 271	19 842
Total	61 019	58 271	56 762

	2017	2016	2015
In % at year-end			
Installation and maintenance	59	58	57
Production	7	7	8
Engineering, Sales, and Administration	34	35	35
Total	100	100	100

Headcount by market

Number at year-end	2017	2016	2015
Switzerland	4 711	4 741	4 716
Rest of Europe	16 638	15 690	15 101
The Americas	14 186	13 801	13 728
Asia-Pacific, Africa	25 484	24 039	23 217
Total	61 019	58 271	56 762

In % at year-end	2017	2016	2015
Switzerland	8	8	8
Rest of Europe	27	27	27
The Americas	23	24	24
Asia-Pacific, Africa	42	41	41
Total	100	100	100

G4-11 Collective bargaining agreements

In principle, our local management teams oversee all industrial relations at the appropriate level. The local management teams communicate with their employees on a regular basis.

In 2017, 70% of our employees were covered by collective bargaining agreements. We acknowledge the freedom of association of our employees and their right to collective bargaining within the framework of local laws.¹

In % at year-end	2017	2016	2015
Employees covered by collective bargaining agreements	70	70	70

G4-13 Significant changes during the reporting period

Innovation remains at the core of Schindler's value creation. With the launch of 'Schindler Ahead,' an important milestone was reached in our efforts to digitally transform the business. 'Schindler Ahead' is a fully digital closed-loop maintenance, emergency, and information system for elevators and escalators. This powerful machine learning-supported system enables Schindler to deliver predictive services and real-time information to our customers, service technicians, and the customer contact center, as well as to provide a wide range of personalized solutions for passengers.

Similarly, new, modular and fast-evolving product portfolios are a key factor driving our future success. Significant progress was also achieved on this front with the launch of the first modular elevator systems in China in preparation for the global rollout over the next 24 months.

G4-14 Explanation of whether and how the precautionary approach or principle is addressed

Our commitment to sustainability is anchored in our Corporate Sustainability Policy. This policy outlines our approach to sustainability, which is based on three pillars – People, Planet, and Performance – and defines the direction that we must take to address key sustainability challenges. The policy is available under Documents at: www.schindler.com/sustainability

We define and evaluate the most important risks we face in a four-phase process based on a detailed risk catalogue. These risks are divided into the categories of product, market, and business risks; financial, operational, and organizational risks; and safety, health, and environmental risks. Legal aspects are also evaluated for all risk categories. The four phases of the process are as follows:

- Each Group company creates a risk matrix as part of its budget process.
- The risks are combined within a Group matrix and evaluated in detail by an interdisciplinary Risk Committee comprising the responsible heads of the product groups and Group staff offices. Based on the evaluation, a detailed catalogue of measures to address the most important risks is presented to the Group Executive Committee.
- The Group Executive Committee evaluates the risk matrix and the proposed catalogue of measures and proposes any additions.
- The most important risks, along with possible measures to prevent and minimize potential harm arising from them, are presented to the Board of Directors for appraisal.

Group Assurance, the auditing body, and the compliance departments support the Board of Directors in exercising its supervisory and control functions.

G4-15 External charters, principles, or initiatives endorsed

Schindler is a member of the Partnering Against Corruption Initiative (PACI). PACI is a global platform established by the World Economic Forum (WEF) that allows companies and business leaders to maximize their collective impact in the fight against corruption. Historically, it focuses on improving compliance practices and fosters a high-level dialogue between businesses and governments on key corruption challenges.

Further information is available at:

www.weforum.org/projects/paci-the-future-of-trust-and-integrity

G4-16 Memberships of associations

Schindler participates in various local industry and trade associations. For example, we are a member of the European Lift Association, the National Elevator Industry Inc. (NEII) in the USA, and the Lift and Escalator Contractors Association in Hong Kong.

We are also a member of various councils of The Conference Board – a global, independent business membership and research association that works in the public interest. They include the Council on Corporate Responsibility and Sustainability, the Responsible Sourcing Council, and the Council on Health and Safety, as well as the Global Advisory Council.

3 Identified material aspects and boundaries**G4-17 Entities included in consolidated financial statements**

All entities included in our consolidated financial statements are covered by this report.

G4-18 Process for defining report content

Our global Sustainability Council, which represents all relevant corporate functions, determined the materiality of the sustainability topics for the purpose of this report. All the GRI performance indicators were grouped into 31 main topics. The internal evaluation resulted in the production of the materiality index, in which topics were prioritized according to stakeholder concerns. The materiality index and the Corporate Sustainability Policy serve as the basis for the definition of Schindler's sustainability strategy.

G4-19 Material aspects defined

The materiality index reflects the most significant economic, environmental, and social impacts of our business activities according to the consulted stakeholders.

Materiality index

Threshold	
	Significance of economic, environmental, and social impacts
High	Economic performance
	Employee safety and health
	Energy consumption and CO ₂ emissions from product use
	Energy consumption and CO ₂ emissions from service fleet
	Logistics impacts
	Passenger safety
	Anti-competitive behavior and compliance
	Corruption and bribery
	Training and education
	Product and service labeling
Medium	Procurement practices
	Material resource depletion
	Indirect energy consumption
	Energy consumption and CO ₂ emissions from buildings
	Energy consumption and CO ₂ emissions from materials incl. waste
	Non-hazardous waste
	Diversity and equal opportunity
	Employment and labor relations
	Wages and employee loyalty
	Fines, sanctions, and litigation
Low	Use of conflict materials
	Public policy positions
	Customer data and privacy
	Marketing communications and compliance
	Local communities
	CO ₂ emissions from business travel
	Non-greenhouse emissions
Hazardous waste	
Water	
Effluents	
Biodiversity	

The materiality index was reviewed and updated in 2015 and will be reviewed again in 2018.

G4-22 Explanation of restatements

Restatements were made for G4-EN3 and G4-EN23 and are explained in the relevant sections.

G4-23 Significant changes in scope and aspect boundaries

No significant changes occurred during the reporting year 2017.

4 Stakeholder engagement

G4-24 Stakeholder groups engaged by the organization

Our stakeholder groups include employees, customers, shareholders, suppliers, trade unions, governmental authorities, and non-governmental organizations, as well as other groups within society such as lobby groups, local communities, and special interest groups.

G4-25 Identification and selection of stakeholders with whom to engage

We engage in dialogue with all of the above-mentioned stakeholder groups.

G4-26 Approaches to stakeholder engagement

According to the assessment of our operations we have a limited direct impact on the vast majority of our stakeholder groups. This was evidenced by the evaluation performed by the global Sustainability Council. Therefore, we engage on a case-by-case basis as issues are raised by stakeholders.

Stakeholders require a range of information about our sustainability program. We address this need through a number of communication channels, including our Sustainability Report, our sustainability website, and a selection of environmental, social, and governance (ESG) assessments.

G4-27 Key topics and concerns from stakeholders

Please refer to G4-26.

5 Report profile

G4-28 Reporting period

The reporting period is from January 1 to December 31.

G4-29 Date of most recent previous report

The Sustainability Report 2016 was published in August 2017.

G4-30 Reporting cycle

The report is published annually.

G4-31 Contact point for questions regarding this report

Corporate Communications, Schindler Management Ltd., 6030 Ebikon, Switzerland, Telephone: +41 41 445 30 60; e-mail: sustainability@schindler.com

G4-32 Table identifying the location of the standard disclosures

This report contains standard disclosures from the GRI Sustainability Reporting Guidelines. The GRI Index in section 12 provides an overview of the status of each disclosure. Management disclosures are set out at the beginning of sections 8, 9, and 10.

G4-33 External assurance

Swiss Climate undertook the assurance of the 2017 carbon footprint data in accordance with AA1000AS (2008) Type 2. Swiss Climate did not find evidence to suggest that the processes and systems in place to collect the data and to calculate the carbon footprint were such that the company's carbon management performance would be erroneously described. Swiss Climate also did not find that the carbon footprint would not follow the leading international standards such as ISO 14064-1 and the Greenhouse Gas Protocol, and therefore not fulfill the criteria of relevance, completeness, consistency, transparency, and accuracy.

6 Governance

The Corporate Governance Report in the Financial Statements 2017, pages 101 – 129, contains the information required by the Directive on Information Relating to Corporate Governance issued by the SIX Swiss Exchange, effective December 31, 2017, and is structured in accordance with the Directive.

G4-34 Governance structure

The corporate governance structure is disclosed in detail in the Corporate Governance Report and at: www.schindler.com/corporategovernance

G4-35 Delegation of authority

Sustainability falls within the remit of Corporate Communications. The sustainability strategy is approved by the Supervisory and Strategy Committee (governance body) and is executed by the Group Executive Committee.

G4-36 Executive-level positions with responsibility for sustainability topics

To further strengthen our sustainability program, a Sustainability Governance Council (SGC) was established in 2018. The SGC is responsible for advising on emerging sustainability issues, e.g. forthcoming legal regulations and disclosure requirements, and it monitors progress in the execution of the sustainability strategy. The SGC presents its findings to the Supervisory and Strategy Committee for evaluation and approval.

The SGC consists of four permanent members: a Senior Legal Counsel, the Head of Investor Relations, the member of the Group Executive Committee for Corporate Human Resources, and the Head of Corporate Sustainability.

G4-38 Composition of the highest governance body and its committees

The Board of Directors, which – according to the Articles of Association – consists of between 5 and 13 members, had 11 members as at December 31, 2017. Three members are executive members. However, none of them also serves on the Group Executive Committee. The eight remaining members are non-executive members of the Board of Directors.

G4-39 The chair of the highest governance body

Silvio Napoli was appointed Chairman of the Board of Directors, Chairman of the Supervisory and Strategy Committee, and the Nomination Committee in 2017.

G4-41 Avoidance and management of conflicts of interest

Each Board member and member of the Group Executive Committee is required to arrange his or her personal and business affairs so as to avoid a conflict of interests. Where the possibility of a conflict of interests arises, the person in question is required to declare that possible conflict to the Chairman or to the CEO (or in the case of the Chairman, to the Vice Chairman).

Further information is available in the Organizational Regulations – Schindler Holding Ltd., section 2.3 under Organizational Regulations at:
www.schindler.com/corporategovernance

G4-48 Review and approval of the Sustainability Report

This report is compiled by Corporate Sustainability and reviewed internally by the respective corporate functions based on the topics that are relevant to their function. The corporate functions included in this review are: Corporate Human Resources, Corporate Legal, Corporate Finance, and Corporate Communications. Final approval of the report is given by the Supervisory and Strategy Committee.

G4-49 Process for communicating critical concerns

Effective as of February 2018, critical concerns are reported to the Supervisory and Strategy Committee by the SGC. In the period before that, critical concerns were reported to the Group Executive Committee by the member of the Group Executive Committee with responsibility for Corporate Human Resources.

G4-50 Critical concerns communicated to the highest governance body

No critical concerns were communicated to the Group Executive Committee in 2017.

G4-51 Remuneration policies

The Group's success depends to a large extent on the quality and commitment of its management. Its compensation policy is designed to attract, motivate, and retain well-qualified professionals. In addition, the awarding of performance-related and, in particular, share-based components of variable compensation is intended to promote an entrepreneurial mindset and approach.

Further information is available in the Compensation Report in the Financial Statements 2017, pages 80–100.

G4-52 Process for determining remuneration

The most important principles of Schindler's compensation policy are:

- Performance-related compensation in line with the market
- Participation in the company's success
- Fair and transparent compensation decisions
- Balanced proportion of short- and long-term compensation components.

G4-53 How stakeholders' views are sought regarding remuneration

In accordance with the Ordinance Against Excessive Compensation in Stock Exchange Listed Companies (VegÜV), and Article 32 of the Articles of Association of Schindler Holding Ltd., the General Meeting of Shareholders votes annually on the total compensation of the Board of Directors and the Group Executive Committee to approve in a separate vote:

- The maximum permissible total fixed compensation of the members of the Board of Directors and the Group Executive Committee for the current financial year (prospective approval).
- The total variable compensation of the members of the Board of Directors and the Group Executive Committee for the reporting year (retrospective approval).

The shareholders approved the proposed compensation of the Board of Directors and the Group Executive Committee at the General Meeting of Shareholders of March 20, 2018.

7 Ethics and integrity

G4-56 Values, principles, standards, and norms

The Navigator Book and the 'Schindler Your First Choice' brochure define the strategic direction we pursue in order to achieve success in the elevator and escalator market. They set out our vision of 'Leadership through Customer Service,' as well as our corporate values, goals, and objectives. They also provide details of how we execute our strategy.

Schindler's Code of Conduct defines how employees shall maintain the highest standards of professional and personal conduct in their relationships with customers, colleagues, suppliers, competitors, governments, and communities. It includes five principles that employees must observe.

The following policies and guidelines support our commitment to sustainability:

- Corporate Sustainability Policy
- Employee Safety and Health Policy
- People Strategy
- Corporate Quality Policy
- Code of Conduct
- Schindler Code of Conduct (Vendor Policy)

Further information is available at: www.schindler.com/corporateculture

G4-57 Mechanisms for seeking advice on ethical and lawful behavior, and matters related to integrity

All Schindler employees pledge to observe the highest ethical standards of professional and personal conduct in their interaction with customers, colleagues, suppliers, competitors, governments, and the communities in which we operate.

The Chairman emeritus, Alfred N. Schindler, initiated the rollout of the Schindler Code of Conduct throughout the organization in 1996. The Supervisory and Strategy Committee supervises compliance activities with the support of the Audit Committee.

Schindler encourages good-faith reporting of potential violations and protects whistleblowers against discrimination, as specified in Schindler's Whistleblower Protection Policy.

Further information is available at: www.schindler.com/corporatecompliance

G4-58 Mechanisms for reporting concerns on unethical or unlawful behavior, and matters related to integrity

Schindler's compliance organization consists of a compliance network that is integrated into the business structure. It consists of corporate compliance, area compliance officers, and regional as well as local compliance officers.

A global network of compliance officers supports these efforts and monitors compliance with the Code of Conduct by conducting regular audits. More than 200 employees have full-time or part-time roles related to compliance. The Group Compliance Officer has a direct reporting line to the Group General Counsel and periodically reports to the Audit Committee.

Further information is available at: www.schindler.com/corporatecompliance

8 Economic dimension

Asymmetrical developments in the construction industry around the globe shaped the year 2017. At the same time, rising commodity prices and fierce competition presented the industry with major challenges.

Thanks to the balanced geographical presence it has built over the years, Schindler was able to successfully navigate this uncertain environment and achieve profitable growth in both new installations and in services.

Schindler's strategy has a long-term focus with the aim of generating sustained value for all stakeholders. Schindler's ambition is to grow more strongly than the global elevator and escalator market as a whole, while at the same time further increasing profitability in absolute and relative terms.

As a result of the disciplined implementation of its strategy, Schindler delivered improvements in revenue, operating profit, and the EBIT margin.

G4-EC1 Direct economic value generated and distributed

In CHF million	2017	2016	2015
Direct economic value generated*			
Revenues	10 217	9 768	9 443
Economic value distributed*			
Operating costs	5 192	5 063	5 047
Employee wages and benefits	3 765	3 503	3 307
Payments to providers of capital	618	381	445
Payments to government	247	255	257
Community investments	0	0	0
Economic value retained*	395	566	387

* These economic values were calculated in accordance with GRI G4 definitions, which differ from IFRS.

Further information is available in the Financial Statements 2017, pages 3–79.

G4-EC2 Financial implications and other risks and opportunities due to climate change

We take account of environmental factors by designing energy-efficient mobility solutions. Climate change poses no direct risk to the Group's activities.

G4-EC3 Coverage of the organization's defined benefit plan obligations

The Group has a number of funded defined benefit plans. Certain plans are managed by separate legal entities. The governing bodies of those entities have an obligation to act in the interests of the plan participants and are also responsible for the investment strategy. The largest plans are in Switzerland and the USA. Together, they account for 84% (previous year: 85%) of the Group's total defined benefit obligation and 95% (previous year: 95%) of its plan assets. Unfunded defined benefit plans mainly consist of the pension plan in Germany.

Further information is available in the Financial Statements 2017, pages 35–40.

G4-EC8 Significant indirect economic impacts

Our most significant indirect economic impacts occur during the construction of new production facilities globally. Our multiyear investment program was successfully completed, meaning no further construction work is planned in the near future.

9 Environmental dimension

Our environmental impacts are caused by three main factors: the energy consumed by our products, our service fleet, and our production facilities.

Environmentally efficient products and materials

During the product design phase, environmental aspects are taken into account with regard to the preparation of materials, manufacturing, installation, operation, maintenance, and disposal.

By designing products that use less energy while in operation, we help to reduce overall energy consumption in the buildings in which our products are installed – thus creating value for our customers and reducing environmental impacts. A particular emphasis is placed on energy efficiency when designing the elevator and door drives, car lighting, and the control and ventilation systems. Modernization and maintenance increase the energy efficiency of installations and extends the product life-cycle, therefore reducing the need for natural resources.

Service fleet

We have a service fleet of around 23 000 vehicles globally. This service fleet accounts for around two-thirds of our total energy consumption. We therefore strive to lower these impacts by replacing vehicles in the fleet with more environmentally friendly models that feature new technology – allowing for reductions in fuel consumption and emissions. Route optimization also enables us to improve our environmental performance in this area.

Production sites

In 2017, 85% of our production facilities were certified according to ISO 14001. Our goal is to have all our production facilities certified according to this internationally recognized environmental management system in the future.

The Americas	Europe	Asia-Pacific, Africa
Elevator plant Hanover, USA	Elevator plant Zaragoza, Spain	Elevator plant Pune, India
Escalator plant Clinton, USA	Elevator plant Locarno, Switzerland	Elevator and escalator plant Jiading, China
Elevator and escalator plant Londrina, Brazil	Elevator and escalator plant Dunajská Streda, Slovakia	Elevator plant Henan, China

The implementation of ISO 14001 is accompanied by the periodic definition of targets for key indicators. As part of the implementation process, we are executing initiatives to reduce waste generation and water consumption. Another area of focus is the reduced usage of volatile organic compounds (VOCs) through the transition from solvent- to water-based paints.

G4-EN3 Energy consumption within the organization

Energy consumption decreased by around 1% compared to the previous year.

The service fleet accounts for the largest proportion of our direct energy consumption, followed by the use of electricity and natural gas. The amount of energy consumed by our service fleet as a proportion of our total energy consumption is 70%, followed by indirect energy consumption at 19%, and fuels for buildings and processes at 11%.

In gigawatt hours (GWh)	2017	2016	2015
Direct energy²			
Natural gas	69	75*	65*
Fuel oil	5	6	7
Others	2	2	3
Vehicles			
Diesel	258	246**	234
Petrol/gasoline	157	198	221
Others (biofuels, LPG, CNG)	48	14	8
Total direct energy	539	541	538
Indirect energy			
Electricity	112	114	100
District heat	16	17	7
Total indirect energy	128	131	107
Total energy consumption	667	672	645

* Restated: over-reporting at three subsidiaries in 2016 and 2015 in the amount of 12 and 11 GWh, respectively.

** Restated: under-reporting by one subsidiary in 2016 in the amount of 5 GWh.

Service fleet

In 2017, the ratio of petrol- to diesel- to alternative-powered vehicles changed to 26:61:13 (2016: 30:63:7; 2015: 30:63:7). While the use of diesel- or gasoline-powered vehicles remained fairly constant, the distance travelled using alternative-powered vehicles (bioethanol, hybrid, and electric) increased by 81%. The replacement of diesel cars and delivery vans with models equipped with particulate filters continued through 2017. Vehicles without filters now account for only about 2% of the total distance travelled.

Service fleet composition

Distance travelled in %	2017	2016	2015
Petrol passenger vehicles	15.1	14.2	17.8
Petrol vans and trucks < 7.5 t	11.0	16.7	15.1
Diesel passenger vehicles with particulate filters	35.0	41.1	37.1
Diesel passenger vehicles without particulate filters	1.3	1.8	6.7
Diesel vans and trucks < 7.5 t with particulate filters	23.5	16.8	14.5
Diesel vans and trucks < 7.5 t without particulate filters	1.0	1.6	1.9
Hybrid, electric, and bi-fuel vehicles*	11.1	6.0	4.9
Other vehicles	2.0	1.8	2.0
Total	100.0	100.0	100.0

* Fuel for hybrid, electric, and other vehicles converted to petrol equivalents.

Fuel performance

In l/100 km	2017	2016	2015
Petrol passenger vehicles	9.2	9.8	11.0
Petrol vans and trucks < 7.5 t	12.3	14.0	14.1
Diesel passenger vehicles	6.5	6.7	6.5
Diesel vans and trucks < 7.5 t	7.8	7.7	8.0
Hybrid, electric, and bi-fuel vehicles*	8.2	5.5	4.0
Other vehicles	9.7	10.0	7.6

* Fuel for hybrid, electric, and other vehicles converted to petrol equivalents.

Indirect energy

Our indirect energy consumption³ mainly comprises purchased electricity. The measurement of electricity consumption excludes those cases where electricity charges form part of a lease agreement. Those cases are limited to office buildings. However, all our production facilities are included in the table on energy consumption. Our global electricity mix is dependent on each country's national grid and changes are mostly visible at country level.

G4-EN5 Energy intensity

Our overall energy intensity ratio decreased during the reporting year. Headcount rose by 4.7% and revenue grew by 5.1% in 2017 compared to 2016, corresponding to an increase of 4.6% in local currencies. The resulting overall energy intensity ratios for 2017 were:

- 11.4 MWh/employee compared to 11.9 MWh/employee in 2016, corresponding to a 4% decrease, and
- 68.8 Wh/CHF compared to 71.1 Wh/CHF in 2016, corresponding to a decrease of 4%.

The direct energy consumption of our service fleet in relation to our number of employees as well as in relation to revenue decreased in the reporting year:

- 7.9 MWh/employee compared to 8.1 MWh/employee in 2016, corresponding to a 2% decrease, and
- 47.8 Wh/CHF compared to 48.7 Wh/CHF in 2016, corresponding to a 2% decrease.

Indirect energy consumption per employee and indirect energy consumption in relation to revenue decreased as follows in 2017:

- 2.2 MWh/employee compared to 2.3 MWh/employee in 2016, corresponding to a 4% decrease, and
- 13.2 Wh/CHF compared to 14.1 Wh/CHF in 2016, corresponding to a 6% decrease.

Energy consumption summary

In gigawatt hours (GWh)	2017	2016*	2015*
Direct energy: fuels for buildings and processes	76	83	75
Direct energy: fuels for vehicle fleet	463	458	463
Indirect energy: electricity and district heat	128	131	107
Total energy consumption	667	672	645

* Restated in line with the G4-EN3 restatement.

Energy intensity ratios

In megawatt hours (MWh) per employee	2017	2016*	2015*
Direct energy: fuels for buildings and processes	1.3	1.4	1.4
Direct energy: fuels for vehicle fleet	7.9	8.1	8.5
Indirect energy: electricity and district heat	2.2	2.3	2.0
Total energy	11.4	11.9	11.9

* Restated in line with the G4-EN3 restatement.

In megawatt hours (MWh) per CHF million	2017	2016*	2015*
Direct energy: fuels for buildings and processes	7.8	8.8	8.1
Direct energy: fuels for vehicle fleet	47.8	48.7	50.1
Indirect energy: electricity and district heat	13.2	14.0	11.6
Total energy	68.8	71.7	69.7

* Restated in line with the G4-EN3 restatement.

G4-EN6 Reduction of energy consumption

The main focus when reducing energy consumption is on improving the energy efficiency of our service fleet.

Global Fleet Policy

Our service fleet is mainly used by our employees in connection with the maintenance of elevators and escalators. There is significant potential to further reduce our carbon footprint in this area.

In 2012, further enhancements were made to the Global Fleet Policy originally introduced in 2005. The enhancements not only include additional safety requirements for our fleet but also the definition of lower CO₂ emissions targets. We aim to reduce CO₂-equivalent emissions from our service fleet compared to the level in 2012. The revised policy enables us to benefit from improved technology and simultaneously reduces our overall carbon footprint. For further details on our performance, refer to G4-EN15, G4-EN18, and G4-EN19.

G4-EN7 Reductions in energy requirements of products and services

Around 80% of a building's total environmental impacts occur while it is in use. Schindler contributes to the reduction of these impacts through the development of energy-efficient products and regular maintenance – thus ensuring that they remain clean, reliable, and energy efficient.

We also offer modernization solutions for older elevators and escalators, thus improving energy efficiency and the safety and comfort of passengers. Modernization measures include the installation of new LED lighting systems, Power Factor 1 energy-recovery drives, and controls enabling elevators or escalators to switch to standby mode when not in use. Transport management systems in new installations and modernizations can potentially increase the volume of passengers they transport by up to 30%.

Energy-efficient products

Urban centers produce around 75% of global CO₂ emissions,⁴ and buildings account for around 40% of annual energy consumption.⁵ Reductions in energy consumption therefore make it possible not only to preserve non-renewable energy sources for the future but also to lower pollution levels. We help to make urban centers more sustainable by developing and supplying energy-efficient and resource-efficient mobility solutions.

To measure our progress in reducing the environmental impacts of our products, we developed an ecological product comparison tool known as PEcoPIT. This allows us to gather the information needed to perform life cycle assessments. PEcoPIT evaluates the consumption of energy and raw materials over the entire life cycle of products and enables the environmental load of new products to be compared with older models. The potential environmental impact is assessed using the Swiss Agency for the Environment, Forests and Landscape (SAEFL) method to determine ecological scarcity, which is measured based on environmental load units, as well as using the eco-indicator method based on eco-indicator points.

The daily energy requirements of buildings have a significant impact on the environment. The amount of energy used by elevators and escalators while in operation is a key factor determining their environmental impact. We apply the VDI 4707 guidelines to obtain an accurate assessment of the energy efficiency of our elevators. We have achieved an 'A' rating – the energy efficiency class according to the VDI 4707 measurement standard – for the Schindler 3300, the Schindler 5500, and the Schindler 6300, and an 'A' to 'B' rating for the Schindler 7000 (high-rise) elevator lines.⁶ The escalator product line Schindler 9300 was enhanced through the use of new materials and design options and certified to meet the best energy classification 'A+++' according to the international ISO 25745 standard.⁷

Environmental fact sheets for our products are available at:
www.schindler.com/sustainability

Green building standards

It is essential to take account of green building standards such as BREEAM, LEED, Minergie, and Green Star, when planning, constructing, and operating sustainable buildings. We comply with the specifications of the relevant international codes and we assist architects and designers in obtaining green building certifications.

	The Americas	Europe	Asia-Pacific, Africa
We supply mobility solutions for a range of buildings that have been constructed in accordance with green building standards in order to obtain the relevant certifications. Examples include:	<p>345 California Center San Francisco, USA LEED</p> <p>Torre Reforma Mexico City, Mexico LEED Platinum</p> <p>4 World Trade Center New York, USA LEED Gold</p> <p>The Tower at PNC Plaza Pittsburgh, USA LEED Platinum</p> <p>EZ Towers – Torre B São Paulo, Brazil LEED Gold</p> <p>Centro Empresarial Leuro Lima, Peru LEED Platinum</p>	<p>Heron Tower London, UK BREEAM</p> <p>The Francis Crick Institute London, UK BREEAM Excellent</p> <p>Fluor office building Hoofddorp, Netherlands BREEAM Excellent</p> <p>Warsaw Spire Warsaw, Poland BREEAM Excellent</p> <p>Roche Tower Basel, Switzerland Minergie</p> <p>Rosum Bratislava, Slovakia LEED Gold</p> <p>Faro de Guadiana shopping mall Badajoz, Spain BREEAM</p>	<p>Brookfield Place Perth, Australia Green Star</p> <p>ION Orchard Singapore BCA Green Mark Gold</p> <p>Hysan Place Hong Kong, China LEED Platinum</p> <p>Asia Square Tower 2 Marina Bay, Singapore LEED Platinum</p> <p>Park Ventures Bangkok, Thailand LEED Platinum</p> <p>Zuellig Building Makati, Philippines LEED Platinum</p> <p>1 Discovery Place Sandton, South Africa 5 Star Green Star</p> <p>Portside Cape Town, South Africa 5 Star Green Star</p> <p>Sir H.N. Reliance Foundation Hospital Mumbai, India IGBC LEED Gold</p>
Schindler buildings:	<p>Schindler regional headquarters Morristown, USA LEED</p>	<p>Elevator plant Dunajská Streda, Slovakia BREEAM Excellent</p>	<p>Elevator and escalator plant Jiading, China LEED Silver</p> <p>Schindler City Jiading, China LEED Gold</p> <p>Elevator plant Pune, India IGBC LEED India Platinum</p>

Further information on environmental leverage and product and site ecology is available at: www.schindler.com/sustainability

G4-EN8–EN10 Water

Water consumption is not a business-critical indicator for our company since we do not use water in our manufacturing processes. Water consumption is limited to what is typically consumed in an office environment where water discharges remain within the municipal treatment system. Total water consumption was determined to be around 500 000 m³, corresponding to about 8 m³ per employee, while the majority (97%) of our water comes from local municipal water utilities.

Consequently, water consumption was determined to be at a low threshold level and therefore immaterial for reporting purposes, as indicated in the materiality index in G4-19.

G4-EN11–EN14 Biodiversity

Biodiversity is not reported as it is immaterial to our business. Our operations have a limited impact on local biodiversity. Consequently, no protected areas are affected by our business.

G4-EN15 Scope 1 direct greenhouse gas emissions

Our service fleet remains the largest single source of greenhouse gas emissions⁸ at Schindler, representing more than sixty percent of our total carbon footprint from Scope 1 and 2. With effect from 2016, we have included fugitive emissions originating from refrigerant losses in our buildings' air-conditioning systems in our Scope 1 reporting. In 2017, they were found to result in about 3 kilotons of CO₂-equivalent emissions. Compared to 2016, Scope 1 emissions decreased by a total of 5 300 tons or 4%.

Direct greenhouse gas emissions

In kilotons of CO ₂ equivalents	2017	2016*	2015*
Buildings and processes: fugitive emissions	3	2	-
Buildings and processes: fuel use	16	17	16
Fuels for vehicle fleet	114	118	119
Total Scope 1	133	137	135

* Restated in line with the G4-EN3 restatement.

G4-EN16 Scope 2 indirect greenhouse gas emissions

Our indirect greenhouse gas emissions⁸ represent 29% of our total carbon footprint from Scope 1 and 2. Compared to 2016, our Scope 2 emissions remained at the same level.

Indirect greenhouse gas emissions

In kilotons of CO ₂ equivalents	2017	2016	2015
Electricity	52	51	42
District heat	3	4	2
Total Scope 2	55	55	44

G4-EN17 Scope 3 indirect greenhouse gas emissions

We have considered our upstream value chain impacts using purchasing data and have modeled the related emissions on the basis of an input-output database. This assessment identified the orders of magnitude for each category. As a result, purchased goods and services were found to be the most material Scope 3 emission, followed by transport activities. Capital goods, waste generated, business travel, and fuel- and energy-related activities were found to be of low relevance.

G4-EN18 Intensity of greenhouse gas emissions

Total CO₂-equivalent emissions per employee decreased by 3% in 2017 compared to 2016. Total CO₂-equivalent emissions in relation to revenue decreased by 7% over the same period:

- 3.1 t/employee in 2017 compared to 3.3 t/employee in 2016, and
- 18.4 g/CHF in 2017 compared to 19.8 g/CHF in 2016.

Greenhouse gas emissions overview

In kilotons of CO ₂ equivalents	2017	2016*	2015*
Scope 1 buildings and processes	18	19	16
Scope 1 vehicle fleet	114	118	119
Scope 2 indirect	55	55	44
Total Scope 1 and Scope 2	187	192	179

* Restated in line with the G4-EN3 restatement.

Greenhouse gas emissions intensity

In tons per employee	2017	2016	2015
Scope 1 buildings and processes	0.3	0.3	0.3
Scope 1 vehicle fleet	1.9	2.0	2.1
Scope 2 indirect	0.9	0.9	0.8
Total Scope 1 and Scope 2	3.1	3.2	3.2

In tons per CHF million	2017	2016*	2015*
Scope 1 buildings and processes	1.8	1.9	1.7
Scope 1 vehicle fleet	11.2	12.2	12.7
Scope 2 indirect	5.4	5.7	4.7
Total Scope 1 and Scope 2	18.4	19.8	19.1

* Restated in line with the G4-EN3 restatement.

G4-EN19 Reduction of greenhouse gas emissions

The reference year for the calculation of the reduction of greenhouse gas emissions is 2012. This was also the starting point for the updated Global Fleet Policy, which stipulates that our vehicle fleet is to be replaced with more fuel-efficient vehicles in order to lower CO₂-equivalent emissions. Details of this program can be found in G4-EN6. At the end of 2017, we had achieved the following:

- Taking account of our growth in headcount, we achieved a reduction of 29%, and taking account of the growth in revenue, we achieved a reduction of 22%.

- This corresponds to a reduction in CO₂-equivalent emissions of around 46 400 tons versus the business-as-usual scenario based on headcount or 32 600 tons based on revenue.

G4-EN21 NO_x, SO_x, and other significant air emissions

The only noteworthy air emissions to result from our activities originate from paint and solvents used during maintenance work on elevators and escalators.

The use of non-chlorinated volatile organic compounds (VOCs) was reduced by 4% in 2017 to 2.1 kg/employee even though our volume of business increased. This compared to 2.3 kg/employee in 2016.

Volatile organic compounds (VOCs)

in tons	2017	2016	2015
Non-chlorinated	131	137	126
Chlorinated	0	0	0
Total VOC emissions	131	137	126

Fugitive emissions (refrigerants)

	2017	2016	2015
Refrigerants loss refilled in tons	1.3	0.8	-
ODP of emitted refrigerants in kilograms R-11 equivalents	0.1	0.0	-
Greenhouse gas emissions from refrigerants in kilotons of CO ₂ equivalents	2.5	1.5	-

Starting in 2016, we were able to quantify emissions from refrigerants. We have also assessed the emissions of refrigerants due to losses in air-conditioning systems. In 2017, the resulting carbon footprint is around 2.5 kilotons, and the calculated ozone depletion potential (ODP) is about 0.1 kilograms of R-11 equivalents.

G4-EN23 Total amount of waste by type and disposal method

Around 92% of our total volume of waste is either recycled or incinerated for energy recovery. Hazardous waste⁹ represents 6% of the total waste generated, of which a major proportion (96%) is either recycled or incinerated.

The total amount of waste decreased by less than 1% in absolute terms in 2017. In relative terms, the reductions were as follows:

- 0.59 t/employee, compared to 0.62 t/employee in 2016, and
- 3.6 g/CHF in 2017, compared to 3.7 g/CHF in 2016.

Hazardous/special waste

In tons	2017	2016	2015
Used oils/oil emulsions	1 067	1 081 [*]	908 [*]
% recycled	74	90	76
% incinerated	22	4	13
% landfill	4	6	11
Electric and electronic waste	688	668 ^{**}	618
% recycled	96	98	87
% incinerated	2	0	2
% landfill	2	2	11
Other hazardous waste	294	370	364 ^{***}
% recycled	65	54	34
% incinerated	24	26	30
% landfill	11	20	36
Total hazardous/special waste	2 049	2 119	1 890

^{*} Restated: under-reporting in 2016 and 2015 by one in the amount of 224 tons and 41 tons, respectively.

^{**} Restated: under-reporting in 2016 by one subsidiary in the amount of 9 tons.

^{***} Restated: under-reporting in 2015 in the amount of 28 tons.

Non-hazardous waste

In tons	2017	2016	2015
Scrap metal	18 179	19 202 [*]	18 435 [*]
% recycled	100	100	98
% incinerated	0	0	1
% landfill	0	0	1
Paper/cardboard	3 652	3 723	3 484 ^{**}
% recycled	94	99	96
% incinerated	5	0	2
% landfill	1	1	2
Municipal waste	5 279	5 118 ^{***}	4 929 ^{***}
% recycled	28	39	26
% incinerated	39	26	29
% landfill	33	35	45
Other non-hazardous waste	7 068	6 091 ^{****}	5 841 ^{****}
% recycled	62	68	57
% incinerated	29	24	31
% landfill	9	8	12
Total non-hazardous waste	34 178	34 134	32 689
Total waste disposed	36 227	36 253	34 579

^{*} Restated: over-reporting by one subsidiary in the amount of 1 ton in 2016 and under-reporting in the amount of 103 tons in 2015.

^{**} Restated: under-reporting by one subsidiary in the amount of 28 tons in 2015.

^{***} Restated: over-reporting in the amount of 24 tons in 2016 and 89 tons in 2015.

^{****} Restated: over-reporting by one subsidiary in the amount of 9 062 tons in 2016 and 8 053 tons in 2015.

G4-EN27 Extent of impact mitigation of environmental impacts of products and services

We perform life cycle assessments based on ISO 14040 and ISO 14041 to identify ways of improving the environmental performance of a product throughout its life cycle – from the development phase and procurement of raw materials to production, packaging and transportation, utilization, maintenance, and disposal. Around 30% of energy can be recovered¹⁰ by feeding unused elevator energy back into a building’s electricity network, resulting in a reduction in waste heat and elevator cooling requirements.

G4-EN29 Significant fines and sanctions for non-compliance with environmental laws and regulations

No significant fines were paid in the reporting year 2017.

10 Social dimension

Human resources

It is the skill, expertise, and professionalism of our employees that ultimately determine our success in the marketplace. It is therefore vital for us to attract and retain people who share our corporate values and objectives.

Human Resources (HR) is committed to promoting high-quality leadership that drives strong levels of employee engagement and accountability. Within our growth markets, HR focuses on recruiting and retention, as well as on the provision of high-quality training and development to ensure our employees have the necessary skills to drive sustainable growth. In developed markets, HR uses performance management and development actions to ensure our employees are equipped to grow our business portfolio, increase operational competitiveness, and deliver excellent service quality to our customers.

As a global company, we engage with diversity in all its forms. Gender diversity was identified as an immediate goal and we intend to broaden the scope of our initiatives in the future.

In 2017, we established a Diversity in Leadership program in Europe. The program aims to build a more inclusive leadership profile and is one of the Group’s pillars of the overall diversity agenda. The 10-month program is designed to develop women role models and ultimately increase the proportion of women in leadership positions. The program complements the ongoing work of the Diversity Committee. In 2017, the Committee continued to meet regularly and discussed concrete actions to improve diversity within Schindler.

The Diversity Committee and a Talent Management and Organizational Development (TM-OD) department within Corporate Human Resources were established in 2016. The Diversity Committee meets regularly to evaluate our progress in promoting an inclusive culture, while TM-OD identifies talents, makes them visible to senior management, and ensures that their future development is carefully planned.

In 2015, the rollout of our People Strategy was expanded to include:

- Succession planning and performance management systems for all employees, providing transparency, traceability, and follow-up measures to foster a high-performance culture.
- An individual evaluation that identifies the specific skills, knowledge, and behaviors that employees need to develop to realize their future potential.
- A global website and a further 20 local websites in multiple languages are available for employees so that they can view potential career paths, internal job vacancies, and individual development guides.
- Extensive usage of new assessment and training courses based on the Schindler Leadership Framework to strengthen the capabilities of our leaders.
- A comprehensive Employee Communication Strategy, which was introduced at both Group and operational level.

In 2013, we introduced a global People Strategy. It is based on our core values as well as seven 'HR ambitions' that help us to implement our business strategy. Our goal is to have a highly motivated and committed workforce led by a talented management team in a working environment that is stimulating and attractive for both current and prospective employees.

Safety

Safety is one of our core values. We do not compromise on safety:

- Passenger safety: from the design and production phases through to on-site installation, servicing, and inspections, our teams of professionals focus on providing safe and reliable mobility, 24 hours a day and 7 days a week.
- Employee safety: we strive to offer a safe, stimulating, and innovative working environment for all our employees.

We assign particular importance to promoting risk awareness and a sophisticated technical and safety culture among our employees. In addition to our internal and external risk and safety management system, we have introduced a comprehensive behavior-based safety initiative that is targeted at all employees worldwide and builds on our existing safety management program. This program will be enhanced on an ongoing basis, as described in G4-LA6.

Customer Excellence

In view of the improvement in the customer experience, the Net Promoter Score increased by 5% in 2017, increasing the proportion of promoters compared to 2016. Additional information on specific achievements in 2017 is provided in G4-PR5.

Going forward, we are committed to:

- Further strengthening and sustaining the increase in customer loyalty
- Continuing to drive our Customer Excellence process quality
- Delivering a flawless customer experience

We launched our Customer Excellence program in 2012 to support our vision of 'Leadership through Customer Service'.

Ethics

All managers and employees worldwide pledge to uphold the values and rules set out in Schindler's Code of Conduct: they agree to act in an ethical manner and in compliance with all applicable laws and regulations. The implementation of the Code of Conduct is based on three pillars: Educate – Examine – Enforce. This means that we want to educate employees regularly about how to address compliance-relevant situations, examine cases systematically in order to discover possible deficiencies, and enforce compliance by taking appropriate corrective action if any breaches occur.

Further information on the Code of Conduct is available at www.schindler.com/corporatecompliance

G4-LA4 Minimum notice periods regarding operational changes

We comply with employment laws and regulations – including rules governing minimum notice periods for significant operational changes – in the individual markets in which we operate.

These laws and regulations may differ significantly from country to country. In certain markets, the minimum notice periods are specified in collective bargaining agreements, while in others, they are defined on a case-by-case basis. Notice periods range from no requirement to one year. Some countries specify different notice periods based on the length of service of affected employees and/or their seniority within the company.

Alternative arrangements may also be put in place. In such cases, the terms set out in these collective agreements exceed the minimum statutory requirements.

G4-LA5 Workforce represented in formal joint management-worker health and safety committees

Safety and Health Committees have been established for all our operations. Depending on the size of the operations concerned, these committees operate either at a local company level (small operations) or at both company level and regional level (larger operations) in order to cover the entire geographic breadth of that operation. The composition of the committees complies with local legislation governing employee and management representation. The committees meet as often as required by local legislation.

Our Corporate Safety and Health team provides further support to the operational committees in areas such as the rollout of corporate initiatives, safety leadership training, and assessments.

We hold a Global Safety Convention once every two years to share best demonstrated practices within our company.

G4-LA6 Rates of injury, occupational diseases, lost days, fatalities, and absenteeism

In 2017, Schindler's LTIFR was 2.2, representing an improvement of 8% compared to the previous year. The Behavior-Based Safety Initiative applies to all employees worldwide and is continuously adapted to address the most important aspects identified during internal assessments.

Year-on-year improvement

	2017	2016	2015
Lost time injury frequency rate (LTIFR)	2.2	2.4	2.6
Improvement in LTIFR in %	8	8	10

We continued the Behavior-Based Safety Initiative in 2017 with a focus on the following measures:

- Safety leadership training
- Special training on fall protection, hoistway access, and accident investigations
- Safety walks by Group, regional, and local management
- Specific safety awareness videos developed by Schindler

G4-LA9 Average hours of training per year per employee

Global technical training and certification

Around 60% of our workforce consists of installation and service technicians, who make a vital contribution to the success of our business. Reflecting our focus on the quality and safety of our products, we assign the utmost importance to ensuring that our employees have the necessary skills and expertise to perform their roles effectively.

As a first step, we assess the core capabilities of our employees, offer appropriate training, and conduct a certification process to confirm that they have the skills needed for their work – thus guaranteeing that all technicians worldwide have a comparable level of expertise.

Based on this global standard, we provide any additional training on a targeted basis to meet the specific needs of individual regions or subsidiaries.

Our employee certification program provides at least five days of training per year, including technical training and frequent updates to ensure that employees are informed of regulatory changes.

The average number of technical training days provided per employee in 2017 was 7.8 days. This compares to our target of five days of training for installation and service technicians provided by our certification program.

Average days of technical training for technicians

In days per employee	2017	2016	2015
Europe	5.5	5.7	5.6
The Americas	10.2	8.9	9.3
Asia-Pacific, Africa	7.9	8.4	8.2
Global average	7.8	7.7	7.7

G4-LA10 Programs for skills management and lifelong learning

Our non-technical training is based on a multichannel approach – ranging from traditional classroom teaching to multimedia training courses that employees can complete on their laptops or mobile devices. We offer a broad range of courses to build skills, knowledge, and experience in all areas of the business. We encourage cross-functional training to allow our employees to broaden their career options.

Leadership Academy

Leadership is important because it is the leaders who drive and implement the new processes and ideas that help us to evolve and become more sustainable. Consequently, our business training provides a specific focus on leadership development. We offer a wide range of business leadership training courses, in addition to which employees can participate in group projects and job rotations to enhance their career development. We run a Leadership Academy to prepare employees in senior positions to manage increasingly complex global organizations.

Schindler Career Development Program

We support young talent through the Schindler Career Development Program (SCDP). The SCDP is an on-the-job management training program designed to develop a pipeline of future leaders and to prepare them to assume key management positions. This six-year program includes a functional rotation, an international assignment, and professional leadership opportunities.

G4-LA11 Employees receiving performance and career development reviews

In 2017, 71% of our employees participated in a formal annual performance review with their manager during which their skills and capabilities were assessed. We provide training and development opportunities for all our employees to promote high levels of motivation and performance and to help them realize their full potential.

In % at year-end	2017	2016	2015
Employees receiving formal performance review at least once per year	71	67	79

G4-LA12 Composition of governance bodies and breakdown of employees by gender and age

In 2017, female representation remains unchanged with two women on our Board of Directors and no women on the Group Executive Committee.

Employees by gender at year-end

Number at year-end	2017	2016	2015
Women on the Board of Directors	2	2	2
Women on the Group Executive Committee	0	0	0
Women in Group Management	56	-	-

Employees by age distribution at year-end

In % at year-end	2017	2016	2015
Below 30 years	26	25	22
Between 30 and 50 years	56	57	59
Above 50 years	18	18	19
Total	100	100	100

G4-HR3 Incidents of discrimination and corrective actions taken

Our annual compliance assessment did not identify any significant incidents of non-compliance with our global policy on equal opportunities. We do not tolerate discrimination in any form.

G4-HR5 Operations and suppliers with significant risk for incidents of child labor

Our rejection of the use of child labor is set out in Schindler's Code of Conduct and Schindler's Vendor Policy. It is also prescribed in country-specific labor laws. The annual compliance assessment did not identify any cases involving child labor risks.

G4-SO3 Number of operations assessed for risks related to corruption

Our compliance program encompasses all our entities and all our employees. A core component of the program is the mandatory completion of an online questionnaire by all employees with a corporate e-mail account every six months. In addition to conducting this compliance questionnaire, we perform regular corporate compliance audits. These audits include compliance briefings, reviews of accounts, mock dawn-raids, spot checks on branch offices, and reviews to monitor the implementation of the compliance program at a local level.

G4-SO4 Communication and training on anti-corruption policies and procedures

Schindler's Code of Conduct states that our employees around the world shall maintain the highest standards of professional and personal conduct in their relationships with customers, colleagues, suppliers, competitors, governments, and communities. The Code of Conduct applies to all employees.

We run a comprehensive training program on anti-corruption efforts, including a dedicated eLearning module for all employees with a corporate e-mail account. This program includes additional classroom training for employees in market-focused functions, e.g. sales or procurement.

Spot training for managers is based on real Schindler cases and include topics that range from confidentiality on social media platforms and conflict of interest to competition, anti-bribery, and fraud cases.

G4-SO5 Actions taken in response to incidents of corruption

Our Compliance team investigates any potential signs of corruption and is supported by external specialists in this area.

G4-S07 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices

The Group is exposed to a variety of legal risks. In particular, they may include risks associated with employment law, product liability, patent law, tax law, and competition law. Several Group companies are involved in legal proceedings. The results of pending or future proceedings cannot be accurately forecast. Consequently, decisions by courts or other authorities can give rise to expenses that are not covered either partly or fully by insurance policies. This may have a significant impact on our business and future results.

Further information is available in the Financial Statements 2017, page 43.

G4-S08 Significant fines and sanctions for non-compliance with laws and regulations

No significant fines were paid in the reporting year 2017.

G4-PR1 Assessment of health and safety impacts of products

The health and safety impacts of products are fully integrated into every phase of their life cycle, from the design phase to disposal, reuse, or recycling.

The Product Cycle Process is one of our key research and development processes and underscores our commitment to product safety. It encompasses four different stages:

In the first stage, safety considerations are incorporated into the research and development phase (e.g. elevator safety codes are used to determine internal research and development requirements).

In the second stage, the elevators – once they have been manufactured – undergo rigorous on-site safety testing before being approved for use by our customers.

In the third stage, we carry out regular inspections as well as Confirmation of Periodic Safety Inspection processes to ensure the safe use of our elevators. These processes aim to ensure that all elevators in our portfolio operate safely and satisfy all applicable safety codes, requirements, and regulations.

In the fourth and final stage, the internal PEcoPIT process provides us with an overview of energy consumption, restricts the use of hazardous materials, and enables the safe disposal of the product at the end of its life cycle.

G4-PR3 Product and service information required by procedures

As outlined in G4-EN7 and G4-PR1, we assess the environmental impact of our products based on a life cycle approach using our ecological product comparison tool PEcoPIT. We comply with green building standards, e.g. BREEAM or LEED, and provide information on our products' materials, production, utilization, and disposal in environmental product declarations (EPD) to our customers. In addition, health and safety impacts are fully integrated into our Product Cycle Process and we provide information about the safe use of our products, as required by regulations.

Environmental fact sheets for our products are available at:
www.schindler.com/sustainability

G4-PR5 Results of surveys measuring customer satisfaction

The program incorporates a customer survey system that measures and improves customer loyalty using a state-of-the-art survey tool known as the 'Net Promoter System.' Our customers receive the survey immediately after any significant form of interaction with us (e.g. a maintenance visit or project completion). Only a few questions are asked during the survey, the most important of which is: 'On a scale of 0–10, would you recommend Schindler to a friend or business colleague?'

Over 130 000 surveys were conducted in 2017 to assess customer satisfaction. The Net Promoter Score improved by 5% in 2017 while other key indicators remained stable in the reporting year:

At year-end	2017	2016	2015
Number of surveys completed	131 167	136 333	130 429
Net Promoter Score improvement compared to previous year in %	5	11	6
Response rate improvement compared to previous year in %	1	2	19
Promptness of feedback to customer compared to previous year in %	-1	29	4

In 2012, we launched 'Customer Excellence' – a program to help our subsidiaries around the world to deliver the solutions and services that customers expect. The program describes our value proposition and defines the basic processes needed to serve our customers effectively.

G4-PR8 Complaints regarding breaches of customer privacy and losses of customer data

As outlined in G4-SO4, Schindler's Code of Conduct requires all employees to maintain the highest standards of professional and personal conduct, including in their relationships with customers. With regard to personal information, Schindler has a Privacy Policy that requires Schindler employees to treat personal information in accordance with applicable data protection laws.

In 2017, Schindler conducted 141 (2016: 137) compliance investigations globally.

G4-PR9 Significant fines for non-compliance with laws and regulations concerning the provision and use of products and services

No significant fines were paid in the reporting year 2017.

11 List of definitions and abbreviations

BREEAM	Building Research Establishment Environmental Assessment Method is a UK-based method of assessing, rating, and certifying the sustainability of buildings.
CNG	Compressed Natural Gas
EPD	Environmental Product Declaration
GHG	Greenhouse Gas
Green Star	A voluntary sustainability rating system for buildings in Australia launched in 2003 by the Green Building Council of Australia.
GRI	Global Reporting Initiative – a leading organization promoting the use of its Sustainability Reporting Framework as a way for organizations to report on their economic, environmental, social, and governance performance. The reporting framework enables all companies and organizations to measure, understand, and communicate information on their sustainability impact, performance, and practices. Further information is available at: www.globalreporting.org
GWh	Gigawatt hours
HR	Human Resources
IFRS	International Financial Reporting Standards
ISO	International Organization for Standardization
ISO 14001	An international standard that sets out criteria for an environmental management system.
ISO 14040	An international standard that sets out principles and a framework for life cycle assessments.
ISO 25745	An international standard concerning energy performance of lifts, escalators, and moving walks.
LEED	Leadership in Energy and Environmental Design – a US standard (see BREEAM)
LPG	Liquefied Petroleum Gas
LTIFR	Lost Time Injury Frequency Rate
MWh	Megawatt hours
Minergie	A Swiss registered quality label for new and refurbished low-energy-consumption buildings that is jointly supported by the Swiss Confederation, the Swiss Cantons, and the Principality of Liechtenstein, as well as trade and industry.
NPS	Net Promoter Score
ODP	Ozone Depletion Potential
OR	Organizational Regulations – Schindler Holding Ltd.
PEcoPIT	Product Eco-Performance Improvement Table/Tracking
PORT	Personal Occupant Requirements Terminal
SAEFL	Swiss Agency for the Environment, Forests, and Landscape
SCDP	Schindler Career Development Program
SGC	Sustainability Governance Council
TM-OD	Talent Management and Organizational Development
VDI 4707	A guideline published by the Association of German Engineers (VDI). It measures and classifies elevators according to their energy performance.
VOC	Volatile Organic Compound
WBCSD	World Business Council for Sustainable Development
Wh	Watt hours
WRI	World Resources Institute

12 GRI content index

G4	GRI content	Page	References	Status
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G4-2	Key impacts, risks, and opportunities	3	Group Review p. 65–69	●
Organizational profile		5		
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G4-4	Primary brands, products, and/or services	5		◐
G4-5	Location of the organization's headquarters	6		●
G4-6	Number of countries and location of operations	6	Financial Statements p. 59–60	●
G4-7	Nature of ownership and legal form	6	Financial Statements p. 40, 104–105	●
G4-8	Markets served	6		●
G4-9	Scale of the organization	7	Financial Statements p. 59–60	◐
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G4-13	Significant changes during the reporting period	8		●
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● Detailed information ◐ Partial information ○ No information ◻ Not relevant for Schindler (immaterial)

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● Detailed information ◐ Partial information ○ No information ◻ Not relevant for Schindler (immaterial)

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G4-EN9	Water sources significantly affected by withdrawal of water	24		□
G4-EN10	Percentage and total volume of water recycled and reused	24		□
G4-EN11	Protected areas and areas of high biodiversity value	24		□
G4-EN12	Impacts on biodiversity in protected areas and areas of high biodiversity	24		□
G4-EN13	Habitats protected or restored	24		□
G4-EN14	Number of IUCN Red List species	24		□
G4-EN15	Scope 1 direct greenhouse gas emissions	24		●
G4-EN16	Scope 2 indirect greenhouse gas emissions	24		●
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● Detailed information ◐ Partial information ○ No information □ Not relevant for Schindler (immaterial)

G4	GRI content	Page	References	Status
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G4-LA2	Benefits only provided to full-time employees	–		○
G4-LA3	Return to work and retention rates after parental leave, by gender	–		○
G4-LA4	Minimum notice periods regarding operational changes	30		●
G4-LA5	Workforce represented in formal joint management-worker health and safety committees	30		●
G4-LA6	Rates of injury, occupational diseases, lost days, fatalities, and absenteeism	30		◐
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G4-LA16	Grievances about labor practices	–		○
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G4-HR2	Employee training on policies and procedures concerning human rights	–		○
G4-HR3	Incidents of discrimination and corrective actions taken	33		●
G4-HR4	Right to freedom of association and collective bargaining at risk	–		○
G4-HR5	Operations and suppliers with significant risk for incidents of child labor	33		◐
G4-HR6	Operations and suppliers with significant risk for incidents of forced or compulsory labor	–		○
G4-HR7	Security personnel trained in policies and procedures concerning aspects of human rights	–		○
G4-HR8	Incidents of violations involving rights of indigenous people	–		○
G4-HR9	Operations that have been subjected to human rights reviews or assessments	–		○
G4-HR10	New suppliers that were screened using human rights criteria	–		○
G4-HR11	Negative human rights impacts in the supply chain and actions taken	–		○
G4-HR12	Grievances about human rights impacts	–		○

● Detailed information ◐ Partial information ○ No information ◻ Not relevant for Schindler (immaterial)

G4	GRI content	Page	References	Status
G4-SO1	Operations with local community engagement, impact assessments, and development programs	–		□
G4-SO2	Operations with actual or potential negative impacts on local communities	–		□
G4-SO3	Number of operations assessed for risks related to corruption	33		◐
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G4-PR5	Results of surveys measuring customer satisfaction	35		◐
G4-PR6	Sale of banned or disputed products	–		○
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Sector supplement indicators

No specific GRI sector supplement indicators exist for Schindler's markets.

● Detailed information ◐ Partial information ○ No information □ Not relevant for Schindler (immaterial)

List of footnotes

- ¹ The formation of collective bargaining agreements is not legalized in all countries. In such cases we respect the local legal framework.
- ² Fossil fuel consumption figures were converted into gigawatt hours using standard conversion factors.
- ³ Indirect energy consumption refers to the amount of electricity and steam purchased and consumed that originates from upstream generating activities to Schindler's reporting boundary according to Scope 2 of the WRI/WBCSD GHG Protocol. The latter refers to the Greenhouse Gas Protocol (GHG) initiative, which is a corporate accounting and reporting standard of the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD). Calculations followed GHG Protocol's Scope 2 location-based approach, using factors from the World edition of CO₂ Emissions from Fuel Combustion by OECD/IEA, 2015.
- ⁴ GER Transport, 2011. Towards a Green Economy: Pathways to Sustainable Development and Poverty Eradication, www.unep.org/greeneconomy, p. 372–407, United Nations Environment Programme.
- ⁵ UNEP-DTIE, Sustainable Consumption and Production Branch, Cities and Buildings, www.unep.org/resourceefficiency.
- ⁶ VDI 4707 defines an energy label and provides a figure for annual nominal energy consumption. Seven energy efficiency classes provide a transparent and factual overview when rating elevators according to their energy performance. They range from 'A' to 'G,' with 'A' being the best-in-class system. Energy efficiency classifications are valid for a specific installation only, in (i) a particular usage category and with given (ii) rated load, (iii) travel height and (iv) speed and, as the case may be, (v) any optional energy-saving features.
- ⁷ An energy efficiency certification for escalators is valid for a specific installation only.
- ⁸ Calculation of greenhouse gas emissions followed the Greenhouse Gas Protocol with standard conversion factors from energy use based on the IPCC Fourth Assessment Report (AR4 – 100 year), expressed as CO₂ equivalent including the following gases: CO₂, CH₄, N₂O. Other greenhouse gases such as HFCs, PFCs, SF₆, and NF₃ are considered irrelevant in our types of processes.
- ⁹ Country-specific definitions are applied for hazardous and non-hazardous waste.
- ¹⁰ Energy recovery depends on the configuration of the elevator and inverter model as well as the building system.



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