

Sustainability Targets 2020

Status of achievement

Products and innovations

Modules and targets	Targets 2020	Level of achievement	Progress status (year-end 2018)
<p>Product responsibility GF products support the customer in saving energy and reducing CO₂-emissions during use of products.</p>	<p>GF provides CO₂-efficient and safe products to the customer.</p>		<p>All Divisions place a strong focus on innovation and continuously work on developing new solutions that provide CO₂-efficiency benefits for our customers.</p>
<p>Ecodesign GF products are optimized with regard to their environmental friendliness, resource efficiency, and durability.</p>	<p>Systematic introduction of ecodesign measures in product development in order to promote energy- and resource-efficient products.</p> <p>Each Division monitors its environmentally friendly products, which enable reduced energy consumption and/or CO₂-emissions.</p> <p>GF Piping Systems optimizes its products regarding their environmental friendliness, resource efficiency, and durability.</p> <p>GF Casting Solutions focuses on bionic design and lightweight construction.</p> <p>GF Machining Solutions joins the Blue Competence Initiative and reduces average energy consumption by 15% for milling machines and by 20% for EDM machines.</p>		<p>GF's product and solutions range already offers a variety of social and environmental benefits to its customers and end consumers. In 2018, 47% of GF's sales could be attributed to products with such features. All Divisions reinforced their commitment to increasing their focus on the sustainability of their offerings and to positioning them as such for their respective customer segments.</p> <p>One example was GF Piping Systems' launch of a research project to identify the opportunities and challenges of applying a circular economy approach to its product portfolio. As a participant of the Blue Competence initiative, GF Machining Solutions introduced a number of eco-design features across its entire product range (see dedicated segment in the section "Highlights 2018").</p>

Procurement and logistics

Modules and targets	Targets 2020	Level of achievement	Progress status (year-end 2018)
<p>Procurement GF suppliers demonstrably comply with GF's Supplier Code for eco-friendly and socially responsible supply.</p>	<p>All key suppliers have signed the GF Supplier Code.</p>		<p>As of the end of 2018, the majority of GF suppliers had signed the Supplier Code. The target is on track to being achieved.</p>
	<p>Systematically integrate sustainability aspects into supplier audits. At least ten audits focused on sustainability are carried out every year per Division.</p>		<p>During 2018, a project was launched to create transparency in GF's supply chain in the areas of environmental and social compliance. A high-level approach was defined, with further conceptual work to last into 2019. A number of pilot audits are planned to be conducted during Q1-Q2 2019 with lessons learned to be translated into a broader rollout. The Supplier Code was also adapted, with the updated document planned for release in April 2019.</p>
<p>Logistics GF optimizes its logistics in terms of energy consumption, emissions, and packaging.</p>	<p>Systematically measure and analyze key transport and environmental figures together with the most important transport service providers in Europe.</p> <p>Define and implement improvement measures together with transport service providers.</p>		<p>GF works closely with its logistics partners to evaluate and implement improvement measures. Therefore, target achievement was on track in 2018.</p>
	<p>Reduce GF product deliveries by air freight by 20% worldwide.</p>		<p>Efforts are being made to continuously decrease the share of transportation by air. In 2018, the measures implemented by GF Piping Systems resulted in an increased percentage of transportation by ocean freight. The Division also started with the rail shipment of containers between Europe and China.</p>

People and safety¹

Modules and targets	Targets 2020	Level of achievement	Progress status (year-end 2018)
Accidents at work GF strives to reduce its severe accidents to zero and to bring down the accident rate by at least 20% in every Division by the end of 2020.	Zero severe accidents		As a result of continuous efforts to reduce incidents of work-related accidents, we registered a significant drop in the number of severe injuries. 25 severe accidents took place in 2018, compared to 38 in 2017 (34% less). To achieve the ambitious goal of decreasing this number to zero, further efforts are needed to continuously reduce the probability of such cases.
	Reduce accident rate by 20 %		Accident rate reduced by 33% from the baseline of 25.0 to 15.9 accidents per one million working hours in 2018 – significantly below the set target rate. However, we saw a slight increase in accidents from 2017 to 2018. Therefore, further corrective measures and efforts are being evaluated to promote behavioral change towards a safety culture.
	All companies comply with GF safety standards		As accidents continue to happen, we are aware of the need to ensure compliance with GF safety standards. Using findings from on-site safety audits conducted across GF's locations, we are defining the necessary improvements and consider our target achievement to be on track.
Safety audits GF regularly conducts cross-site safety audits in order to constantly improve its safety culture.	Cross-site safety audits are performed per production plant and warehouse at least once a year		In 2018, safety audits were conducted at most of the production locations of GF. The lessons learned from the assessments are being analyzed to ensure that the necessary improvements are put in place. Target achievement is on track.

¹ In order to provide companies with a realistic timeframe for target achievement, those that commenced sustainability reporting after 2017 are not included in the calculation of the achievement of the Sustainability Targets 2020. Instead, they have individual targets.

Modules and targets	Targets 2020	Level of achievement	Progress status (year-end 2018)
<p>Employer responsibility GF strives to be an attractive employer to be able to attract talents, retain our high-performing employees, and develop our workforce. Furthermore, GF acts as a respectful and socially responsible employer.</p>	Be recognized in our industry as an attractive employer		In 2018, GF was again listed among the “Most attractive employers of Switzerland”. Having targeted collaborations with universities in Switzerland, the US and China, we strive to ensure that GF is known and considered by students and experienced professionals to be an attractive potential employer.
	Fill 70% of vacant leadership positions with internal candidates		Finding suitable internal candidates for 70% of available senior management positions in 2018, we have precisely achieved the set target. We can thus see that our investment in our employees’ development is bearing fruit, and we will continue to foster their professional growth opportunities.
	Take action to increase and promote diversity in terms of gender, age, and origin		GF sees diversity as an important topic for the organization, especially in the context of boosting innovation potential. Measures launched to promote greater flexibility at work and thus enhance GF’s attractiveness as an employer, especially for women, are being pushed forward. We are also using targeted networks to strengthen career development opportunities for women in the organization.
<p>Absences GF strives to lower the absence rate by implementing supportive measures.</p>	Reduce absence rate by 10% across the organization		The absence rate slightly increased in 2018 to 4.1% compared to 3.96% in 2017. A detailed review and analysis of further action is necessary to ensure we can achieve the target in a timely manner.

Environment and energy¹

Modules and targets	Targets 2020	Level of achievement	Progress status (year-end 2018)
<p>Energy GF production companies actively apply energy efficiency measures and define local targets in order to realize the Corporate goal of increasing energy efficiency by 10% in every Division by the end of 2020.</p>	Increase energy efficiency by 10 %		On the Corporation level, energy efficiency exceeded the expected index target line (at 107). The main driver of this result was the continuous implementation of efficiency measures in the GF Piping Systems and GF Casting Solutions Divisions.
<p>CO₂e GF strives to reduce its CO₂e emissions from production by at least 10% in every Division by the end of 2020.</p>	Reduce CO ₂ e emissions by 10%		CO ₂ e intensity in 2018 was better than the index target line (at 89). It was strongly influenced by the development of energy consumption and the purchase of Guarantees of Origin for the sites of GF Casting Solutions and GF Machining Solutions in China.
<p>Materials and waste GF strives to reduce its non-recycled waste from production by at least 10%.</p>	Reduce non-recycled waste by 10 %		As a result of implemented measures, we see a continuous decline in the share of non-recycled waste from our operations. In 2018, GF clearly reached the defined non-recycled waste intensity target (at 78%). On a Corporation-wide level, we recycled 85% of total waste.
<p>Water GF strives to reduce its volume of fresh water consumption in water-scarce and water-stressed areas by at least 10% in every Division by the end of 2020.</p>	Reduce fresh water consumption in water-scarce and water-stressed areas by 10%		In 2018, the six GF sites in water-stressed areas reached the targeted water intensity index rate (94%).

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Scope of data collection and reporting

In the year under review, a few adjustments were made to the reporting scope:

- To place a stronger focus on light metal casting, GF Casting Solutions divested (as of 1 December 2018) its two iron-casting plants in Singen and Mettmann (Germany). These two sites contributed a significant share of GF's environmental footprint. Therefore, in order to ensure data consistency and comparability over time, the environmental performance figures are presented in the text of the report as well as in the KPI tables according to their effective consumption (11 months of 2018) as well as applying the respective 11/12th ratio for the target-relevant environmental indicators for the previous years in review.
- Three companies acquired by GF in the previous years (GF Linamar and Microlution in the US and GF Urecon in Canada) were included in sustainability reporting in 2018 for the first time at 100% consolidation.
- The upgrade in sustainability reporting software (implemented in early 2018) enabled us to apply more precise (local electricity supplier-specific) factors for calculating GHG emissions. As a result, we recalculated historical GHG emissions for the locations where this was necessary.

– Slight corrections were made to the following figures as a result of improved measurement methods:

- water consumption information of one of the GF Piping Systems' sites located in a water-stressed area, which resulted in the amendment to water intensity index figures from 2013 onwards.

In all other regards, the same recording limits for social and environmental data are valid as in the previous reporting period. Similarly, consolidation of the individual companies under the Corporation's control has been carried out in keeping with the approach used in financial data reporting.