

2018

Sustainability
reporting

Corporate Responsibility

APG|SGA aims to foster comprehensive and sustainable values for its partners, customers, shareholders and employees, while making a contribution to the environment and society. Balanced consideration of environmental (planet), social (people) and economic (profit) factors in decision-making processes is regarded as vital for the long-term success of the company.

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Sustainability strategy

Corporate responsibility and sustainability, is enshrined as one of the six values of the APG|SGA Code of Conduct alongside passion, partnership, entrepreneurship, integrity and transparency – values that are anchored in our daily work. APG|SGA has been reporting on its active commitment to environmental protection for 15 years. From 2018, we are expanding our reporting to reflect an overall view of corporate responsibility.

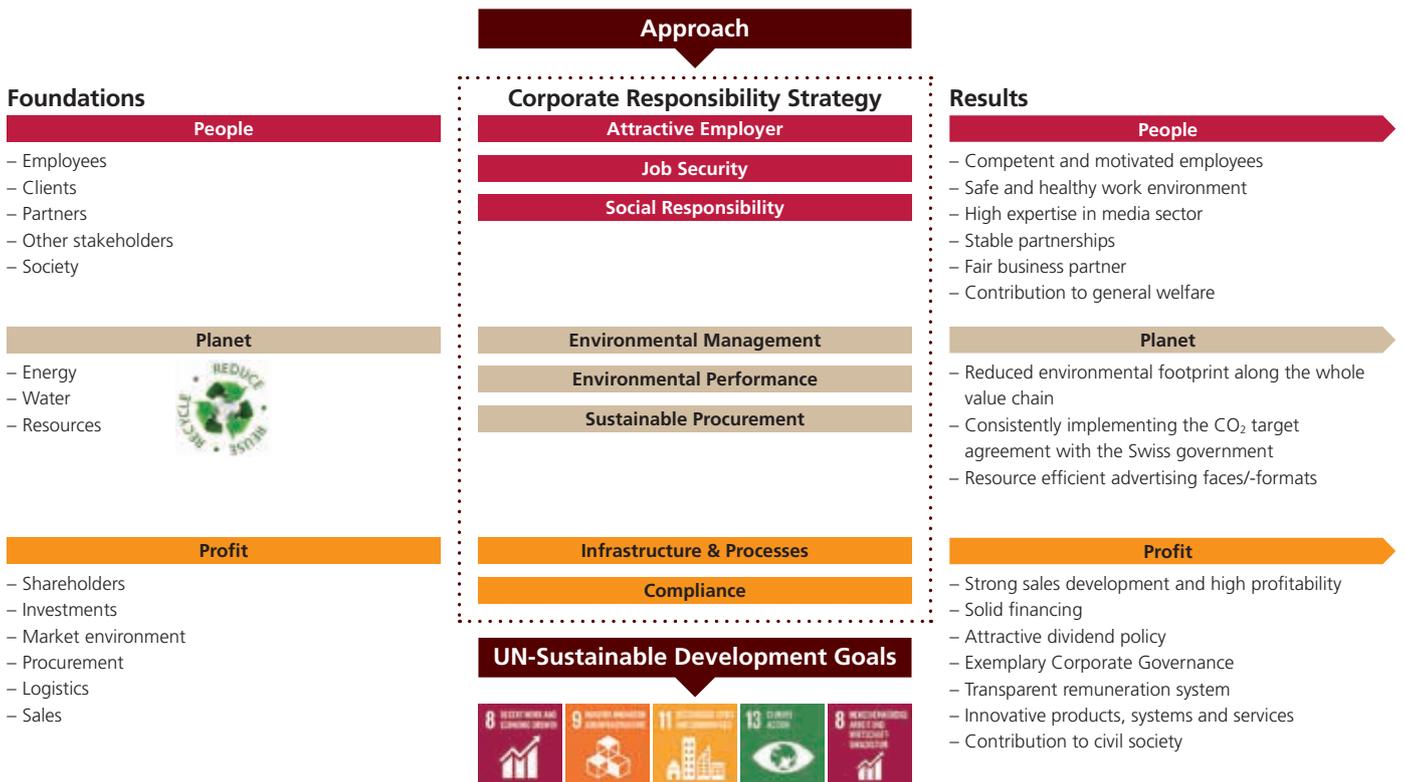
Sustainability reporting will be based on the four pillars of the corporate strategy:

1. Pioneering analog and digital out of home communication solutions for clients
2. Development of best quality locations in public and private space in Switzerland together with partners
3. Commitment to innovation and technology
4. Sustainable, quality-oriented development of our business processes

The sustainability strategy derived from this is based on the triad of people, planet, profit, and both the guidelines of the Global Reporting Initiative (GRI) and the UN's Sustainability Development Goals.

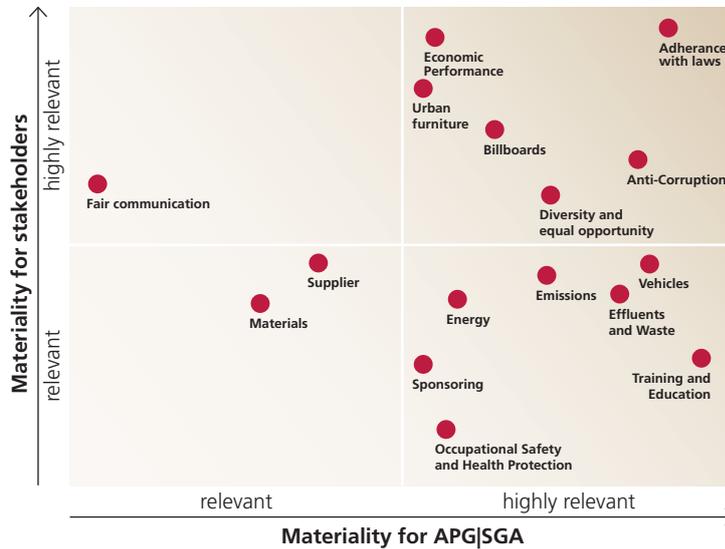
Corporate Strategy

1	2	3	4
Pioneering analog and digital out of home communication solutions for clients	Development of best quality locations in public and private space in Switzerland together with partners	Commitment to innovation and technology	Sustainable, quality-oriented development of our business processes



Materiality matrix and UN Sustainability Goals

Materiality matrix



The United Nations' Agenda 2030 for Sustainable Development encompasses a total of 17 Sustainable Development Goals (SDGs) for fundamental improvement in the living conditions of all people, now and in the future, and protection of the planet Earth. APG|SGA is making its own contribution and focuses on the five goals below.



- We place great importance on the issue of equal pay between the genders. Specific (further) training is promoted to ensure that everyone is able to practice their profession competently, responsibly and independently.
- APG|SGA promotes workplace health and safety protection. Preventative measures are used to protect the health of employees.
- APG|SGA is an attractive employer for more than 500 employees, with a profitable and financially sound base.
- We ensure that our products are safe if used in a responsible and professional way, and do not pose a danger to people or the environment. We achieve this through constant improvement and information.



- For APG|SGA, sustainable procurement means the purchase of products and services that are environmentally friendly and produced under fair working conditions. Here, social and environmental criteria and aspects take priority.
- In product development, optimization and innovation, we rely on efficient processes and technologies. This pays dividends for both the company and the environment.
- A modern infrastructure in logistics processes allows us to offer innovative and flexible solutions for changing requirements.



- APG|SGA has committed itself to two defined targets – reduction of energy consumption and lowering of CO₂ emissions.
- We are exemplary in our energy behavior and support the use of alternative drives for company vehicles and the use of renewable energy in the operation of our electricity powered advertising.
- We favor renewable raw materials over fossil fuels wherever it is technically, economically and environmentally feasible.



- With the sustainable quality of our products and services, we support cities and municipalities in their energy goals.
- We take our commitment to a goal-oriented energy transformation and resource efficiency very seriously, and apply it across every business area.



- Compliance with and implementation of anti-corruption and bribery guidelines.
- The APG|SGA mission statement and defined values form the basis of our actions and conduct. We comply with both the relevant statutory provisions and internal regulations.
- Collaborations with disabled workshops/institutions.


 People

Modules and direction
Attractive employer

APG|SGA is committed to the creation of future-oriented, attractive jobs in a challenging work environment and the promotion of its employees.

Key facts and achievements 2018

- **Values:** Our employees embody the values defined in the Code of Conduct in their daily working life. To consolidate these values, a company-wide dialog was cultivated, addressing each of the different values at various levels.
- **Vocational and further training:** Employees are specifically trained and promoted. This commitment may be financial or temporal.
- As at the end of 2018, APG|SGA had 8 apprentices and was able to offer three out of four apprentices further employment. One apprentice was taken on from an insolvent teaching program.
- **Leadership culture:** As part of the potential and leadership programs (PEP/FEP), specific measures for targeted support were defined for five employees in western Switzerland in 2018 and were then implemented.
- **Feedback culture:** The management feedback survey carried out in 2018 attracted a high number of respondents. The results indicated that the clear majority of employees are happy with the leadership of their supervisors.
- **Remuneration policy:** APG|SGA offers a fair market and performance-based remuneration. The issue of equal pay between genders is of great importance to us. The remuneration system is designed in such a way that equal work and performance are paid equivalently, and this is regularly reviewed in external audits.
- In 2018, all employees profited from a performance and success bonus thanks to positive business development.
- **Fringe benefits:** Employees profit from staff discounts and offers, and up-to-date fringe benefits.

Forecast 2019–2023

- A number of feedback instruments (employee satisfaction survey, line manager appraisal, objective setting and review) reflect our focus on values.
- The objective is to meet the demand for qualified employees through training in the form of vocational training and internships.
- APG|SGA offers its employees internal training tailored to meet the changing requirements of the company.
- Company leadership development (FEP) training is carried out periodically.
- Based on assessments from the line management appraisal, two or three concrete objectives will be incorporated into individual objective setting.

People

Modules and direction

Workplace safety/health protection

APG|SGA promotes a culture of safety at a high level. Preventative measures are used to protect the health of employees.

Key facts and achievements 2018

- In 2018, APG|SGA continued to implement the system and associated approaches defined by Switzerland's Federal Coordination Commission for Occupational Safety (FCOS).
- Training in workplace safety and health protection for all billposters in all business locations.
- **Accident/illness:** 92.2% of employees had no absences due to accident in 2018 (BU and/or NBU). The level of absenteeism across the whole company is comparable with other companies.
- **Harmful substances:** In 2018, all harmful substances in the company (Logistics division) were stored and documented in accordance with regulations.
- **Ergonomics:** The majority of office workstations were fitted with ergonomic desks with electric height adjustment.
- Simple, effective factsheets on lifting and carrying and personal protective equipment were created in 2019 and training carried out for Logistics.
- **Building/work safety:** In 2018, existing safety concepts at the Lucerne, Neuenburg and Lugano sites were evaluated in an audit in collaboration with an external institute.

Forecast 2019–2023

- Training of company vehicle drivers to promote anticipatory driving.
- Work safety, health protection and sustainability will be instilled in all apprentices as a thematic block.
- A concept for skin protection developed for employees in the Logistics division, with corresponding training.
- In 2019, the existing safety concept for the Logistics division will again be reviewed and further improved. In addition, building/work safety audits are planned for Zurich, Bern and St. Gallen.

Social responsibility

APG|SGA takes its social responsibilities seriously.

- Through poster sponsorship, we offer non-profit organizations as well as cultural and sporting events support to a media value in the tens of millions.
- All fasteners for affixing advertising vehicles are manufactured by a social institution.
- Household items for APG|SGA properties are procured from the Swiss Workshop for the Blind and Visually Impaired.

- Poster sponsorship to be continued for the benefit of Swiss society.
- Continuation of partnership with social institutions for procurement.

APG|SGA total workforce

APG|SGA total workforce overview

as at December 31, 2018

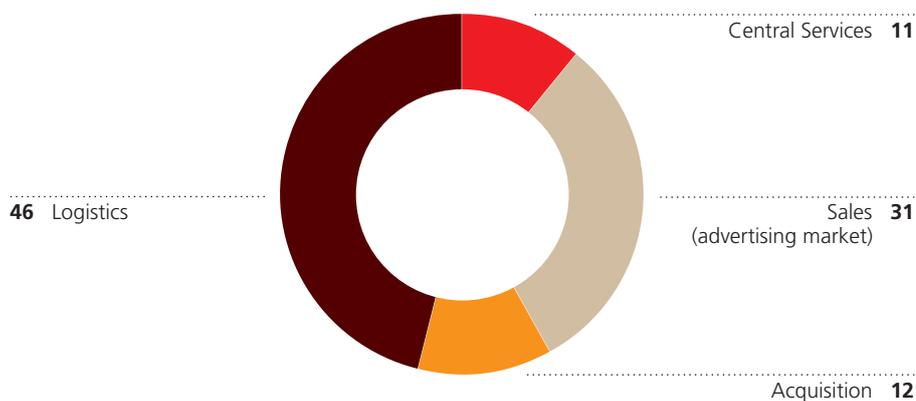
	2018	2017
Total ¹	500	519
By country		
Switzerland	453	472
Serbia	47	47
By demographics		
Share of men, in %	71	71
Share of women, in %	29	29
Share of full-time positions (90–100%), in %	88	81
Share of part-time positions (<90%), in %	12	19
Apprentices ²	8	12

¹ Full-time 100% equivalent as basis, percentages rounded, excluding apprentices

² Switzerland, APG|SGA: commercial 7, logistics 1, IT 0

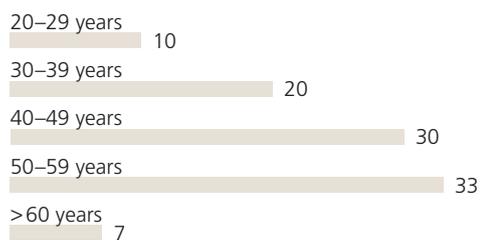
APG|SGA employees in Switzerland, by business unit

in %



Age structure

in %



Planet

Modules and direction

Environmental management

APG|SGA sees environmental management as a continuous process in which identification of environmental impact, action planning, management/monitoring and, if necessary, adjustments are integral components.

Key facts and achievements 2018

- The area of “environment” regularly included as an agenda item for the Board of Directors/Executive Board. The objectives were approved by this body and facts and figures on progress thoroughly discussed.
- Employees are informed of the new sustainability strategy and facts and figures for the Environmental Report 2018 through newsletters and orientation at the individual offices.

Forecast 2019–2023

- Constant assessment of the defined modules and objectives.
- Communication of environmental achievements to employees through various channels.
- Sustainability regularly included as an agenda item for the Board of Directors/Executive Board.
- Management objectives also include objectives in the area of corporate responsibility.

Environmental performance

APG|SGA makes an active contribution to environmental protection, consistently reducing its CO₂ emissions to levels below legal regulations.

- **Overall environmental impact:** In comparison with 2017, the overall environmental impact fell by about 1%.
- **Energy consumption:** Energy consumption has fallen by 5% since 2017.
- **Vehicles:** Fuel consumption has fallen by 4% since 2017.
- **Electricity:** The environmental impact of electricity fell by 5% in the equivalent period despite the expansion of the digital product range.
- **Heating energy:** Heating energy consumption has fallen by 5% since 2017.
- **Disposal:** A negative trend was noted in 2018 (refinement of data capture/system parameters).
- **Materials:** Material consumption fell by 3% for the same period.
- **Posters:** In 2018, a total of 2,027,927 posters were hung. This represents a fall of 4%.

- 10% reduction in environmental impact per CHF by 2022. (Base year 2017)
- Optimization of energy in APG|SGA premises and reduction of energy consumption by advertising vehicles.
- Development of further CO₂ measures.
- Development of measures for targeted reduction of energy consumption, and promotion of an ongoing upgrade of APG|SGA advertising vehicles with new technology.
- 10% reduction in heating energy consumption by 2022. (Base year 2017)
- Recycling quotient for poster disposal more than 90%.
- Introduction of a new reference size in response to increase in digital advertising formats – currently the environmental impact is calculated per poster.
- Improvement of ecological assessment.

Planet

Modules and direction

Key facts and achievements 2018

Forecast 2019–2023

Modules and direction	Key facts and achievements 2018	Forecast 2019–2023
Sustainable procurement APG SGA sets standards for environmentally and socially responsible production.	<ul style="list-style-type: none"> <li data-bbox="571 481 1013 837">– CDP climate protection ranking: In the international climate protection ranking carried out by the CDP (Carbon Disclosure Project) in 2018, APG SGA scored a “B”, comparable with the best of the prestigious, listed companies in CDP Climate Score. This evaluation represents an improvement on the previous year and illustrates the optimization and consistent efforts APG SGA has pursued as part of its Corporate Responsibility strategy. <li data-bbox="571 898 1013 994">– CO₂ reduction path: Intensifying the CO₂ reduction path to 110g CO₂/km in procurement of new personal vehicles. <li data-bbox="571 1189 1013 1346">– Eco-fleet: With a total of 157 “green” vehicles and a 10% increase in biogas content, APG SGA achieved CO₂ savings of about 100 t. The gas content in gas vehicle fueling stood at 98% in 2018. <li data-bbox="571 1346 1013 1473">– Eco-electricity: Purchase of 100% eco-electricity (naturemadeStar) for illuminated advertising and commercial premises. <li data-bbox="571 1473 1013 1630">– More energy-efficient technology: 44 light boxes and six Startowers (columns) fitted and optimized with the latest LED tube technology. Better illumination with lower electricity consumption. <li data-bbox="571 1630 1013 1919">– Work clothing: The focus is on sustainability in the procurement of work clothing. The materials are manufactured according to the world’s strictest textile standards for environmental and consumer protection and occupational safety. As a result, where available, parts of the new APG SGA work clothing bear the bluesign® label. 	<ul style="list-style-type: none"> <li data-bbox="1037 481 1498 609">– Continuation of CDP climate protection ranking and consistent implementation of efforts as part of the Corporate Responsibility strategy <li data-bbox="1037 898 1498 1249">– Promotion of alternative vehicle propulsion systems. – Threshold of 95g CO₂/km from 2020 according to the New European Driving Cycle (NEDC). – Review of defined reduction path following the new WLTP (worldwide harmonized light vehicles test procedure) measurement methodology. – Gas vehicles: Gas content in fueling maintained at a level of 98%. <li data-bbox="1037 1346 1498 1406">– APG SGA continues to purchase 100% eco-electricity. <li data-bbox="1037 1473 1498 1570">– Ongoing reduction of electricity consumption in digital and illuminated advertising vehicles (increasing energy efficiency). <li data-bbox="1037 1630 1498 1697">– Introduction of a sustainability code of conduct for all new suppliers.

Overview of environmental performance

Key figures¹

¹ Companies included: APG|SGA, APG|SGA Airport, APG|SGA Interaction, APG|SGA Mega Poster, APG|SGA Mountain, APG|SGA Promotion, APG|SGA Rail, APG|SGA Traffic.

		2014	2015	2016	2017	2018	Change 2018/2017
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Total energy consumption

Total	MWh	11 980	11 429	11 017	10 631	10 105	-5%
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Vehicles

Fuel consumption ²	in 1,000l	523	497	472	450	431	-4%
	l/100 km	8.3	8.0	7.9	7.6	7.7	+2%
Business travel	m km	6.3	6.2	6.0	5.9	5.6	-6%
Commuter traffic ³	m km	0.9	0.7	0.8	0.7	0.6	-7%

² Converted to liters of gasoline (gasoline equivalent)

³ Commute recording for private vehicles

Electricity

Total	MWh	4 981	4 709	4 370	4 383	4 134	-6%
Building ⁴	MWh	1 296	1 164	1 096	1 028	672	-35%
Light boxes	MWh	2 562	2 412	2 287	2 086	2 114	+1%
Parking stations ⁵	MWh	160	177	153	161	106	-34%
Digital advertising ⁶	MWh	963	956	834	1 108	1 242	+12%
Proportion of eco-electricity, incl. building		100%	100%	100%	100%	100%	0%

⁴ Computer center outsourcing

⁵ Space reductions & energy optimization

⁶ Continual expansion of the digital range in 2017

Heating energy

Heating oil	in 1,000l	98	97	97	70	68	-2%
Natural gas	MWh	1 372	1 325	1 480	1 555	1 465	-6%

Disposal

Waste in KVA ⁷	t	58	60	68	69	75	+9%
Sewage	m ³	10 645	10 134	10 450	9 369	9 040	-4%
Recycled paper	t	547	541	506	439	366	-17%

⁷ Refinement of data capture/system parameters

Materials

Anti-freeze ⁸	t	2.9	3.0	3.4	1.8	2.4	+31%
Glue	t	27	26	25	25	26	+4%

⁸ Replenishment of stock levels

Greenhouse gas emissions (CO₂ equivalent)⁹

Core total	kg/poster	0.9	0.8	0.8	0.8	0.8	0%
Overall total	kg/poster	1.5	1.3	1.4	1.4	1.4	-2%

⁹ CO₂ equivalent: Greenhouse gas potential of substances in the atmosphere, such as methane (CH₄), nitrous oxide (N₂O), CFC/PFC or sulfur hexafluoride (SF₆). The greenhouse impact of carbon dioxide serves as a reference value.

Environmental impact¹⁰

Core total	kEP/poster	0.8	0.7	0.8	0.8	0.8	+6%
Overall total	kEP/poster	2.0	1.7	1.8	1.8	1.9	+3%

¹⁰ kEP = 1 000 eco-points

Posters

Amount	F4	2 321 389	2 459 213	2 330 792	2 117 127	2 027 972	-4%
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Milestones and environmental impact

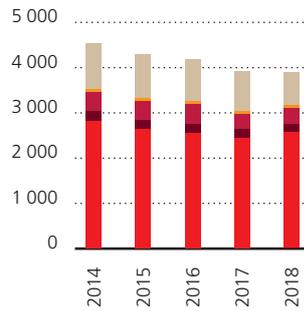
APG|SGA Milestones

- 2017** Expansion of environmental performance measurement to include sustainability measurement through the addition of social indicators
- 2016** Internal acquisition strategy for digital advertising media (energy efficiency). Upgrade of the latest ePanel generation with energy savings of 80 percent
- 2014** Purchase of 100% green electricity “naturemade star” for buildings: The entire power consumption of APG|SGA is now covered by eco-power
- 2013** Optimization of actual light design in advertising plants
- 2012** Purchase of 100% renewable energy for buildings: renewable energy now covers 100% of APG|SGA's total electric power environment as a cover story of the annual report consumption
- 2008** Purchase of 100% eco-electricity for backlighting; environment as a cover story of the annual report
- 2005** First issue of the annual “Facts and figures” folder
- 2004** Start of thermal systems rehabilitation in buildings
- 2003** First environmental report
- 2002** Procurement of first hybrid car, start of conversion of old backlit enclosures for greater energy efficiency
- 2001** First interim report, launch of systematic poster waste recycling
- 2000** Ratification of the environmental mission statement with the core promise: “We will reduce our environmental footprint beyond the legal framework, along the entire value chain, according to the principle: Prevent, reduce, recycle”
- 1999** Introduction of energy accounting, procurement of the first gas-powered vehicles, first Eco-Drive courses

5-year comparison¹

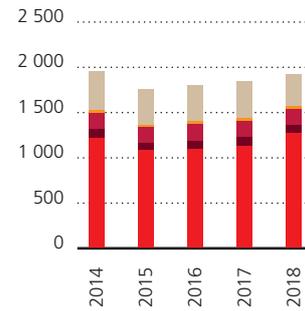
Environmental impact APG|SGA

in m EP²



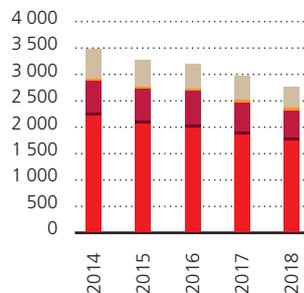
Environmental impact per poster

in EP²



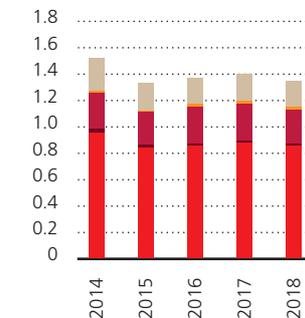
Greenhouse gas emissions APG|SGA

in t CO₂ equivalent



Greenhouse gas emissions per poster

in kg CO₂ equivalent



- Materials
- Disposal
- Heating
- Electricity
- Vehicles

¹ Since the Environment Report 2016, the background processes have been based on ecoinvent version 3 (latest version v34)

² New vehicles 2017 average 134 g CO₂ per kilometer. Source: Federal Office of Energy BFE, press release dated 28/06/2018

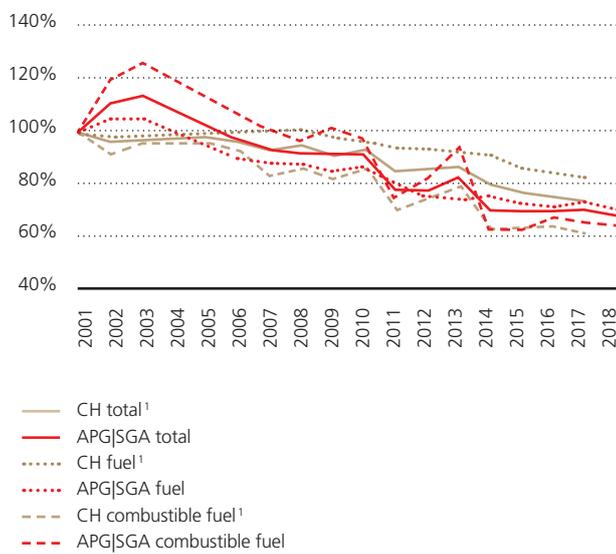
Achieving environmental targets through constant improvements

Overview of vehicle performance¹

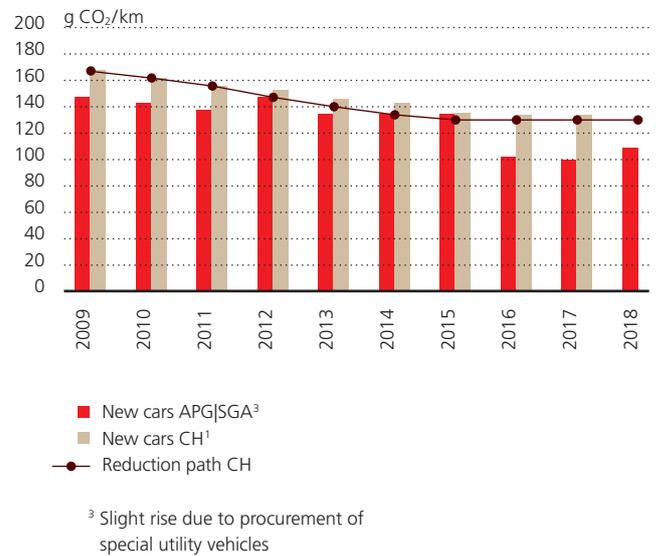
¹ 2018 benchmark figures will be updated in the two graphics in the course of summer 2019

Direct CO₂ emissions for Switzerland and for APG|SGA since 2001²

² The comparison with the index-linked figures is based on: CH CO₂ per inhabitant, APG|SGA CO₂ per employee



Reduction path for CO₂ emissions of our vehicles

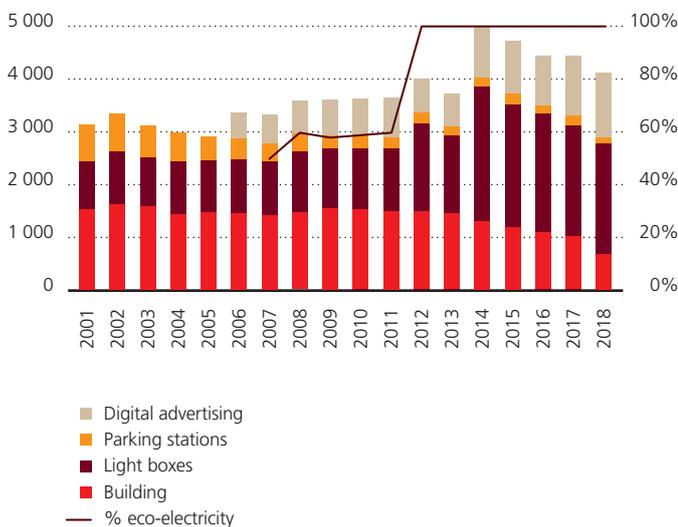


Progress in electricity consumption/savings

Electricity consumption APG|SGA 2001–2018⁴

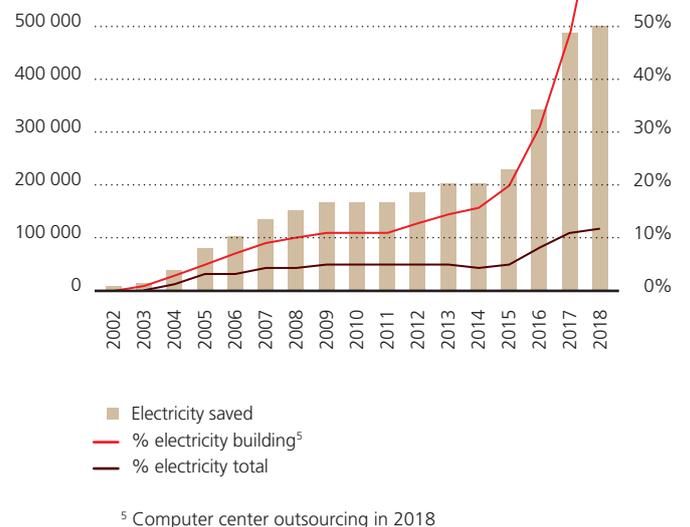
in kWh (left), % purchase of eco-electricity (right)

⁴ Continual expansion of the digital range in 2017



Electricity saved through optimization of lighting concept in illuminated advertising vehicles

in kWh (left), % of total electricity consumption or building electricity (right)



Profit

Modules and direction

Key facts and achievements 2018

Forecast 2019–2023

Long-term existence of the company

The optimal generation of earnings forms the foundation for the sustainable existence and competitiveness of the company.

- In the financial year 2018, the APG|SGA Group generated an EBIT of CHF 59.5 million and a net profit of CHF 47.2 million.
- The cash flow generated amounted to CHF 58.8 million.

- APG|SGA will continue to focus on consistently following its defined objectives. All decisions are made in the interests of long-term company success.

Attractive shareholder policy

APG|SGA aims for attractive returns for shareholders and pays appropriate dividends in line with its business performance.

- The Board of Directors recommends to the General Meeting that a dividend/ special dividend totaling CHF 20.00 per share be paid out.

- APG|SGA pursues an attractive return and pays a reasonable dividend.

Infrastructure and processes

APG|SGA obtains and operates long-lasting, high quality infrastructure, such as buildings, facilities and tools.

- Revised processes to increase the efficiency of operations and material flow.
- Improvement of route planning for more efficient management of poster space.
- Management of company vehicles through an external provider to increase fleet efficiency.

- Constant process and route optimization to minimize mileage.
- Evaluation of defined objectives and implementation of measures relating to external vehicle procurement.

Compliance

APG|SGA adheres to all legislation, guidelines and standards. APG|SGA evaluates the effectiveness of internal control systems and guidelines. In the event of misconduct, appropriate measures are taken.

- Annual review and revision of the APG|SGA Code of Conduct.
- By the end of 2018, all employees of the APG|SGA Group had passed the e-learning course "Anti-Bribery and Corruption Guidelines".
- Training of all office employees through e-learning.
- In 2018, a Compliance Committee was defined and established.
- Samples <10 were carried out with a positive result and no abnormalities.
- Continual training.

- Continual improvement and implementation of legislative changes through e-learning.
- Consistent training for new employees.
- Compliance Committee to conduct random checks to monitor compliance with the Anti-Bribery and Anti-Corruption Guidelines.



www.apgsga.ch

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