

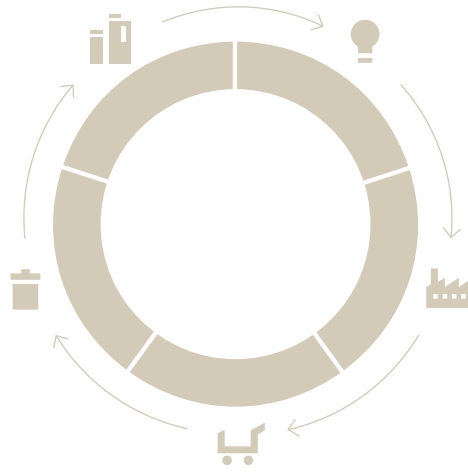


# 2020 SUSTAINABILITY REPORT

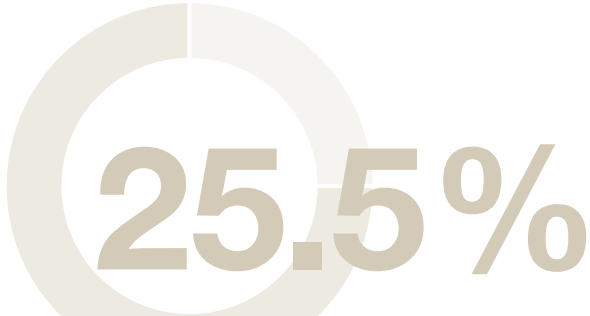
2023

# CO<sub>2</sub> target

We have committed ourselves to being climate neutral<sup>1</sup> by 2023.



We have made circularity quantifiable.



of Hilti's workforce are women – the female share has thus increased by more than one third since 2010.

CHF  
28.7 million

was the sum invested in Hilti Foundation social projects

> 120

charitable projects were supported by our employees worldwide.

~ 12,000

users worldwide were trained on health and safety in construction.

<sup>1</sup> The climate neutrality target relates to our Scope 1 and 2 emissions and business travel.

# BUILDING A BETTER FUTURE

**In a world full of challenges, the most powerful tool is the engagement of all of us. At Hilti, we want to contribute to a more sustainable way of life – for a world that is less burdened by our impact, for better health and safety in construction, and for a more equitable society.**

We understand sustainability to mean that long-term corporate success can only be secured through a business strategy that values ecological, people and social aspects equally with economic factors.

In our first sustainability report, which we have prepared in accordance with the standards of the Global Reporting Initiative (GRI), we outline this strategy and illustrate our contribution to the United Nations Sustainable Development Goals.

Our Communication on Progress (CoP) 2020 for the UN Global Compact is fully integrated into this sustainability report.

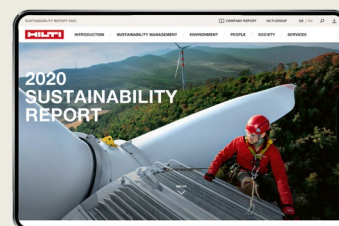
## CONTENT

2	LET'S TALK
6	COMPANY PROFILE
8	HILTI FOUNDATION
10	SUSTAINABILITY MANAGEMENT
14	ENVIRONMENT
32	PEOPLE
58	SOCIETY
76	ABOUT THIS REPORT
78	GRI CONTENT INDEX
85	PUBLICATION DETAILS



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# LET'S TALK

## An interview with Christoph Loos, Michèle Frey-Hilti and Peter Rupp

**Mr. Loos, everyone is talking about sustainability these days. And Hilti is now also publishing its first sustainability report. Why at this particular time?**

*Christoph Loos:* For decades, we have been dealing with issues that today would be considered typical sustainability topics. For example, health and safety have traditionally played a major role for us – with regard to our employees, but also with regard to the users of our products. Or think of the social commitment of the Hilti Foundation – we have also been active in this area for a long time. But in view of the challenges of climate change and the associated social problems, we need to increase our efforts. With our sustainability strategy, we have laid the foundation for addressing our activities even more consistently and comprehensively. And we now intend to report annually on the progress made in implementing this strategy. This creates transparency both internally and externally.

**Ms. Frey-Hilti, as a member of the owner family, you want the company to make a profit. Is Hilti able and willing to afford expensive measures, for example for environmental protection?**

*Michèle Frey-Hilti:* Short-term profit maximization has never been the goal, but the long-term development of the company that serves all stakeholders. And of course, that is only possible if we generate the corresponding financial resources. My grandfather, Martin Hilti, used to say, “Profit is not everything – but everything is nothing without profit.” I am convinced that only a sustainable approach to business can ensure our long-term success. And by that, we also mean assuming ecological and

**With our sustainability strategy, we have laid the foundation for addressing our activities even more consistently and comprehensively.**

**Christoph Loos,  
CEO**

”



social responsibility. We have already reduced emissions and the use of resources in production as far as possible in the past. But as Christoph has said, we are now tackling the issues surrounding sustainability in an even more structured and focused approach.

**Mr. Rupp, you head the corporate sustainability team at Hilti, which was newly established this year, and you are expected to drive change. Previously, you led a business unit at Hilti. How much resistance do you experience from your colleagues, who are now expected to change many things?**

**Peter Rupp:** None at all, actually. On the contrary: I have the impression that we currently find that these doors are already open. And we are not starting from scratch

either. There is a great awareness and understanding of sustainability at Hilti. That is why many colleagues I speak with also welcome the fact that we are now addressing these issues in a much more structured way. Because what we have learned at Hilti also applies here: When we focus on something, we achieve a high impact.

**What changes should employees be prepared for?**

**Peter Rupp:** We don't want to do everything differently than before. Our mission statement remains unchanged: We want to build a better future. What will change is that in the future we will consciously incorporate ecological and social factors more strongly into our corporate decisions and actions.

**I am convinced that only a sustainable approach to business can ensure our long-term success.**

**Michèle Frey-Hilti,  
Member of the  
Hilti Foundation Board**

”

**Mr. Loos, the coronavirus crisis drastically changed the lives of many people. At the same time, the economy also had to radically transform itself in a short period. Is this crisis a driver for sustainability?**

**Christoph Loos:** I wouldn't put it that way. If there is a relevant driver for sustainability, it is the identified environmental problems, which no one can close their eyes to. But the coronavirus crisis has certainly accelerated certain developments.

**Can you give us some examples?**

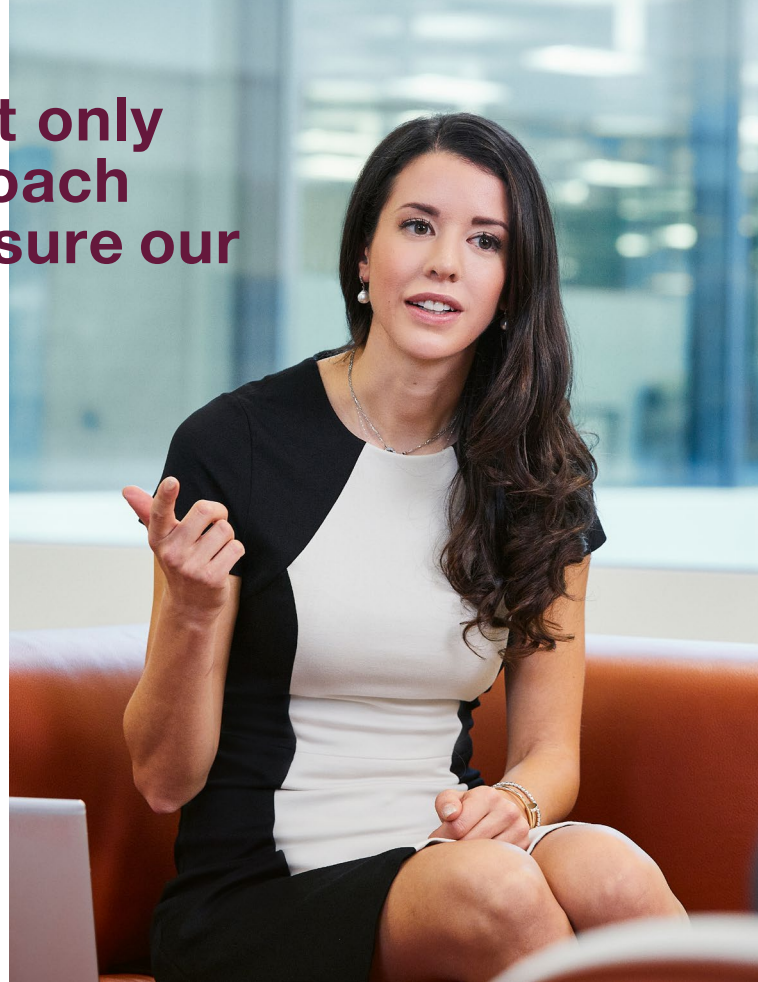
**Christoph Loos:** Digital working, for example. This has proven successful in many areas of our work. Overall, of course, we have reduced our travel enormously during the coronavirus crisis, with corresponding improvements in our carbon footprint. We are encouraging our employees to increasingly consider using digital formats as an alternative to business travel, even after the crisis. However, with our business model of direct sales and our corporate culture, we remain a "people business", which means that personal contact with our customers and our global teams will continue to play a major role in the future.

**Michèle Frey-Hilti:** What the crisis has also shown is the cohesion among team members. We may be more distant physically, but there is a great sense of solidarity. A strong example of this is the voluntary waiver of part of the salary and a reduction in working hours by employees from various divisions of our Group, an amount which has been matched by the company. This enabled us to pay CHF 13.6 million into an internal fund. The sum is being made available to those Hilti team members and their families in need as a result of the COVID-19 pandemic and who work in countries without state support and health systems.

**In the future we will consciously incorporate ecological and social factors more strongly into our corporate decisions and actions.**

**Peter Rupp,  
Head of Corporate  
Sustainability**

”



**Mr. Rupp, this is the first time Hilti has published a sustainability report. Was it challenging to get it off the ground?**

**Peter Rupp:** (laughs) Let's put it this way: We've been busy shaking up the organization over the past few months. But the real work lies in driving our initiatives forward. It has been a pleasure to prepare this report, because for the first time we can show a comprehensive picture. We are happy to have established a baseline against which we can now compare our progress and challenges each year. This gives our ambitious goals credibility both internally and externally.

**Christoph Loos:** Credibility is a good keyword, Peter. I would like to add to that. We are aware that we still have a long way to go in many areas. That's why we have consciously set ourselves targets and chosen a reporting format that makes it very transparent where we are currently behind where we want to be. We are not concerned with sustainability because of the zeitgeist or because we are thinking about our image. We want to run our business in a fundamentally more environmentally friendly way and with a more positive contribution to society. We also explicitly support the 10 principles of the UN Global Compact, which provide a clear framework for this.

**Ms. Frey-Hilti, did the sustainability report hold any surprises for you?**

**Michèle Frey-Hilti:** Fortunately, no surprises in terms of content (laughs). I am happy that we now have this report. It gives our customers and our entire community a good overview of everything we do and drive forward. Because

that's what matters: That we don't pick up a fashionable term and talk about sustainability, but that we actually take action. I hope that we can inspire others on our journey, and also learn from each other.

**Finally, a question for all three of you: Apart from Hilti, what personal goal do you set for more sustainability in your own life?**

**Peter Rupp:** My goal is to travel by foot or bicycle wherever possible. And when it comes to purchasing habits, we as a family want to buy mainly local products, increasingly avoid packaging and use reusable materials more often.

**Christoph Loos:** I'm currently rethinking the way I used to travel a lot – both professionally and privately. I also want to offset my own footprint by personally supporting sustainability projects in the social and environmental areas.

**Michèle Frey-Hilti:** I pay a lot of attention to eating as sustainably as possible with regional and seasonal ingredients. I grow a lot of vegetables in our garden and have been a vegetarian for 24 years. That's why I'm also involved in animal welfare. In the future, however, I would also like to pay more attention to my consumer behavior. In the case of clothing, for example, I want to make sure that it is not manufactured under inhumane conditions or using child labor. I think these small steps are important, because each of us can take responsibility and contribute to a better world.

**Ms. Frey-Hilti, Mr. Loos, Mr. Rupp – thank you very much for the interesting discussion!**

**We want to run our business in a fundamentally more environmentally-friendly way and with a more positive contribution to society.**

**Christoph Loos,  
CEO**



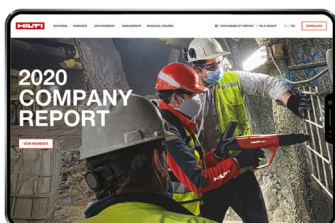
# COMPANY PROFILE

**Our strategic objective is sustainable value creation through market leadership and differentiation.**

Hilti stands for quality, innovation and direct customer relationships. Some 30,000 employees around the world, in more than 120 countries, contribute to making work on construction sites simpler, faster and safer while inspiring customers every single day. With products, system solutions, software and services that provide clear added value. Having roughly 250,000 individual customer contacts each day, ideas for improvement are often developed directly on construction sites while talking to customers. If there is a challenge for which no Hilti solution exists, one will be developed. This is why we invest approximately six percent of sales each year in research and development. From product development to manufacturing, logistics, sales and services, we cover the entire value-added chain.

Our strategic objective is sustainable value creation through market leadership and differentiation. The company, based in Schaan, Liechtenstein, has also been planning with financial foresight since its founding in 1941 by brothers Eugen and Martin Hilti. All company shares are in the possession of the Martin Hilti Family Trust, which ensures the long-term continuity of the Hilti Group.

Our mission statement, “we passionately create enthusiastic customers and build a better future”, is the compass by which we align our entrepreneurial activities and develop sustainable and innovative solutions. Hilti thereby takes equal responsibility for the health and safety of its employees and users of its products, as well as for society and the environment. In addition to the charitable Hilti Foundation, our integrated partner in issues of sustainability, the values we live by every day in our dealings with team members, partners and customers – **integrity, courage, teamwork** and **commitment** – also contribute to this.



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Find out more about our business units and our corporate strategy in our Company Report 2020.









# THE HILTI FOUNDATION

The Hilti Foundation was founded in 1996 as a charitable Foundation of the Martin Hilti Family Trust. Since 2007, the Foundation has been jointly financed by the Martin Hilti Family Trust and the Hilti Group. Both institutions pursue the shared mission of



**Helping people to help themselves is the main motivation behind our actions. We are driven by the belief that sustainability can only be achieved through systemic change.**

**Marco Meyrat,**  
Chairman of  
the Hilti Foundation Board



establishing a better future. By virtue of its global projects, the Foundation supports people regardless of the life circumstances into which they were born – offering them opportunities to further develop their skills and talents which form the basis of an independent and self-determined life.

Since its founding, the Hilti Foundation has continuously evolved. Efforts to enhance individual projects have been replaced by a strategic approach which focusses on systemic change. Based on a clearly defined thematic approach, the Hilti Foundation develops networks together with competent partners. These partners share the same approach and are prepared to invest their knowledge and potential to make the local projects even more successful. These partnerships are characterized by specifically tailored professional expertise, mutual trust and the shared values the Foundation bases all of its work upon.



**Creating sustainability requires us to concentrate on what is essential and consider long-term actions. Operating as a team and with external partners, the Hilti Foundation is very well equipped to meet these requirements.**

**Michael Hilti,  
Member of  
the Hilti Foundation Board**



## Strategic Focus Areas

With its clearly focused activities, the Hilti Foundation addresses specific topics that are among today's major global challenges. Mastering these challenges is of critical importance as they create opportunities for the most deprived parts of society.

The focus area **"Music for Social Change"** offers young people opportunities to enhance their personal development. Playing music together in collective environments provides young students – regardless of their socio-economic origin – not only with the opportunity to discover their talents and to develop their self-confidence and self-esteem, but it also promotes their social skills and their shared sense of responsibility for one another.

**"Affordable Housing & Technology"** searches for sustainable solutions for some

1.6 billion people, who, owing to the fact they have no roof over their head – often live under inhumane conditions and are thereby deprived of any chance to improve their economic and social life circumstances. With the development of innovative and sustainable technologies and building concepts, the Hilti Foundation contributes to the creation of safer and affordable living spaces, which, in turn, foster local added value.

Economic independence is central to **"Economic Empowerment"**. With the help of applied training programs, those who often live in extreme poverty, receive the resources they need to further develop their economic abilities. This also generates more income and provides an opportunity to secure a sustainable livelihood.

In addition to these central topics, the Hilti Foundation is committed to providing emergency aid in the event of humanitarian crises. Moreover, since 1996, the Foundation has supported the impressive research of the underwater archeologist Franck Goddio in Egypt. The results of his research have been shared in notable publications and exhibitions both with other professionals as well as the general public.



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[hiltifoundation.org](https://hiltifoundation.org)

# Sustainability Management

“Building a better future” – this has been our guiding principle for almost two decades.

In view of the ecological and social challenges we face, we will live up to this mission statement more than ever before. We want to give equal weight to ecological, people-oriented and social aspects as well as economic factors in our decision-making. In 2020, we laid important foundations for this: We have organizationally anchored the topic of sustainability and developed a holistic sustainability strategy.

## Our sustainability strategy

To develop this strategy, we firstly identified which sustainability issues are material for our Group. To this end, we carried out a **materiality analysis** in the reporting year. In a first step, we collected a large number of potentially relevant topics. These came from initiatives such as the UN Global Compact, the UN Sustainable Development Goals, various studies, and the survey and analysis of responses from both internal and external experts and stakeholders. We have evaluated these relevant topics in terms of their relevance for business success and stakeholders as well as their impact on the environment and society. While the impact and relevance for stakeholders were assessed by external experts, we conducted interviews and an internal survey regarding business relevance. The results form the basis for the topics that are material for our company. As shown in the overview on page 11, we have grouped the topics according to their relevance into “**Global Priorities**” and “**Global Topics**”. As the engagement of our employees at local level continues to play a central role in the implementation of our sustainability strategy, these are supplemented by numerous **local initiatives**.

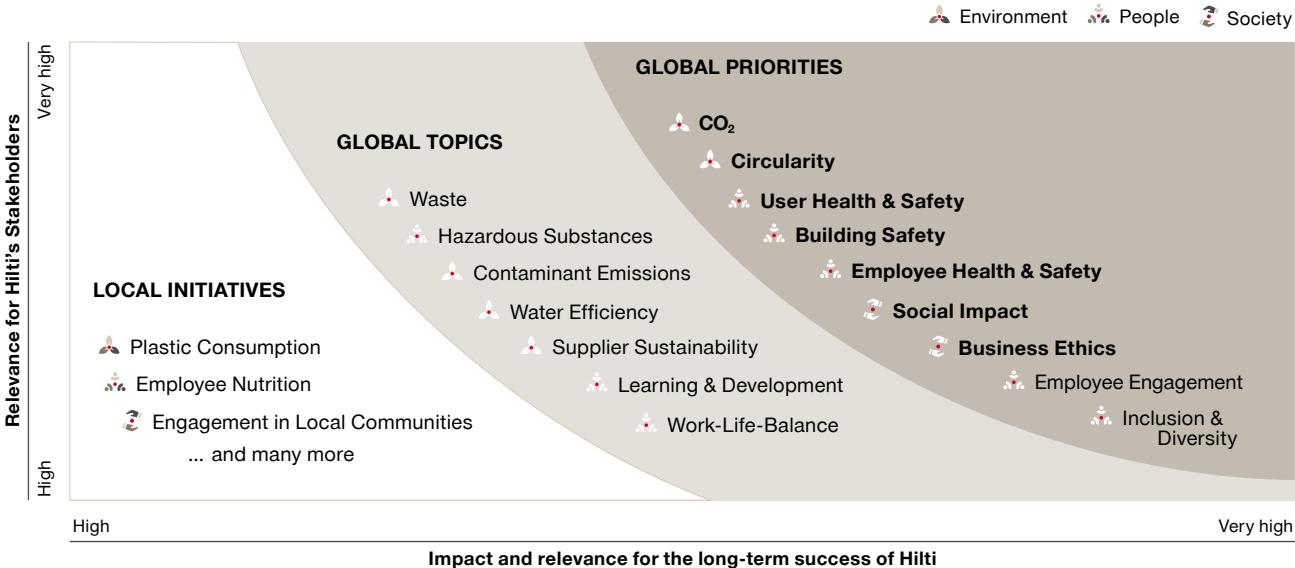
We have assigned all material topics to one of the three strategic fields of action – **environment, people and society** – and evaluated our impact on achieving the UN Sustainable Development Goals (see box p. 13).

## Our Group Strategy

### CHAMPION 2020



# Our Materiality Matrix



# Our Understanding of Sustainability

Securing long-term success through a business strategy that values ecological, people and social aspects equally with economic factors.



# The Key Goals of our Sustainability Strategy



## We care for our environment

Become **CO<sub>2</sub> neutral** by 2023

Lead the industry in **circularity**



## We care for people: customers, employees, and partners

Differentiate through **user health & safety** and **building safety**

Lead in **employee health & safety**



## We contribute to a better society and high ethical standards

Create **social impact** at scale

Uphold ourselves and the industry to the highest standards in **business ethics**

**We want to create transparency in the 16 material topics of our sustainability strategy – and be measured by the results of our ambitious goals. We will embed sustainability in a fundamental way in all areas of our business.**

**Peter Rupp,**  
Head of Corporate Sustainability



We have defined targets for all globally relevant topics, which are illustrated above for our global priorities. We have been addressing the two topics “Employee Engagement” and “Inclusion & Diversity” from a strategic perspective for years, so that they take an overarching position.

→ Sustainable Culture and Employee Engagement: p. 44

## Responsibilities for accountable action

To anchor sustainability organizationally, we established a Corporate Sustainability Team in 2020 that reports directly to the CEO. It oversees overarching strategic, steering and communication topics, acts as an interface for all relevant parties and supports the implementation of measures. We have defined strategic and operational responsibilities within the organization for all 16 global priorities and topics. Furthermore, we have started to establish responsibilities in the local organizations and corporate functions to promote stronger anchoring and exchange within the Group.

The advisory body for our activities is the Sustainability Council, which meets twice a year. It provides strategic advice and support on cross-functional issues

but does not act as a decision-making body. It is chaired by the CEO. The council includes the heads of the two largest regions and business units, as well as of the legal, human resources, logistics and communications departments.

### In dialog with our stakeholders

We put great emphasis on a regular exchange with our internal and external stakeholders. It is important to us to maintain an open dialog and discuss the different perspectives constructively. This feedback helps us to continuously advance. In the reporting year, EcoVadis, an independent international rating agency, awarded us silver status. EcoVadis assesses the sustainability performance of companies in four categories: environment, labor practices, fair business practices and sustainable procurement. In the medium term, we aim to improve to gold status.

The needs of our stakeholders are different, and so we also use various communication channels to engage in dialog with them.

Direct and regular on-site contact with our **customers** has always been one of the unique selling propositions of our Group. In addition, we communicate with our customers via our customer service by phone and e-mail, in the Hilti Stores or digitally via our website and social media. We ask for our customers' opinions once a year as part of customer surveys.

In addition to customers, **our employees**, in particular, are an important stakeholder group. We promote regular exchanges within the workforce not only in the daily working environment, but also through various internal media and event formats. In order to bring all our employees along with us on the path to greater sustainability, we launched a global internal communication campaign prior to the publication of our sustainability report in which we outlined our responsibilities, challenges and measures in the seven global priorities.

We work internationally with many **suppliers and business partners**. It is important to us to build partnerships on equal terms. In particular, we rely on regular personal discussions. We are also active in associations and interest groups and work together with **research institutes and universities**.

#### Strategic action field



#### Environment



#### People



#### Society

#### UN Sustainable Development Goals: our prioritization



16	CO <sub>2</sub>
20	Circularity
27	Environmental Protection
30	Supplier Sustainability

# FOR OUR ENVIRONMENT

... our view goes beyond our own house. Our business is energy-intensive – and we are aware of this. The following pages highlight where we take responsibility for the environment in order to actively manage the impact of our activities.





NT



# For a Better Climate



**We take responsibility. To counteract climate change, we will become CO<sub>2</sub> neutral by 2023.**

**Martin Schäfer,  
Sustainability  
Program Manager**



## CO<sub>2</sub>

At Hilti, we take responsibility for actively managing the environmental impact of our activities and addressing the challenges of climate change. For this reason, we have set ourselves the goal of being CO<sub>2</sub> neutral by 2023.

At Hilti, CO<sub>2</sub> emissions are generated by our business operations: the operation of our plants, administrative buildings, sales locations, repair centers and warehouses as well as our global vehicle fleet (Scopes 1 and 2)<sup>1</sup>. The far greater share of CO<sub>2</sub> emissions occurs in our supply chain and is therefore not subject to our direct control (Scope 3)<sup>1</sup>. We are looking at and

developing improvements in all areas. We want to reduce these emissions as much as possible.

With our climate goal, we refer to emissions within our own sphere of influence: our own direct and indirect emissions as well as emissions from our business travel.

How do we want to achieve this goal? By reducing, replacing and offsetting (see box p. 17).

### **Organizational anchoring**

The topic of CO<sub>2</sub> is centrally managed by the Corporate Sustainability Team, which

<sup>1</sup> Operational control approach according to Greenhouse Gas Protocol.



reports directly to the CEO. To involve all areas of our Group in this relevant topic, we have centrally controlled, regular internal exchanges which we will expand in a structured manner in the future.

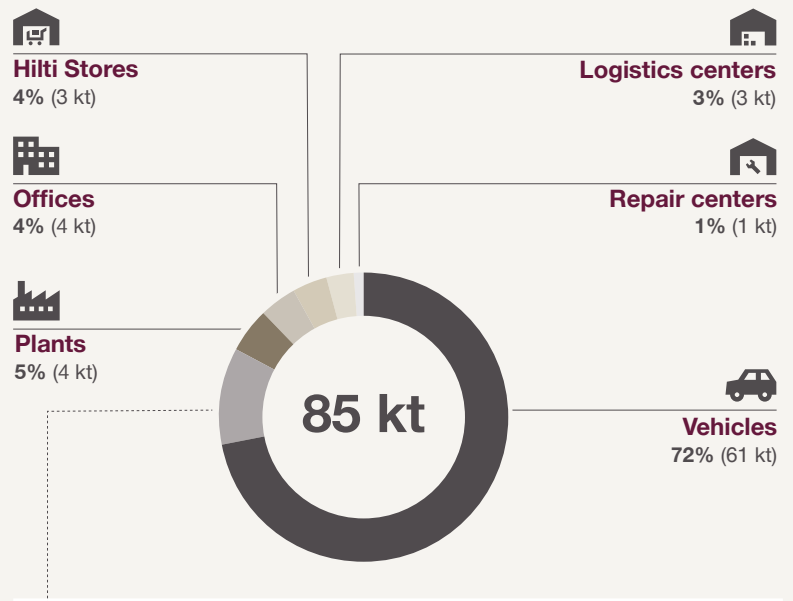
### Management systems and policies

We have a Group-wide Environmental Policy. The issue of CO<sub>2</sub> emissions is also anchored in this policy to achieve a strategic approach to climate protection. Our plants in Kaufering and Nersingen (Germany) as well as in Kecskemét (Hungary) also have a certified energy management system in accordance with ISO 50001.

→ Environmental Protection: p. 27

## Direct and indirect CO<sub>2</sub> emissions incl. business travel in 2020

### Scopes 1 and 2



**Business travel<sup>1</sup>**  
11% (9 kt; of which approx. 7 kt flights)

### Scope 3

These include emissions from purchased products and services as well as transport and logistics by third parties.

<sup>1</sup> Business travel is part of Scope 3 emissions, but is also considered in the climate neutrality target.

## CO<sub>2</sub> neutral by 2023

### Reduce

In our plants and administrative buildings, we continuously reduce our CO<sub>2</sub> emissions using new technical measures, more efficient equipment and behavior training. We are also increasing our ability to conduct meetings and appointments digitally instead of taking business trips. Even before the collapse of general business travel activities due to the COVID-19 pandemic, we promoted this approach.

### Replace

We rely on green electricity worldwide – in purchasing and in-house production through photovoltaic systems. In addition, we are changing our energy supply to climate-friendly alternatives where possible, such as district heating. Furthermore, due to our direct sales model with many customer visits, we have a relevant lever to

reduce emissions in our global vehicle fleet, which we are modernizing with CO<sub>2</sub>-efficient drive systems.

### Offset

By saving energy and using alternative energy sources, we can significantly reduce CO<sub>2</sub> emissions, but not completely avoid them. That is why we will compensate for the remaining CO<sub>2</sub> emissions through CO<sub>2</sub> savings of the same amount elsewhere. In cooperation with the Hilti Foundation and a renowned external partner, we are creating a portfolio of our own compensation projects. We are already heavily involved in project development in these projects to ensure that the objectives pursued are in line with our values and that they provide significant social benefits to the local population. The projects are currently in the design phase and will be implemented in the course of 2021.

# At a Glance

## Successes and Actions

- Modernization of our global vehicle fleet
- Exclusive purchase of green electricity at all Hilti operating sites
- Various efficiency measures of >1 GWh per year

In 2020, the demand for energy in our plants was reduced by

>1 GWh

### 2020 Implementation Examples

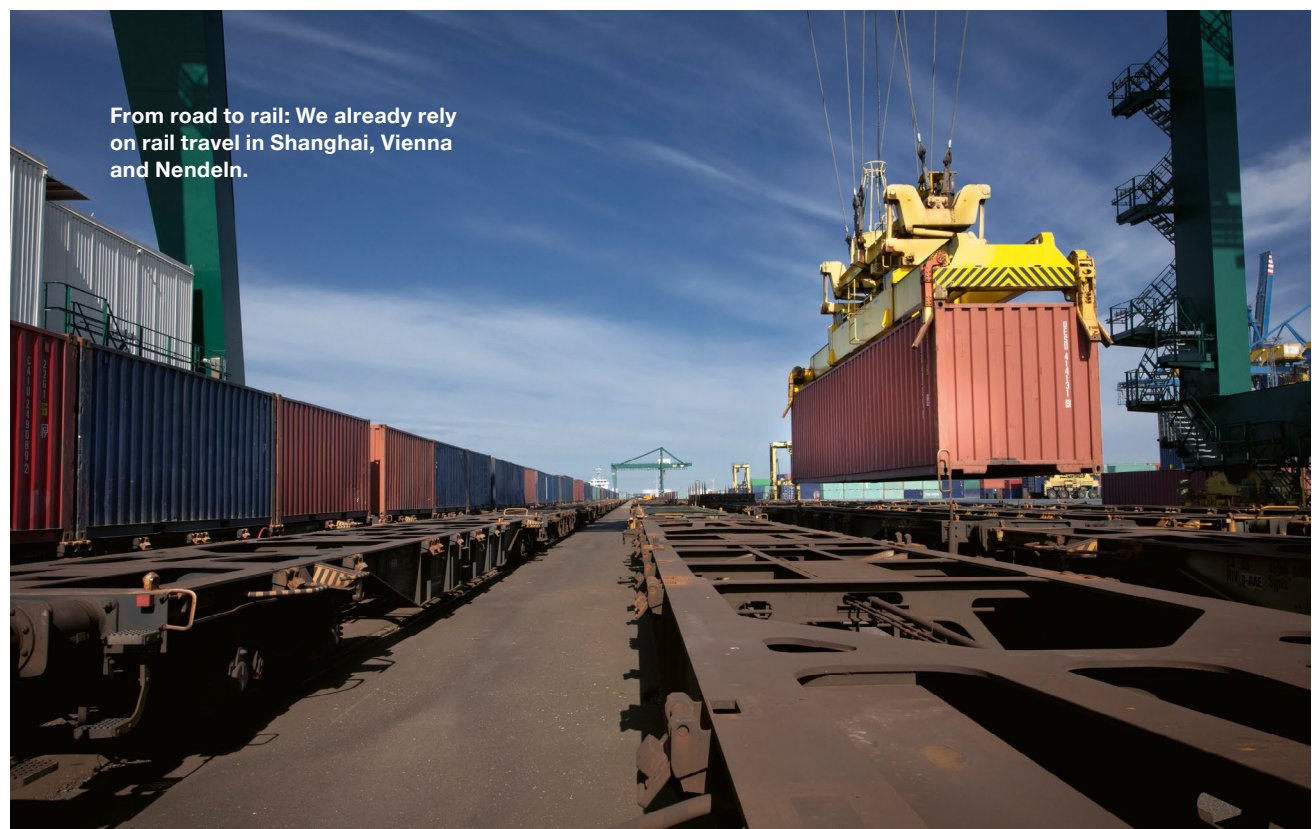
- We want to convert our **global vehicle fleet** from gasoline and diesel engines to **electric drives, natural gas and full hybrid vehicles**. We are already looking for such an alternative for more than 50 percent of our global vehicle fleet – in excess of 7000 vehicles. We will gradually change these in the context of expiring leasing contracts. In our lead market, we expect delivery of the first wave of more than 60 battery-powered vehicles in the second quarter of 2021. The delivery of further batches of battery-powered and full hybrid vehicles is expected in the second half of the year. Thanks to the increasing availability of new car models with alternative drive systems and the improving charging infrastructure, we are confident that we will be able to implement this process more rapidly in other markets in the coming year.

- We have converted our electricity demand to renewable energy sources worldwide and thus obtain **green electricity** at all locations. With more than **40,000 tons**, this has had the largest self-initiated effect on our 2020 carbon footprint. We are also promoting the further expansion of green power plants with the contractually agreed purchase of green electricity from newer power plants, which came on the grid less than ten years ago.

- In the 2020 reporting year, we **implemented numerous energy efficiency measures** and consequently reduced the energy required in our plants alone by more than 1 gigawatt-hour. Three examples: At our plant in Thuringia (Austria), we were able to save approximately 300,000 kilowatt-hours per year by using a combined energy supply from heat recovery and groundwater cooling. Cooling of the production process at our plant in Nersingen (Germany) saves approximately 80,000 kilowatt-hours per year compared to a regular refrigeration plant with the help of an adsorption cooling system. And in our warehouse in Carpiano (Italy), we are saving approximately 150,000 kilowatt-hours a year by switching to LED lighting.

### Dealing with Scope 3 emissions

We also focus on our supply chain and our global shipments. For example, we are increasingly shifting transports to



From road to rail: We already rely on rail travel in Shanghai, Vienna and Nendeln.

Reassessment of

> 50%

of our global vehicle fleet

our warehouses from road to rail, which reduces emissions by approximately 90 percent. As part of a pilot project, we have already been able to successfully convert the replenishment of our warehouse in Shanghai from the Zhanjiang plant (both in China): Goods have been transported by train on the 1500-kilometer long transport route since October 2020. Since January 2021, we have completely switched the supply of our distribution center in Vienna (Austria) from our central warehouse in Nendeln (Liechtenstein) to rail. Additional routes in Asia, Central Europe and North America will follow during 2021. We expect to be able to achieve total savings of more than 4000 tons of CO<sub>2</sub> with these measures. In addition, we switched our long-distance transport between Asia and Europe from aircraft to rail at the beginning of the reporting year, which resulted in CO<sub>2</sub> savings of more than 4000 tons in the reporting year.

#### Data

Due to the COVID-19 pandemic, it is difficult to compare our CO<sub>2</sub> emissions with the same period in the previous year. In the wake of this global crisis, our production activities, but above all sales activities and business travel, have been significantly reduced. As a direct consequence, our CO<sub>2</sub> emissions have been reduced by approximately 65,000 tons, some of which are expected to be one-time effects.

#### Energy

in MWh

	2018	2019	2020	Change
Electricity	143,006	144,482	137,970	-4.5%
thereof renewable electricity	8.7%	8.6%	100%	—
Combustibles and fuels	418,102	430,211	321,930	-25.2%
District heating	10,242	9,940	9,136	-8.1%
Sold energy (minus)	18	12	16	33.3%
<b>Total energy consumption within the organization</b>	<b>571,332</b>	<b>584,621</b>	<b>469,020</b>	<b>-19.8%</b>

#### CO<sub>2</sub> emissions

in t

	2018	2019	2020
Scope 1	100,380	104,314	75,439
Scope 2 (market-based approach) <sup>1</sup>	46,399	47,819	204
Business travel	—	41,915	9,130

<sup>1</sup> 2018 and 2019 according to location-based approach

Business travel, especially the volume of flights, which came to a complete standstill starting from March 2020, are to be partially replaced by digital meetings even after the end of this crisis to reduce our emissions in a sustainable way. In the case of CO<sub>2</sub> savings from own projects, the conversion of our energy supply to green electricity has had the biggest effect, amounting to approximately 40,000 tons.

# Making a New Turn



## CIRCULARITY

The construction industry, which is a very resource-intensive industry, accounts for about 50 percent of the raw materials used worldwide per year. Most of these resources are used for buildings and infrastructure with a very long life, where reuse and recycling are usually complex.

The circular economy aims to detach economic success from linear resource consumption and to use resources carefully so that no valuable materials are lost. This kind of business management promises us not only ecological benefits, but also provides new impulses for our business activities.

The principles of the circular economy are well in line with the Hilti values that the company has always practiced. We already laid the foundations for a functioning circular economy in the past. For example, we have always relied on innovative products and services with high quality and long service life. We have established a supply chain for the return of used products and have a global system of repair centers where more than 800 employees enhance our knowledge of the wear and tear, durability and recyclability of our products every day. We focus our business on the entire life cycle of our products and innovate along the entire value chain.

## Principles of the Circular Economy



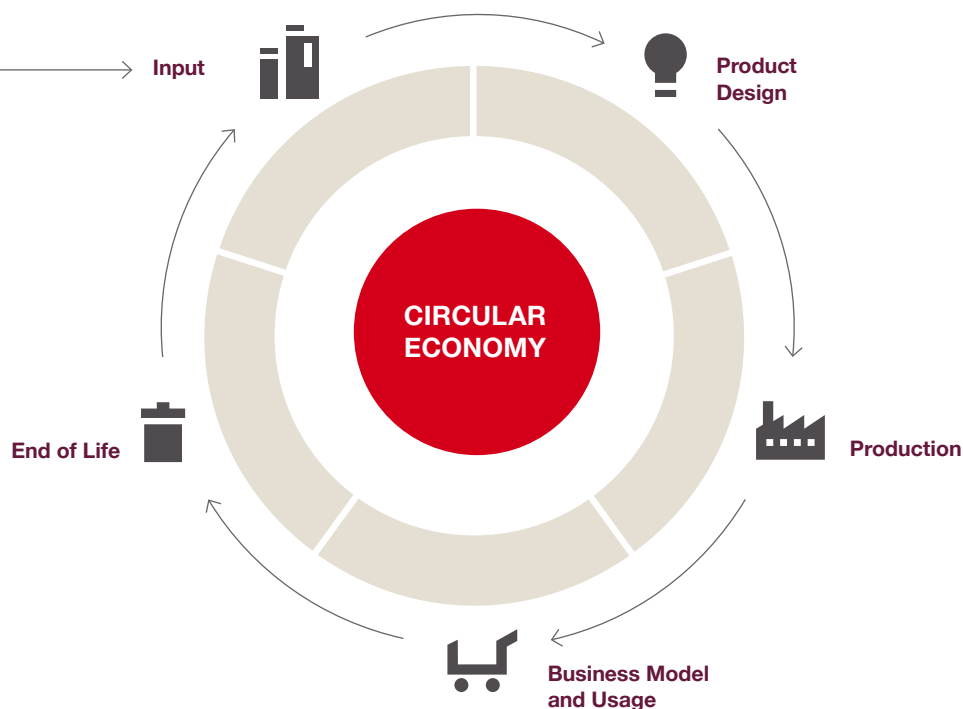
Raw Materials

**We understand circularity as generating maximum added value with a minimum use of virgin raw materials. The concept includes much more than just recycling. A circular company:**

- ✓ Already thinks about the use of recycled materials during product design and strives to ensure these materials and all installed individual parts will remain reusable in the future
- ✓ Minimizes the use of water and energy as well as the amount of production waste
- ✓ Relies on quality and reparability as well as the idea of access to rather than ownership of a product, so that products remain in use for as long as possible
- ✓ Establishes business models that require products to be returned at the end of their useful life

We see another important prerequisite for the circular economy in the form of our **fleet management**. With this comprehensive business model for a long-term usage agreement for our tools, we extend control over our products beyond the end of the life cycle. Already at the start of the contract, we optimize our customers' tool park to ensure that they have the right number of tools to meet their needs. For any short-term usage needs, fleet customers can use rental tools from our pool for rental and hire tools or that of one of our partner companies from the rental industry. If the fleet tool park is dimensioned correctly, the tools should have reached their maximum service life at the end of the fleet agreement. If the tools have remaining usage potential at the end of the contract, we offer contract extensions beyond the standard terms in some markets. Our high tool collection rate allows us to assess if it is possible to remove high-quality spare parts for repair in accordance with the respective local regulations or to donate tools for a charitable purpose where they continue to generate value, albeit in less intensive situations than when used by construction professionals. If no reuse option is possible, we give the tools to our authorized recycling partners to ensure that the materials enter recycling channels.

## Our goal is to lead the industry in circularity.





In our global system of repair centers, more than 800 employees enhance our knowledge of the wear and tear, durability and recyclability of our products every day.

### Organizational anchoring

The topic of circularity is anchored in our business units, production and logistics, all of which contribute initiatives for improvement. At the beginning of the reporting year, we created a project team in our Tool Services business unit to consolidate, challenge and advise the activities of the operating units. Regular steering committees inform the Executive Board directly about the progress made in this program and can set steering priorities.

### This is how we measure circularity

There has not been any standardized internationally recognized framework for the measurability of circular economies until now. To advance this measurability, we were the first company worldwide to use and develop the new CIRCelligence method with Boston Consulting Group (BCG). CIRCelligence, co-developed by BCG and the Dutch non-profit organization Circle Economy, makes circular economy and progress in it measurable. Based on this, we evaluated our entire product portfolio in terms of both quality and quantity in the circular economy.

The **qualitative assessment** provides information about the current efforts and the maturity of the control system with regard to the latest findings in the field of circular economy. A company achieves grade

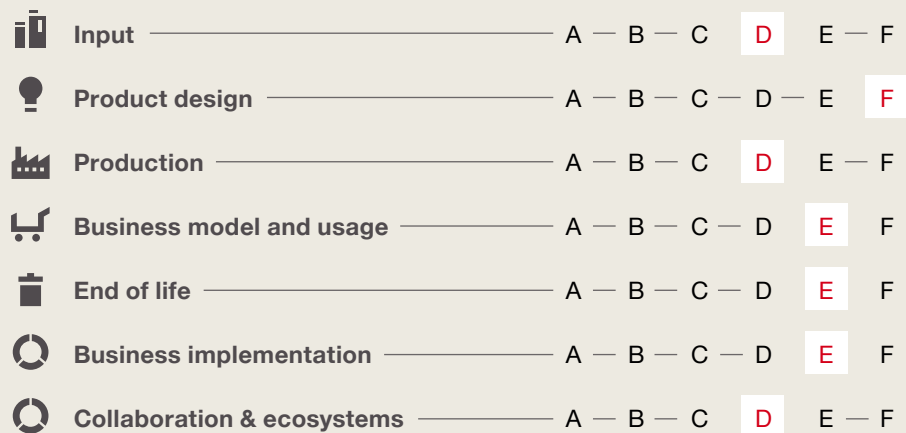
“A” if it has implemented the latest findings in the field of circularity in all its business areas. With a grade “F”, the activities and instruments for the implementation of circularity are not yet fully developed. The qualitative evaluation accordingly helps to evaluate how structured the circular economy is implemented in a company.

The **quantitative assessment** provides information on the actual status of circularity, mainly measurable by the mass of resources used. A value of zero percent means that materials and products are handled in a linear way at all stages of the value chain. A value of 100 percent signifies full implementation of circularity. Whether this state can be achieved depends primarily on the available technologies; it is often not yet fully feasible today. The methodology divides the value chain into five areas, from input to end of life (see box p. 23). A variety of aspects, including energy consumption, collection rates and the inherent recyclability of the products, are taken into account in the calculation. In the calculation, we distinguish between tools and consumables (i.e., fasteners and inserts), because the two areas differ fundamentally: For example, although we can and do take back tools at the end of their productive life, taking back fasteners is currently very difficult given their relatively small mass as well as the significantly longer life of buildings and their change of ownership.



# Circularity – How we measure it and where we stand

## Qualitative Score



Our traditional optimization of efficiency represents a good starting position, particularly in our production processes as well as in the selection of input materials. We will intensify the anchoring of circular economy principles in our business practices and in the internal organization of the topic. We still see extensive structuring potential in product design and the handling and transparency of products at the end of their life cycle.

The rating is based on the British school grading system (A = very good / F = insufficient)

## Quantitative Score

→ **Input:** The use of recycled materials in our products is well above the global average of eight percent. The metals we use play a key role, which already contain a significant recycling share today.

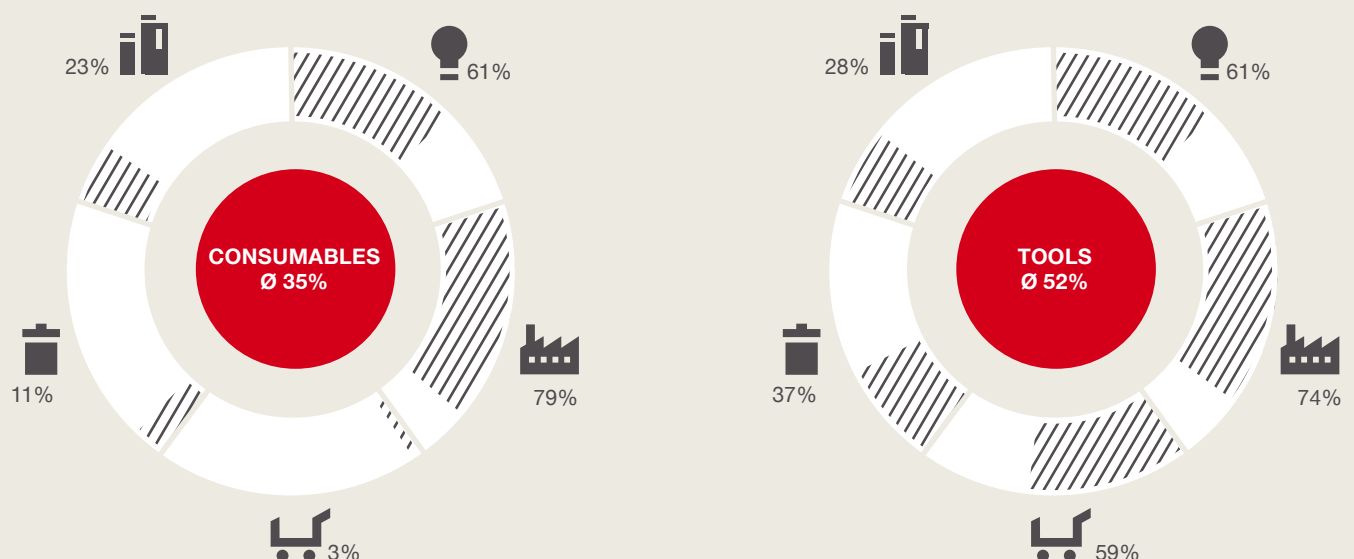
→ **Product design:** Our products are to a large extent made of materials with a high recyclability. We aim to make greater use of this potential in the future, by making more conscious design decisions on material choice.

→ **Production:** Our production is already on a good level with regard to waste prevention and resource efficiency. We have continued to expand this by fully converting our global production facilities to renewable electrical energy in 2020, for example.

→ *Environmental Protection: p. 27; CO<sub>2</sub>: p. 16*

→ **Business model and usage:** The biggest differences between tools and consumables are in our business model. In our tools business, our fleet management lays the foundation for the concept “product as a service”, a basic principle of circularity that helps our customers to achieve more with less.

→ **End of life:** We also see a positive effect of our fleet business at the end of the product life cycle: With free and convenient pickups from our global network of reverse logistics, we were able to collect more than 1.3 million tools, batteries and chargers from our customers worldwide in 2020, which were either reused or recycled. Our tools have a high proportion of steel, copper and aluminum, meaning that more than 70 percent of the tool's mass can be recycled virtually indefinitely for a variety of applications.



## 2020 – The starting point of our roadmap

This initial analysis has shown that our activities to date are above the global average in the circular economy, and that we can realize further potential by institutionalizing our efforts. Based on our methodology, we have defined clear priorities to focus even more on circularity in the future. For example, we want to continue to drive the **growth of our fleet management** and at the same time optimize it with regard to circular principles. In addition, cooperation with our **global recycling partners** will play a greater role in the future.

We already implemented the first initiatives on our roadmap in the year under review:

- This year, we determined a calculated **evaluation** of our circular economy with a methodology used for the first time in the world. As one of the first companies in the industry, we are making this evaluation transparent. We will monitor our quantitative and qualitative progress every year and based on it prioritize our initiatives.
- We will raise the bar for the development of our key figures and integrate the **institutionalization of principles of the circular economy more into our business processes and decisions**. Our focus will thereby be on product design and procurement. We are already consistently integrating the findings from our **global repair centers** into the development to make products easier to repair. For example, we have begun to disconnect the electronics from plastic switches. Since the switch is damaged more often than the electronics, we can replace the much smaller switch instead of the entire electronics, saving valuable materials and transport costs.

### Materials used in 2020

	By weight (in t)	Percentage of recycled raw materials
<b>Renewable materials</b> (paper, cardboard, wood)	<b>32,177</b>	
<b>Non-renewable materials</b>	<b>224,126</b>	
of which steel	135,700	32%
of which plastics	14,923	9%
of which chemicals	53,424	0%
<b>Products not yet analyzed</b>	<b>13,810</b>	
<b>Total materials used</b> (products and packaging)	<b>270,113</b>	<b>23%</b>





We give returned fleet tools a second life. We donate some of the used tools to the “Tools for Schools” program in the Czech Republic, shown here.

- We will reduce **packaging** of products and in the supply chain. For example, through recyclable packaging systems in logistics or the intensified use of recycled materials. As a first success, we decided in 2020 to change our Hilti soft bag by using 100 percent recycled fabric material, which will save up to 600 tons of virgin plastic per year – the equivalent of about 50 million PET bottles. We have also started testing to increase the amount of recycling in our tool cases without compromising the quality and typical Hilti recognition value.
- We have meaningfully reused **returned Hilti fleet tools** after their first service life. Our team in **France** has pioneered the use of selected spare parts for reuse after repairs of Hilti fleet tools. In compliance with our high-quality standards, almost 30,000 spare parts have been recovered, which would otherwise have been recycled. This corresponds to more than five tons of valuable materials. Due to good customer feedback, we will continue to increase the number of approved spare parts for Hilti fleet

## At a Glance Successes and Actions

- Industry-wide first calculated assessment of circularity
- Decision made to change soft bag to 100% recycled fabric material
- Reusing spare parts or donating returned Hilti fleet tools

tools in accordance with the respective local regulations. In addition, we have donated still functional and refurbished fleet management tools worth more than CHF 1 million in the **USA** to Habitat for Humanity and other charitable organizations in 2019 and 2020. In our market organization in the **Czech Republic**, we donated used, but for less demanding use still functional tools to four schools as part of the “Tools for Schools” program, thus supporting future electricians, engineers or business owners.



## Buildings and the circular economy

The circular economy plays a major role not only for our tools. We provide numerous products that remain permanently in a building and can also make a contribution to sustainable construction in this context. Finally, buildings are also sources of raw materials at the end of their life cycle: For example, installed installation systems for pipes and cables can already be completely reused today.

In order for buildings to become an integral part of a circular economy, the correct use of materials is essential during construction. A change in the way people consider things is currently taking place here: The construction industry has recognized that there is a growing need for more sustainable buildings. These “**green buildings**” are characterized by

low emission values and a high energy-efficiency as well as the use of renewable and uncontaminated raw materials, for example.

With our products, we support our customers in obtaining certificates to achieve such “green building” standards. To provide our customers with more transparency about our product portfolio for green buildings, we have many products certified externally with regard to environmental and health aspects. For example, our Environmental Product Declarations (EPD) are issued by the Institut Bauen und Umwelt e.V. (IBU) and our Material Health Certificates (MHC) are issued by the Cradle to Cradle Products Innovation Institute.

We took further steps in this direction in the year under review. We obtained certifications for two new and three optimized products. In addition, we optimized our portfolio of fire protection products with a view to the Living Building Challenge certification program, thereby eliminating the hazardous substances from the LBC Red List. We also introduced construction foams on the market without additives from the risk material group isocyanate (MDI).

In the future, we are going to present our product range and the associated certificates for sustainable construction even more transparently. In addition, we assigned responsibilities for “green buildings” and sustainable construction. In this way, it will be possible to integrate customer-specific requirements even more into our development processes.

## INTERNATIONAL STANDARDS FOR GREEN BUILDINGS

The international quality standards applicable to sustainable construction (Green Building) are also of great relevance to our product portfolio. These include among others Leadership in Energy and Environmental Design (LEED), the WELL Building Standard, the Building Research Establishment Environmental Assessment Methodology (BREEAM) and the certificates of the German Sustainable Building Council (DGNB).

# For a Greener World

## ENVIRONMENTAL PROTECTION

Environmental protection and resource efficiency play a major role for us as a manufacturing company. Within our plants, but also in logistics, repair and product testing, we aim to minimize our impact on the environment and to continuously improve by increasing efficiency or, for example, trouble-free production. That is why we focus on waste, water efficiency and contaminant emissions just as much as our CO<sub>2</sub> emissions and the potential of the circular economy.

→ CO<sub>2</sub>: p. 16; Circularity: p. 20

**Waste** is mainly generated in the production of our products in our plants. A large part of this waste is disposed of by external service providers who have the appropriate certifications for the disposal of the respective type of waste. Waste of different material groups, especially concrete and metallic fractions, is generated in production and

product testing. As part of our sustainability strategy, we strive to increase our recycling quota as far as possible in the future and avoid waste to landfills.

We mainly use **water** for specific production steps, for example in the surface treatment of our consumables, such as nails or anchors. Almost two-thirds of our Group-wide water consumption is attrib-

**We commit ourselves to disposing of zero waste in landfills in the future.**



## Breakdown of total waste by category<sup>1,2</sup>

in t

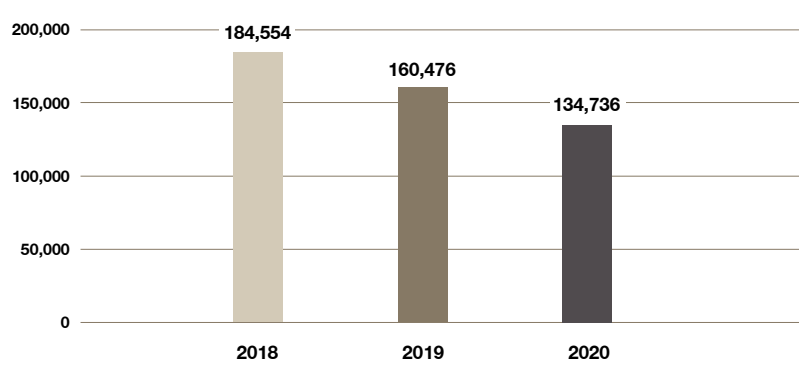
	2018	2019	2020	Change
<b>Total waste</b>	<b>23,758</b>	<b>25,020</b>	<b>23,571</b>	<b>-6%</b>
Concrete	7,633	8,201	<b>7,271</b>	-11%
Metal	5,449	5,830	<b>5,058</b>	-13%
Chemical waste	1,509	1,078	<b>1,313</b>	22%
Paper	2,296	2,253	<b>2,891</b>	28%
Plastic	357	350	<b>905</b>	159%
Wood	845	1,023	<b>1,232</b>	20%
Electronic waste	2,612	2,546	<b>2,459</b>	-3%
Other	3,058	3,739	<b>2,442</b>	-35%

<sup>1</sup> incl. returned fleet tools

<sup>2</sup> Due to increasing transparency of waste listed in the "Other" category, additional amounts have been added to the remaining categories.

## Water consumption in our plants

in m<sup>3</sup>



Approx.  
**200**

**HSE representatives in our plants, logistics and repair centers**

uitable to four plants, on which we are focusing our activities in a first step to achieve further improvements.

The production process also produces **contaminant emissions** that enter the air and water in the factory environment. We measure the essential substances produced at all locations and comply with local statutory emission requirements. We plan to carry out a structured identification of all existing pollutants and to regularly measure relevant substances that were possibly not taken into account previously.

### Organizational anchoring

The topic of environmental protection is handled in our Health & Safety (HSE) department under the direction of the Chief Compliance Officer. In addition, approximately 200 HSE representatives are appointed at our plants, logistics and repair centers throughout the company.

## Implementation

- In addition to complying with local environmental protection laws, we want to further standardize and optimize environmental management at our sites. To this end, we have released a Group-wide internal **environmental policy**, which was ratified by all legal entities in our Group in 2020. The guideline is based on the industry standard ISO 14001:2015. It defines our fundamental ambitions with regard to environmental protection and regulates the measures and processes with which we want to reduce our ecological footprint.
- We encourage all employees to measure their daily actions against the standards described in the policy and to demonstrate potential for improvement. We have introduced an internal ticket system at several locations that can be used to report any incidents in the field of environmental protection to the responsible managers. We also raise our employees' awareness for environmental protection at Hilti and their individual responsibility with internal **training**, both face-to-face and e-learnings, and information offers. For example, we provide training sessions on hazardous substances at regular intervals for employees handling these substances, on topics like proper storage or behavior in an emergency.

Furthermore, we have already taken significant steps in recent years with regard to waste prevention and water efficiency. A few examples are shown below:

- We implemented environmentally sound recycling for our **concrete waste**, for example, at our site in Schaan (Liechtenstein) long ago: It is recycled in the immediate vicinity of the plant and used in the construction industry and road construction.
- The **food and kitchen waste** generated in our staff restaurant at Group headquarters is collected and transferred by a local waste disposal agency to a sewage treatment plant on site. The gas produced from the biomass along with sewage sludge is purified of carbon dioxide and then fed into the Liechtenstein gas supply network as high-quality **biogas**.
- At our Navsari (India) plant, we have been able to apply lean methods to



We raise awareness of environmental protection with training courses and by providing a range of information.

- significantly reduce the consumption of **graphite**, which we use as an assistive in the production process. The possibility of reusing the generated graphite and the targeted control of the process parameters in the hot press area has enabled us to reduce the generated waste by more than 50 percent.
- At our Zhanjiang (China) plant, which accounts for about one third of water demand in our plants, we have been able to reduce water consumption by more than 10 percent over the past three years thanks to **process optimization in surface treatment**.
- By switching from disposable to reusable transport containers at our plant in Thuringia (Austria), we were able to reduce the need for **cardboard boxes for small load carriers** of 25,000 boxes per year by more than 70 percent.
- We have already implemented possibilities to **save water** in individual production steps. For example, we partially reprocess the water used for **finishing processes** in several plants and can use it in a closed loop instead of supplying fresh water.
- Our **wastewater** is treated in in-house wastewater treatment plants and then fed to the municipal wastewater systems.

10%

less water consumption at our Zhanjiang plant in the last three years

## At a Glance Successes and Actions

- Adoption of a Group-wide environmental policy
- Comprehensive training in environmental protection
- Various activities to reduce waste and improve water efficiency

# Responsible Partner



## SUPPLIER SUSTAINABILITY

Our global supplier network makes an important contribution to the added value, quality and innovative strength of our company. Consequently, our suppliers have a significant influence on the achievement of our sustainability goals and are at the same time strong partners to make a positive impact on the ecological and social aspects of our business activities.

We work with around 800 core suppliers to purchase the material that goes directly into our products. Approximately 65 percent of these suppliers are based in Europe, 30 percent in the Asia-Pacific region and 5 percent in the western hemisphere outside Europe. We procure more than 85 percent of this purchasing volume locally in the respective sales regions.

We regulate the principles of collaboration with our direct suppliers in our **Code of Conduct for Suppliers**. These include the basic principles of the fight against corruption, human rights including not using child or forced labor, working conditions and minimum wages, handling of hazardous substances and environmental protection.

The basic principles of our corporate culture – integrity, courage, teamwork and commitment – describe the inseparable connection between business success and corporate responsibility toward employees, business partners, society and the environment. We also require our suppliers to practice these values and act accordingly corresponding to our Code of Conduct. For this reason, each direct supplier with whom we work is contractually committed to implementing and complying with these basic standards.

### Promoting improvements with audits

All our direct suppliers have signed the Code of Conduct for Suppliers or have their own codes that meet our requirements. Within the context of regular, standardized and announced **on-site audits**, we verify compliance with and implementation of these agreements, inter alia. This is done by our internal experts or the external auditors of Bureau Veritas.

Potential direct suppliers undergo an evaluation audit before we enter into a business relationship with them, which also includes ecological and social criteria. If we enter into a business relationship with a supplier, a process audit with a focus on product quality takes place before the start of series delivery. These audits are repeated every three to five years. Working conditions and safety standards are also assessed. If a business partner repeatedly violates the agreed standards and there is no sufficient improvement in this situation, we terminate the business relationship. A total of 80 audits were carried out at our suppliers in 2020.

# 85%

of our direct purchase volume is procured locally in the respective sales regions.





## Five steps toward greater sustainability

To make our supplier relationships systematically more sustainable, we have developed a strategy that gradually raises our activities to a higher level. As a first step, we focused on **creating a high degree of transparency** with respect to our business partners. The goal is to transparently track and manage all product-related compliance certificates and declarations (for example, RoHS & REACH), all company-related environmental certificates, the signed Supplier Code of Conduct, the results of our supplier audits as well as external ratings and validated supplier data from, for example, Dun & Bradstreet, EcoVadis or Integrity Next on one platform. The use of the SAP Ariba purchasing software solution is closely related to this concern. We are already in contact with approximately 750 suppliers via this system, who handle more than 80 percent of our total purchasing volume of components and raw materials. Our goal is to be in contact with all suppliers via SAP Ariba in the future, including those from whom we purchase office supplies and services, for example. This enables us to document standards, agreements and audit results and supports us in cultivating our supplier relationships systematically.

In a second step, we want to ensure the **sustainability assessments and key figures of our suppliers** in all procurement processes. For this purpose, sustainability assessments such as those of EcoVadis or Integrity Next are consulted, which are entered into a bonus malus system in SAP Ariba. After evaluating our entire supplier portfolio, we plan to focus more on **sustainability initiatives for individual material groups** in a third step. In this phase, we also want to confer a Best Practice Award for outstanding sustainability initiatives by suppliers. In a fourth step, we intend to expand **our subcontractor management** systematically to include sustainability aspects and involve them in our sustainability management. Finally, in a fifth step, we want to promote the integration of “EcoSourcing” and the circular economy further in **our product development process**.

→ Circularity: p. 20

## At a Glance Successes and Actions

- 80 audits were conducted at our suppliers in 2020
- Introduction of SAP Ariba purchasing software for greater transparency on sustainability in the supply chain

### Responsible handling of conflict minerals

We currently process tungsten and cobalt in our products, as well as tantalum and gold in certain electronics. At present, there is no equivalent substitute for these minerals, the extraction of which is helping to finance conflicts in some regions of the world. We ask our suppliers about the origins of these materials in order to ensure that this is not the case. Our long-term objective is to replace conflict materials with less problematic materials as far as possible. For example, we are currently conducting an internal research project to replace cobalt in diamond segments with nickel or iron in the medium term.

### Reduction of our carbon footprint in cooperative partnership

Together with our suppliers, we are also working on the impact of our business on the environment. For example, together with our most important supplier of installation systems in Europe, we were able to reduce our CO<sub>2</sub> emissions by **optimizing transport routes** to our plants and selected major customers. The conversion, which began in 2019, was completed in 2020 and resulted in a reduction of 300,000 km per year – a reduction of more than 200 tons in CO<sub>2</sub> emissions.

# 200 t

of annually saved CO<sub>2</sub> emissions thanks to just one transport route optimization.



Together with our partners we want to make our supply chains systematically more sustainable.

Brian Sieben,  
Head of Sourcing  
Excellence



34	User Health and Safety
38	Building Safety
44	Sustainable Culture and Employee Engagement
52	Employee Health and Safety

# FOR THE PEOPLE

... health and safety have been high on our agenda for decades. Turn the page to learn more about how we fulfill this responsibility to our customers and our employees.





EXO-01 may reduce the strain on the user, is easy to put on and maintains the natural range of motion in the upper body.

# Safety at Construction Sites

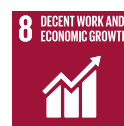


**We have been working for more than 75 years to make work on construction sites safer.**

Jahangir (Jan) Doongaji,  
Member of the  
Executive Board



## USER HEALTH AND SAFETY



There are still too many accidents on construction sites despite the numerous safety regulations that apply in the markets and the measures and strategies already taken by companies helping to prevent accidents. According to Eurostat, the construction sector has the highest number of occupational accidents among all sectors.

Thousands of injuries and nearly 20 percent of all annual deaths suffered by construction workers are caused by inadequate protective equipment or lack

of user skills. We have been working for more than 75 years with our products and services to make work on construction sites safer. With technological innovations, we support the protection of users against dust, mechanical recoil, excessive machine vibrations and cutting injuries. This begins in the development process of our products and goes all the way to consulting and training to raise awareness in the area of user health and safety.

In the product development process, which incorporates standards such as the

European Machinery Directive, we assess the ecological and health properties of a future product at an early stage. This assessment includes a variety of criteria, including vibration and dust generation. In addition, dedicated, internal consultation with the development team takes place in this phase, so that safety-relevant findings can also be incorporated from other areas of the Group. Product development only enters the next phase if all safety-relevant points have been satisfactorily clarified. This structured development approach enables products that go far beyond the legal safety requirements.

### **Organizational anchoring**

The topic of user health and safety is on the agenda of all our business areas and is incorporated into their annual strategy processes. Using our application and ergonomics experience, we evaluate where we can improve existing products in the interests of users with regard to safety, whether we can extend existing safety solutions to new product groups and which new solutions are conceivable for greater health and safety in construction.

In addition to the business areas, our central research area “Corporate Research & Technology” in Schaan (Liechtenstein) and our “Competence Center for Health & Safety Technologies” in Kaufering (Germany) are driving user safety. For 25 years, we have been continuously examining how innovations can be implemented in this context as part of exploratory technology development.

In addition to the product monitoring obligation, our sales structure, with direct customer contact and feedback from our worldwide repair centers, enables us to collect user experiences in the handling of our products quickly, comprehensively and in a structured manner. We take this direct feedback from the market very seriously. If a complaint indicates that an injury has occurred or could potentially occur during the use of our products, the Executive Board is informed of these findings. If a product defect is detected, we communicate this to the relevant contact persons within our Group and take all necessary steps to remedy the defect.

Even in such cases, the advantages of our quality standards and sales approach are evident: Since each Hilti product has its own serial number and is linked to the corresponding customer number, we can track almost completely which device is in use at which customer and possibly needs to be repaired or replaced.



**Our goal is to meet the highest demands of users in terms of health and safety.**



# Jaibot

Our construction robot helps to automate physically demanding tasks.

## How we specifically promote user safety

- Our “**Active Torque Control (ATC)**” is an electronic solution based on the airbag system. We originally developed this for our combihammers and integrated it into a product for the first time in 2000. State-of-the-art sensors and a motor brake reduce the recoil risk by helping to prevent a device from rotating uncontrollably when jammed. With ATC, we go significantly beyond the requirements of the Machinery Directive, which only provides for a mechanical slip clutch.
- Where there is construction, dust is omnipresent. Dust particles may stay in the air for a long time due to their small size and penetrate deep into the lungs. Our focus in developing solutions is to minimize user dust exposure while enabling maximum productivity.

As early as 1995, we launched the first tool on the market with an integrated “**dust extraction system**”. Today, 95 percent of our power tools can be used virtually dust-free. We design power tools, accessories and inserts, for example, drills, grinding wheels, cutting discs and chisels, as sophisticated systems with dust extraction, so-called

**Dust Removal Systems (DRS)**, helping to remove dust at the source and efficiently collect it with the help of powerful vacuum cleaners.

- We continue to consider the effects of typical working postures and movements when using our tools, for example, overhead or above shoulder work. Preventive relief can help reduce work-related musculoskeletal disorders in the shoulder area, one of the most common reasons for disability in the construction industry. We presented two possible solutions to this problem in 2020. Our **Exoskeleton EXO-O1** may reduce the strain on the user, is easy to put on and maintains the natural range of motion in the upper body. The reduced fatigue of the muscles may enable an increase in safety, productivity and quality of work. In addition, our **Jaibot** semi-autonomous construction robot supports ceiling installations in particular and consequently helps to automate repetitive and physically demanding tasks.

 Company Report: p. 18, p. 20




- In addition to the various health and safety technologies, we have dedicated ourselves to raising awareness at construction sites since 2014. To this end, we have developed **interactive training sessions** specifically for users. The

## Dust management made by Hilti

With our system, dust is extracted directly from where it is generated: at the drilled hole. Subsequent cleaning is not necessary.



## Solutions for greater health and safety for users on the construction site

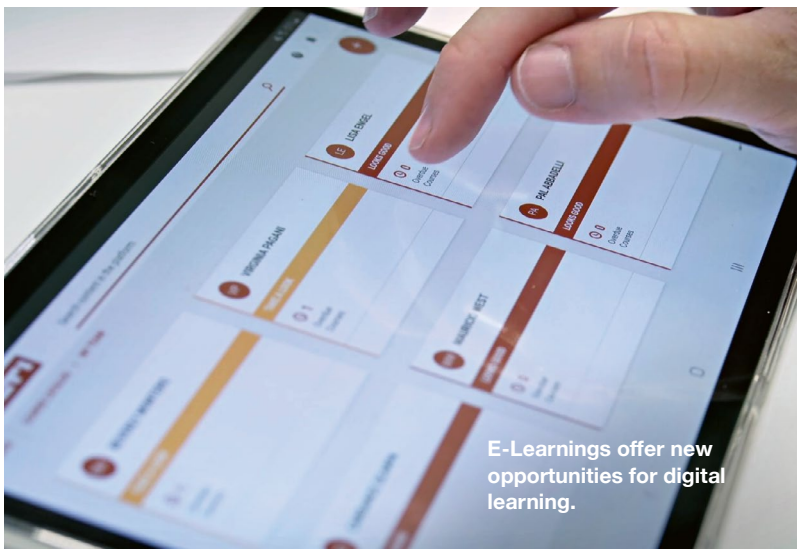
Product Safety Technologies	Human Enhancement Systems	Dust Management Systems
<p><b>ATG AVR</b></p>  <p>Hazard Reduction</p>	<p><b>EXO-01</b></p>  <p>Fatigue Reduction</p>	<p><b>DRS</b></p>  <p>Dust Exposure Reduction</p>
<h3>Health and Safety Trainings</h3> <div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;">  <p>Face-2-Face Group Sessions</p> </div> <div style="text-align: center;">  <p>E-Learnings</p> </div> </div>		

focus of all our training modules is on risk and accident reduction according to the STOP method. This means risk reduction through substitution as well as technical, organizational and personal protection measures. We currently offer more than ten different training modules, for example in the field of dust, working with angle grinders or flying sparks, and are constantly developing our portfolio further. Our wide range of training courses includes on-site training at a customer's premises and virtual formats with our experts. Approximately 12,000 users were trained in 2020.

In addition, we launched our first **e-learning courses** in 2020. These flexible and fully digital formats are available in a wide variety of languages. New courses will be rolled out successively in our markets starting from 2021.

## At a Glance Successes and Actions

- Exoskeleton EXO-01 and Jaibot make work on construction sites easier
- E-learning courses launched in different languages



E-Learnings offer new opportunities for digital learning.



# Build More Safely

## BUILDING SAFETY



Sustainability has become an essential element of construction. New construction projects aim to reduce negative effects on the environment and at the same time create a positive situation for the people who live and work in these buildings. At Hilti we have been offering products to make buildings safer for more than 40 years – and we have helped to establish high standards in this area. Our cooperation with universities, research institutes and approval bodies have made a significant contribution to raising the safety in buildings to a higher level.

→ Circularity: p. 26

**Our target is to meet the highest standards in building safety with our products.**



## Solutions helping to save lives and protect assets

### Better protection against critical events



Earthquake Protection



Fire Protection

### Lifetime performance



High-Performing Hardware



Quality Installation and Documentation

### Safer building designs



Training & Consulting



Design Software



Building Information Modeling Design

Our strategy for the better protection of people and their property rests on two strong pillars – better protection against **critical events**, such as fire or earthquakes, and **lifetime performance**, ensuring the long-term durability of our solutions.

### Better protection against critical events

Within the first pillar, we focus on mitigating the two main impacts to building and occupant safety: earthquakes or seismic events and fires.

In the field of **earthquake protection**, we offer a wide range of solutions helping to ensure fasteners, rebar connections, fire protected penetrations and joints can withstand the impact of an earthquake. An example of this is the extensive effort we do within the field of our anchor fasteners: We carry out comprehensive testing that simulates the magnitude and frequency of an actual earthquake to enable our products and solutions can still perform during and after a seismic event in all dimensions of performance.

In the area of **fire protection**, we are offering industry leading passive firestop solutions that enable fire containment and thereby reducing impact on both occupants and building structure. In addition to fire protection devices and chemicals, we



The intelligent adaptive torque module helps to ensure that anchor systems are fastened with the correct installation torque. The correct anchor setting is simultaneously documented and can be transferred seamlessly to a PC after the work is done.



Our passive fire protection solutions are integrated into the structure of a building helping to seal off pipes, cables or even building joints from fire and toxic smoke in the event of a fire. This helps prevent the fire from spreading further into the building and minimizes its devastating effects.



**We strive to design our solutions to outlast the life of a structure.**

Edward-Louis Przybyłowicz,  
Head of Business  
Unit Anchor Systems



also research how our fasteners and rebar connections can withstand and outperform during critical temperature conditions occurring during building fires.

We partner closely with **standardization organizations** helping to ensure compliance with regulations and the effective safety performance of our solutions. As an active member of standardization organizations, such as the European Committee for Standardization (CEN), the European Organization of Technical Assessment (EOTA) and the International Code Council (ICC), we always strive to help develop standards and regulations that create a foundation for both safer and more practical solution design. We promote these standards and regulations in the markets in which we operate, and we participate in public consultations of the respective national committees.

## Lifetime performance

Within our **second pillar** we develop solutions that aim at providing these innovative products support an extended lifetime of a building.

The foundation of long-lasting buildings is durable hardware elements in those buildings. We strive to offer **hardware** that outlasts the life of a structure. We help to ensure the performance of our fasteners by running long-term testing in corrosive environments across the globe, for example, in locations in the immediate vicinity of the sea with fluctuating temperatures and high humidity.

Leading product features and lifetime performance can, however, only be realized if products are installed correctly. Therefore, we have developed systems and services

that enable the high quality of installation. To help construction workers make best use of our products, we offer professionally delivered trainings: We consult the installers on the construction site through a combination of technical knowledge and hands-on modules.

In addition, we support long-lasting construction with systems that prevent errors during the installation of our products and that provide reports on the proper installation.

- An example of this is our **Adaptive Torque Module** which helps to ensure all anchors and installation systems are set with the proper torque or our digital **On-Site Testing systems** that validate anchor performance.
- In order to validate lifetime-enhanced performance of our solutions we offer documentation solutions like the **Hilti Documentation Manager**. This supports contractors in extensively and effectively documenting their work, while also aiding facility managers in monitoring the critical areas of their facility – like firestop seals or critical anchors – with the help of cloud-based software.
- Another example for an innovative documentation feature is the **Hilti Tracefast**, a unique QR code imprinted on our high-performance anchors that represents a new concept for fasteners. This data matrix code (DMC) makes each fastener uniquely identifiable and thus traceable throughout its entire life cycle – from manufacturing to the end of the building’s use. The DMC contains a unique ID that includes all relevant information: instructions for use, approvals, technical data and even the batch and article number.

 Company Report: p. 14

## Safety begins with design

The foundation in the field of building safety is a **safe building design**. We partner closely with specifiers and architects to enable the consideration of building and occupant safety at an early stage in the planning. This is the prerequisite for being able to provide the resilience of a building in the long run.



**Hilti Tracefast is a unique QR code that is printed on our high-performance anchors as a new concept for fasteners.**

**Our field-based engineering force** consults with regard to critical safety problems, provides technical assessments and on-site testing during the design phase. This support function is further enabled by providing **software solutions** like PROFIS Engineering and the recently launched Firestop Selector. In this way, we help various construction communities to find and design safer and more cost-effective solutions. Furthermore, we support general contractors in planning their projects more effectively, modeling and calculating their safety-critical solutions directly within the Building Information Modeling (BIM) methodology.

 Company Report: p. 40

## At a Glance Successes and Actions

- Training and consulting to support high-quality installations
- Hilti Tracefast as an innovation for the unique identification of anchors throughout their entire life cycle
- Software solutions for support in the design process and for seamless documentation

# Research with the support of students



## University of Canterbury

Development of a methodology to assess the residual performance of penetration firestopping systems exposed to seismic conditions



## University of California San Diego

Development of new product qualification and design guidelines for seismic resistance, safety, and resilience of structural and nonstructural fastening applications

### Innovations through research and feedback

In order to further develop and innovate our current portfolio of products and solutions, we also research and develop through **partnerships**. A key contributor for continuing to advance our understanding of the impact of critical events on the performance of building structures is our collaboration with universities and research groups having specific expertise in these fields.

For example, the partnership with the University of Canterbury helps us to continuously improve fire protection solutions, which are enabled to effectively perform their sealing role even after a significant earthquake. While traditional firestop solutions have shown their limitations in facilities hit by earthquakes, by failing to keep fire contained, more innovative pre-formed firestop devices have proven much more resilient to vibrations and movements, better stopping the spread of fire and smoke after seismic events.

Together with the University of San Diego we are developing testing requirements for safer seismic fastening solutions with a strong focus on the capacity to recover quickly after a seismic event.

Within our **own value chain**, the topic of building safety is on the agenda of the individual business units: We follow a structured development process to integrate security features into our products at a very early stage. In addition to the tests anchored in the guidelines, we check for a wide variety of contingencies, such as incorrect product storage or deviating installation conditions. We only launch a product on the market when all these risk assessments have been completed. After product launch, in addition to the product monitoring obligation, the **feedback from our customers** plays a very relevant role in the continuous improvement of our offering. Experts in our development teams carry out structured reviews of customer complaints, including additional tests and site visits, if necessary.

### Responsible handling of hazardous substances

Health and safety play a central role in our business. Accordingly, we strive to better protect the users of our products, the building occupants and our employees from potentially dangerous substances in our products. As part of our sustainability strategy, we are therefore intensifying our focus on avoiding the use of hazardous

substances. We want to reduce their share in our products across our entire portfolio, for example in chemical anchors, fire protection products and tools, insofar as this is technically possible. Our commitment to optimum performance and quality continues to be our top priority.

We want to avoid hazardous substances as much as possible, on the one hand to minimize the environmental impact as much as possible, and on the other to minimize adverse health effects. We always act in accordance with applicable safety regulations and rules that apply in our markets, including Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH) and Restriction of Hazardous Substances (RoHS). We monitor regulatory developments and adapt to new regulations at an early stage. In fact, we already go beyond the legal requirements for the use of hazardous substances in many of our products. We also require our suppliers to disclose their handling of critical chemicals and to comply with our standards.

In our product development process, we are focusing even more intensively than before on the prevention of hazardous substances. At an early stage in the process, we will increasingly and systematically examine alternatives for such substances concerning their suitability in the product. We will also place greater emphasis on preformed products in fire protection, for example, so that the risk of user contact with reactive chemicals contained therein is reduced.

We are taking an important step toward avoiding hazardous substances in production. For example, we already rely on **“High Pressure Coining” technology (HPC)** in manufacturing our diamond products. This new technology enables us to eliminate toxic metals from conflict regions in production. Completely recycled iron is used instead. This benefits our employees, our customers on construction sites and the environment.

**In the area of fire protection we are focusing increasingly on preformed products, reducing user contact with liquid chemicals.**





# Care and Perform



## SUSTAINABLE CULTURE AND EMPLOYEE ENGAGEMENT

### Employee engagement as focus of our strategy

Our company founder Martin Hilti was already convinced of the importance of an employee-oriented corporate culture as the foundation for a successful business model. Even today – 80 years later – engagement is at the heart of our efforts. Because enthusiasm and professionalism are transferred to our customers with highly motivated employees, which ultimately produces increasingly better results.

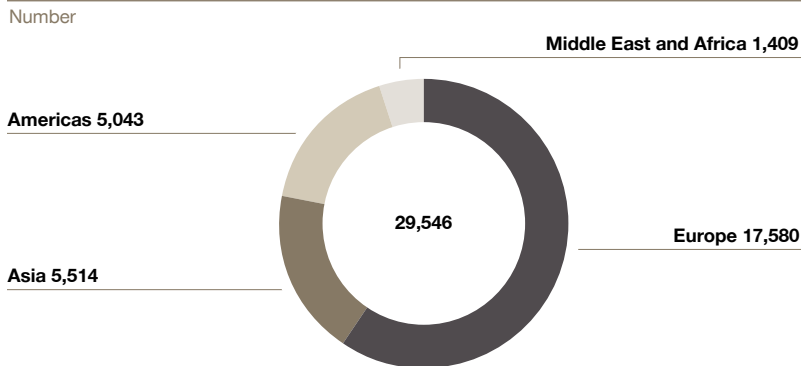
**Our goal is to enable the engagement of our employees.**

Our culture is decisive for establishing a spirit of collaboration at Hilti: We support and challenge each other, and we measure ourselves against the results of our work. As part of our “Care & Perform” culture, which is constantly evolving and based on our core values of commitment, courage, teamwork and integrity, we also support sustainability in all employee-related topics: inclusion and diversity, employee development, mental and physical health as well as work-life-balance.

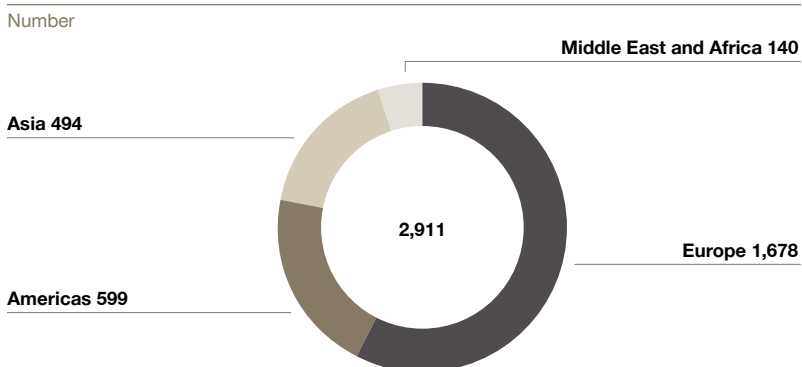
A high-performing global team is one of the cornerstones of our corporate strategy. In recent years, our team has grown strongly, become more global and diverse. We have increased the number of our employees by approximately 50 percent since 2010. About 30,000 people around the world currently work for Hilti. With their dedication and engagement, they decide every day whether and how we get better as a group. At this point in time, approximately 60 percent of our team members belong to the generation of the “millennials”. We want to meet the different expectations of both our younger and older employees equally as well as those from different cultural backgrounds.

The Group-wide people strategy is based on our caring and performance-oriented corporate culture. Overarching goal is to enable the engagement of our employees. To measure progress on engagement, we have been surveying our team about their engagement with Hilti

### Employees by region 2020



### New employees by region



in the annual **Global Employee Opinion Survey (GEOS)** for more than 20 years. We gather specific feedback on the content areas of leadership, team, organization, strategy, development, inclusion and more.

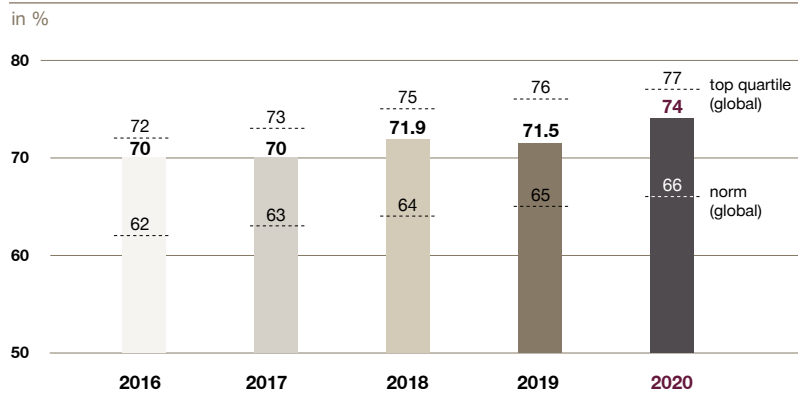


**I consider it management’s most important task and an entrepreneur’s ethical responsibility to create a company climate in which every single person develops the will to succeed and commit, while still having fun at work.**

**Martin Hilti,**  
Company Founder



## GEOS Employee Engagement Score



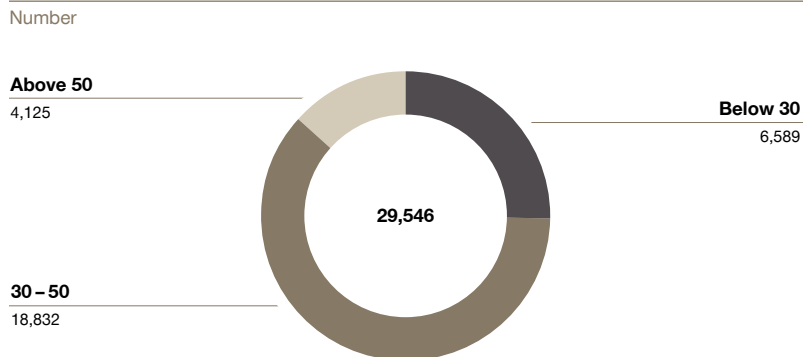
## Employees by gender 2020

	Female	Male	Non-binary	Total
Executive Board	0	6	0	6
Executive Management Team	28	149	0	177
2 <sup>nd</sup> Management Level	1,147	4,156	0	5,303
Employees	6,403	17,656	1	24,060
<b>Total</b>	<b>7,578</b>	<b>21,967</b>	<b>1</b>	<b>29,546</b>

# A Great Place to Work

We are proud to have received the 2019 “Best place to work®” award by Glassdoor in the U.S. and to be on the list of Fortune 100 Best Companies to Work® in 2020 in the UK. We were also recognized by the Great Place to Work For® Institute among the best places to work in 2020 on several occasions: We were ranked 14<sup>th</sup> best employer in Europe and were among the top 10 in Sweden, Poland, Spain and the Netherlands. These awards are a testament to our investment in our team members and our culture.

## Employees by age structure 2020



We use the following categories to assess engagement:

- **Say:** “I recommend Hilti to others as a great place to work.”
- **Stay:** “It would take a lot to get me to leave this organization.”
- **Strive:** “Hilti inspires me to do my best every day.”

The percentages of positive responses to these three questions result in an overall score, the “**Employee Engagement Score**”. We have set ourselves the goal of being in the top quartile of all participating organizations. In 2020, 91 percent of our team members participated in the GEOS survey and took the time to write 19,000 comments. The proportion of employee engagement has increased from 71.5 to 74 percent. With top quartile results in six regions, our headquarters and most global functions, we reduced the gap to the global top quartile to three percentage points. Now it is a question of closing the remaining gap with a unified effort and the consistent implementation of our personnel strategy.

Another **focus of our people strategy** is to attract and further develop talents and consequently create a strong succession pipeline. An important component in achieving these goals is the creation of an **inclusive environment**. By this we mean a working environment in which people can contribute their strengths, feel comfortable and have the courage to go new ways and try things out. At the same time, we have high expectations on the behavior of our employees. Inclusion is not a project for us, but instead an attitude that we maintain in the entire Group. We understand **diversity** as the sum of the diverse attitudes, ideas, experiences and strengths of our workforce. This diversity and the use of these potentials promotes imagination and creates the necessary friction for progress. We focus on three concrete aspects – the 3Gs:

- Gender
- Global
- Generation



We deliberately set target ambitions for these indicators instead of rigid quotas: We aim to ensure that our workforce is as diverse as possible with regard to the 3Gs. For example, the proportion of women in the workforce has increased from 18.6 to 25.5 percent since 2010.

Our new **“MOMENT” people approach**, which reinforces our long-standing priority on personal and professional growth, focuses on further driving employee engagement, creating an environment where all team members can be engaged. The concept is based on four principles:

- Frequent conversations
- Taking action Now
- Ownership
- Focus on strengths

Frequent conversations and direct feedback to reflect on the progress of goals and one’s own further development are

central elements of this concept. More than 100,000 goals have already been documented on our new Workday digital platform. At the end of the reporting year, 82 percent of employees had documented their development discussion in the system.

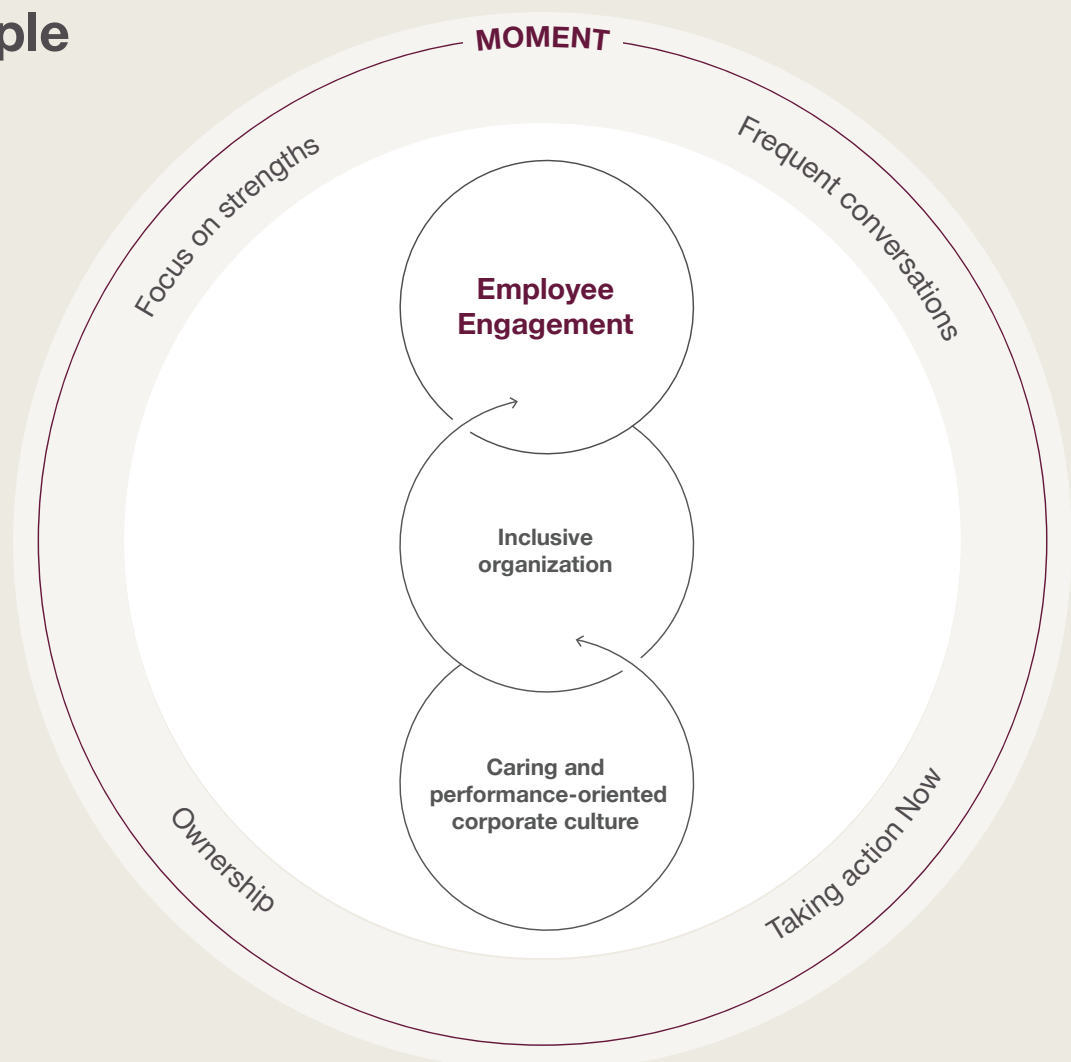
Our **team leaders** play a central role in implementing this people approach and an inclusive work environment. In addition to the team members themselves, they are responsible for an inclusive approach to the team, for the personal and content-related development of their team members and, as a result, for achieving excellent results.

We use learning to sensitize our team leaders to the topics of inclusion and diversity. Since 2015, we have trained 80 percent of our 2500 team leaders on the issue of unconscious bias with our “Beyond Bias” workshop. This training continues to be part of familiarizing all new team leaders with our corporate culture. In

**25.5%**

**share of women in Hilti’s workforce**

## Our People Strategy





**Promoting an inclusive organization: This is a leadership task that cannot be delegated.**

Christoph Loos,  
CEO



**Number/proportion of employees with development discussions 2020**

	Female	Male	Non-binary	Total
<b>Total</b>	<b>5,629</b>	<b>17,194</b>	<b>1</b>	<b>22,824</b>
Share in %	74.3	78.3	100.0	77.2

the 2020 reporting year, we expanded our Group-wide learning offer with the format **“Leading inclusively”**: We collected real cases where people felt they have not been treated in an inclusive way and turned these into video scenarios where our team leaders can practice, reflect and learn how to create a more inclusive environment.

In addition, team members can also network independently to promote inclusion and diversity. In **“Employee Resource Groups”** (ERG), employees meet with regard to topics relevant to them such as environmental protection or diversity. They can inform, support and advise each other in a safe environment and develop relevant solutions for them, which the respective organization then implements.

ERGs can form at the local level as well as in the Group-wide international context. As needed, they receive non-material or financial support from our Group.

To make our position on inclusion and diversity known to the entire Hilti team, we also hold open events. For example, we conducted three **Awareness Weeks** for the 3Gs in the reporting year. The first theme week in March took place around International Women’s Day. In various internal communication channels, events and quizzes, we conveyed facts and drew attention to unconscious prejudices and stereotypes. Theme weeks on diversity and age differences followed in May and October.

## Learning & Development

Developing our employees is our focus and one of our core competencies. We have a broad portfolio of user-generated content and formal learning journeys to convey performance-based knowledge and application. The content on our internal learning platform, which has an average of 70,000 views per day, is written to a large extent by more than 2500 employees across all functions. More than 600 team members act as community managers to engage with learners and ensure knowledge transfer. In addition to learning opportunities for basic skills such as communication or time management, we also offer role-specific courses, for example in the areas of sales, marketing and leadership.

## Employee Turnover

One result of our human resources strategy and our caring and performance oriented corporate culture is reflected in our turnover rate. At 6.4 percent, this was also low in 2020. Our goal is to keep it at a low level in the long term compared to the norm of the industry.

### Employee turnover<sup>1</sup> by gender

in %

	2018	2019	2020
Female	10.0	10.3	6.7
Male	9.4	8.9	6.3
<b>Total</b>	<b>9.4</b>	<b>9.3</b>	<b>6.4</b>

<sup>1</sup> Employees who voluntarily left our organization.



~90

apprentices train at our corporate headquarters in Schaan



also support our employees' desire for further academic training in appropriate cases. By supporting our employees in their development, we also live up to our ambition to **recruit 80 percent of our team leaders from within**. Such a career with us can start at a young age. We have been providing vocational training programs at our locations in Liechtenstein, Austria and Germany for many years. For example, almost 90 trainees work in seven apprenticeships at our Group headquarters in Schaan (Liechtenstein).

### Work-life-balance and resilience

The reporting year posed particular challenges for many employees. The COVID-19 pandemic has changed many areas of personal and professional life within a short time. As in many other companies, we at Hilti have taken short-term measures to protect our team members in the best possible way. Our **flexible working models** already in place before the pandemic have made it much easier to switch to working from home where possible. These agreements include remote work, part-time arrangements, longer-term leaves of absence ("sabbaticals") or increases in vacation days.

➔ Employee Health and Safety: p. 52

Under the special conditions during the COVID-19 pandemic, we have translated numerous existing offers on resilience and mindfulness into digital formats. This applies also to our format "**Team Camp – Care and Perform**". Originally conceived as a two-day in-person event, this team workshop, which all our team members go through worldwide, highlights topics such as positive and negative workload, multitasking, careful listening, management of disruptions in everyday work, individual performance curves or conscious breaks. After the team camp, the participants could voluntarily measure their heart rate variability over three-days, which showed them which situations are stressful at work and at home and which serve to recover. Supported by the evaluation and advice of our external partner "Firstbeat", employees have the opportunity to plan their daily routine on the basis of stress and recovery phases.

### Number of apprentices in LI, AT and DE in 2020

	Total	Of which new
Female	97	32
Male	262	79
<b>Total</b>	<b>359</b>	<b>111</b>

### Employees by working time model and employment relationship in 2020

	Female	Male	Non-binary	Total
<b>Full-time</b>	<b>6,832</b>	<b>21,534</b>	<b>1</b>	<b>28,367</b>
of which permanent	6,471	20,726	1	27,198
of which temporary	361	808		1,169
<b>Part-time</b>	<b>746</b>	<b>433</b>		<b>1,179</b>
of which permanent	704	395		1,099
of which temporary	42	38		80

One example of our internally developed content is our new leader onboarding program. The multi-month program was jointly developed by all regions and is based on the templates and experience provided and further developed by team leaders from throughout the company.

In addition to our internal offerings, we are in contact with external educational institutions at many locations and

In 2020, we created the virtual series of events **“Care and Perform during challenging times”**, which deals intensively with the challenges and burdens of remote working. Specifically created for team leaders, the module **“Leadership during challenging times”** took place in parallel, in which aspects of virtual team leadership were discussed, among other things. Our **“Sherpas”** – coworkers responsible for the care and development of the corporate culture – have also carried out various virtual formats such as podcasts, providing mental support as well as advice on organizing home offices, childcare and other challenges.

We are also constantly developing our offers at our international locations. One example: In our organization in **Great Britain**, we have initiated a program that enables team members and their families to get psychological, financial or legal counseling as well as coaching from our partner **“Life Works”** free of charge. In addition, we have revised our policies and practices since the end of 2019 in collaboration with the non-profit organization **“Mates in Mind”**, which specializes in mental health in the construction industry. In this context, for example, we organized a **“Mental Well-being”** week in the reporting year, during which guest speakers spoke about the topic of mental well-being or mindfulness training sessions were held for employees.

#### **Organizational anchoring**

Our Head of Global Human Resources who reports to a member of the Executive Board is responsible for the Group-wide strategic personnel orientation. Within Human Resources, our own global centers of excellence address the topics of talent acquisition, talent management, learning and development, diversity and inclusion as well as reward, social benefits and health. In addition, strategic and operational human resource teams work in local organizations to support the organization during transformations, implement programs and support team leaders and members in their work.

## **At a Glance**

### **Successes and Actions**

- **Continuous increase in employee engagement: all-time high in GEOS employee survey**
- **Introduction of “MOMENT” people approach reinforces priority on personal and professional growth**
- **Virtual delivery of “Care and Perform during challenging times” workshop for all employees**

#### **Management systems and policies**

Fair relations, respect for human rights, freedom of association and equal opportunities: These are the basis of the core labor standards of the International Labor Organization (ILO), which are a matter of course for us. Our own ambition exceeds this by far. Our corporate culture, our values and our human resource strategy provide an important framework for cooperation within our Group. Our Group-wide Code of Conduct and our Anti-Discrimination Policy are among our key internal regulations.

We regularly check our processes and compliance with the guidelines through internal audits. In addition, we also have external reviews carried out according to recognized standards. A large number of our organizations worldwide have ISO 9001 certification, which covers a total of 87 percent of our employees. This is supplemented by local standards, for example with regard to remuneration. For example, we use the recognized tool Logib for our organizations in Liechtenstein and Switzerland to analyze our remuneration practices with regard to wage and salary equality.

Violations of internal or external regulations are not tolerated. In addition to the respective team leaders and members representatives (if available locally), contact persons are available in our global and local compliance organizations.

→ Business Ethics: p. 60



**To make full use of the diversity of our global team, an inclusive environment is essential – this enables all team members to fully develop their potential.**

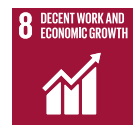
**Sabine Krauss,**  
**Global Head of**  
**Human Resources**





# The Team Counts

## EMPLOYEE HEALTH AND SAFETY



We are responsible for the well-being of our approximately 30,000 employees world-wide. We want to provide them with the safest possible working conditions in all areas of activity – in our plants, in logistics, in repair centers, in direct sales and at an office workplace – and consequently minimize physical and mental hazards and strains. We focus not only on the specific risk of injury to our employees, but also on their long-term health. Many work-related strains are associated with certain movement and posture patterns. The specific way of working in direct sales, with long car journeys, numerous appointments and irregular daily routines, can also have a negative impact on health in the long term. In addition, there is the individual feeling of stress. Mental symptoms are therefore also a possible health effect.

We want to counteract the various stresses in everyday working life and thus promote the basis of our successful existence as a company: the health, performance and job satisfaction of a highly motivated team.

**Our goal is to be a leader in the health and safety of our employees.**

### Organizational anchoring

We steer our plants, logistics and repair centers worldwide with our Occupational Health and Safety Management. Approximately 20 percent of our employees work in these production-related areas, where the individual safety risk is comparatively high. The Global H&S Process Manager, from Health & Safety (HSE), is responsible for this. The function reports directly to the Chief Compliance Officer (CCO).

### Management systems and policies

Different management systems are dominant in different regions. These include ISO 45001 in Europe or OHSAS in the U.S. The management systems throughout the Group are therefore similar but not identical. To ensure compliant implementation, internal and external occupational safety specialists carry out audits in plants, logistics and repair centers.

### How we ensure safety

Our “STOP in case of danger” principle applies at all locations worldwide: No Hilti employee should be exposed to dangerous situations, but instead distance themselves from these situations immediately. We expressly accept interruptions in our work processes in this context. In addition, all hazards are recorded and maintained by the local HSE team in the plants and supplemented by in-depth risk analyses.

If a dangerous situation or an accident occurs despite all precautionary measures, a structured investigation is carried out to determine which factors led to the accident, which immediate measures and which longer-term improvement potentials are necessary, including within the occupational safety management system. In addition, there are daily exchanges between local HSE experts and employees across all hierarchy levels, where occupational safety is managed as a permanent agenda item.

Our sustainability strategy places even greater emphasis on employee safety for the entire Group. We not only want to expand the scope of our measures, but also to build new organizational structures, intensify exchanges of knowledge within the Group and establish a vibrant safety mentality throughout the Group. The Global H&S Process Manager supports this Group-wide networking.



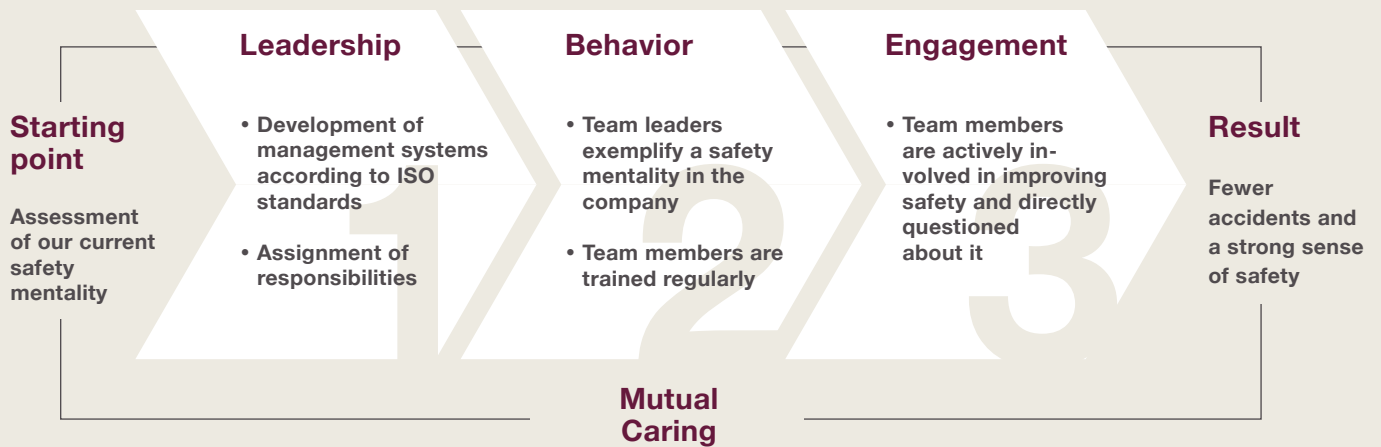
In particular, the employees in our market organizations, in which local managers currently ensure that the current statutory health and safety regulations are complied with, should be addressed and involved more closely than before. The risk situation is generally lower in market organizations than in production-related areas. However, direct sales activities involve the specific safety risks in road traffic, which we address in some organizations, for example, with driver safety trainings.

We are aware that safety in all areas of activity cannot be increased by rules and training alone. Instead, we rely on all employees to take our safety mentality to heart and to think and act in a safety-conscious manner in their daily work. Our team leaders have special responsibility in this change of mentality. They must have internalized this mindset and show all team members the way to an even better handling of safety issues, reaching their hearts and minds at the same time.



**A network across all production sites promotes the exchange between internal safety experts.**

# Building a strong safety mentality begins with reflection



## Our path to greater safety

We made important progress in terms of processes and data technology in the reporting year 2020.

- In the reporting year, we agreed on a road map, with which we want to anchor the new safety mentality in the Group. Our “**Safety Mindset Road Map**” will take shape in three dimensions: in the way team leaders deal with the topic and take responsibility, in the processes and habits of daily work as well as in the transfer of knowledge and in the creation of risk awareness.

For the safety mentality to prevail as effectively as possible in our organization, several factors are especially important.

For example, we will use the tools of an integrated management system according to ISO, such as identifying dangerous situations in a structured manner or assigning risk responsibilities. In addition, we will raise the awareness of risks of our employees, for example through continuous training, through the behavior of superiors and coworkers and through a mentality of mutual caring. Finally, we will involve our employees in safety issues and promote their active engagement. In this way, we will transform potentially affected persons in the area of safety into real stakeholders.

- With the **introduction of new IT solutions**, we are creating Group-wide transparency on the subject of occupational safety. Starting from 2021, accidents at work will be reported uniformly via a central platform. Since accidents from external parties are also recorded in this system, we are also improving the data situation compared to previous reporting systems. In addition, we have already introduced a legal management system at locations in Austria, Italy, Germany, Hungary and Liechtenstein, which lists all legal occupational health and safety obligations in our organizations and monitors their compliance. In another technical solution, all Hilti organizations will be able to track audits and resulting measures in the future.

## At a Glance Successes and Actions

- Development and adoption of our Safety Road Map
- Certification of our market organization in Italy according to ISO 45001
- Protecting employee health during the COVID-19 pandemic through effective crisis management



- We also conducted various **training courses on occupational safety** and safety instructions for our employees in the reporting year 2020. These training courses are based on risk analyses in production-related areas and especially provide insights from near misses. Temporary workers are also required to participate in safety trainings. All employees undergo a mandatory occupational safety training at our Group headquarters.
- Our market organization in **Italy** was the first of our organizations to receive **ISO 45001 certification** for a health and safety management system at work in the reporting year.

### Data and incidents in 2020

The information in the table on this page relates to reported accidents from our larger plants, logistics and repair centers. We compiled the data from our sales organizations and office locations as well as smaller operating units on the basis of surveys in several organizations.

### Health – our most important asset

Hilti's health management system is being implemented in the various regions in the form of independent concepts that meet the respective requirements on site. Some regions, such as North America and Central Europe, already have holistic health programs, while others are still being defined.

Using the example of the health management system at our Group headquarters, we explain below how we implement the development of a progressive health concept that enables our employees to be – and remain – healthy and efficient. We focus on three aspects:

- We sensitize our **employees** to health issues and increase knowledge in this area. For this purpose, for example, we design theme years with specific offers intended to enable our employees to consciously deal with their health. In addition, we have developed a structured reintegration management system to help employees return to work after a longer illness.
- We want to impart health-relevant knowledge to **our team leaders** and support them in sustainably maintaining and

### Employee accidents during work

	2018	2019	2020
<b>Total<sup>1</sup></b>	<b>415</b>	<b>422</b>	<b>348</b>
of which with severe consequences <sup>2</sup>	31	41	35
of which fatal <sup>3</sup>	1	1	0
<b>Total accident rate<sup>1</sup></b> (based on 1,000,000 hours worked)	<b>8,6</b>	<b>8,3</b>	<b>7,5</b>
Accident rate with severe consequences (based on 1,000,000 hours worked)	0,6	0,8	0,8
Fatality rate (based on 1,000,000 hours worked)	0,0	0,0	0,0

<sup>1</sup> Employees off work for at least one day

<sup>2</sup> Accidents with subsequent work loss >60 days

<sup>3</sup> Fatal traffic accidents

increasing the engagement and resilience of their employees. The topics of mental well-being are examined in detail in the chapter “Sustainable Culture and Employee Engagement”.

- We consider it very important to ensure **healthy working conditions** for all employees, both physically and mentally. Together with a physiotherapist, we have already carried out inspections at several locations and evaluated the functionality of aids and the ergonomic quality of office furniture.

We have defined concrete measures in our “Health@HILTI HQ” program for the implementation of the health concept. The basis for this is the prerequisite of good general working conditions, which include a continued payment of wages for 720 days in the event of illness, occupational and private accident insurance, care provided by our company doctor and flexible working time models. Supplementing this, there are offers for physical health, such as healthy nutrition in our staff restaurant and the rental of e-bikes as part of our mobility concept. In addition, we operate the “Innofit” fitness center directly at headquarters, where both conventional training with gym equipment is possible and a wide range of courses are offered. In this way, we provide options for active compensation of desk work. In addition to supporting physical health, we have also developed various mental health offerings. This includes training courses as well as relaxation and meditation rooms.

### Organizational anchoring

The HSE departments, which report to the Chief Compliance Officer, together with

## Focus on

- **Awareness-raising**
- **Knowledge transfer**
- **Healthy working conditions**



## E-Bikes

Free usage as part of our mobility concept at Group headquarters

the Human Resources Department, which reports directly to the Group Executive Board, bear responsibility for the best possible implementation of the employee health concept.

### How we promote health

The 2020 fiscal year put the health of our employees in the spotlight as a result of the coronavirus pandemic. All Hilti organizations shared the common guiding principle that the health of employees is always clearly the top priority.

- Thanks to a well-structured, decentralized **crisis management** system, we were able to react quickly and flexibly to the constantly changing conditions. The implementation of the measures to protect employee health was carried out in the Hilti organizations on site, where the managing directors of the respective organizations are already being trained to perform their role in crisis management. The global crisis management team acts as a point of contact for questions and provides platforms to enable organizations to learn from each

other during the dynamic course of the pandemic.

- In addition to the administrative adjustments, **direct measures** have also been implemented. For example, face masks and disinfectants were made available to all employees. In general, our employees in markets outside Europe have access to Hilti-subsidized **health insurance** that goes beyond the level of insurance in local healthcare systems. Our flexible working models already in place before the pandemic have made it much easier to switch to working from home where possible. The strong support the Hilti organizations provided to each other should also be emphasized. For example, at the beginning of the crisis, a shortage of masks and personal protective equipment in Asia was compensated for by deliveries from other parts of the world. Furthermore, knowledge, best practice examples and – last but not least – encouraging messages and positive news were exchanged via our digital channels during this difficult time for all.

- In November of the reporting year, we conducted a **health survey** at Group headquarters. In doing so, we strove to receive additional guidance and ideas from our employees on how to further improve our health-promoting environment. The digital survey consisted of 60 questions on topics such as work design, health behavior, work-life-balance and the impact of COVID-19. The results of the survey will be analyzed by an external partner and lecturers at the universities of Innsbruck and Liechtenstein and made available to us in an anonymized form.
- In the reporting year, we conducted the **“Biology of Enthusiasm”** program in our development company at our location in Kaufering (Germany), together with the consultancy “Neuro Pioneer”

from the field of professional sports. All team leaders were able to participate voluntarily in a two-day workshop in which details on mindfulness and fundamentals of neuropsychology were taught. The contents dealt with sports, relaxation, sleep and nutrition and their influence on our immune system and performance. Heart rate and neurotransmitter measurements (e.g., cortisol and serotonin) were carried out in advance, the results of which were evaluated in individual coaching. The goal is to achieve a positive change in the participants, so that they can live healthier, increase their performance and be happier. On the second day, the topic of “healthy leadership” was addressed in detail. Afterwards, we started a one-day program rollout that is available for all team members.

## COVID-19

We keep a distance



60  
64

Business Ethics  
Social Impact

# FOR OUR SOCIETY

... the Hilti Foundation and our employees engage with great commitment. The following pages show how we help people to lead self-determined and independent lives and how we go beyond our corporate responsibility.





# Create Trust



**Integrity, one of our core values, describes ethical and responsible business behavior for us.**

**Mirko Haase,  
Chief Compliance  
Officer**



## BUSINESS ETHICS

Ethical business conduct is based on integrity, one of our core values, and is not only a legal requirement for us, but also forms the sustainable basis for responsible business activities. It is part of the trusting collaboration within our teams as well as with our customers and partners. The self-image of integrated and ethical action applies to everything we do and at all our locations worldwide.

### Organizational anchoring

Our Group has a Compliance Department headed by the Chief Compliance Officer (CCO). The CCO has overall responsibility for compliance and reports to the General Counsel, who reports to the CEO. In addition, he may contact the Audit Committee on the Board of Directors directly.

The CCO's responsibilities include monitoring and assessing compliance risks in the context of Group-wide risk management, which is updated annually together with the internal Group audit.

### Management systems and policies

In addition, the CCO is responsible for our **Group-wide Compliance Management System (CMS)**, which is based on ISO 37301 as well as the IDW PS 980 audit standard. The CMS applies to all Group companies and addresses all formal compliance objectives and resolutions of the Board of Directors and the Executive Board. It includes guidelines, regulations, processes, organizational structures, roles and responsibilities as well as information on planning and implementing compliance



## We uphold ourselves and the industry to the highest standards in business ethics.

measures. In addition to mandatory requirements for all companies, the CMS also contains recommendations on how individual Hilti organizations can work to meet objectives according to the nature and complexity of their business activities.

The CMS's internal policies are built upon the Hilti Code of Conduct for Employees and the Code of Conduct for Suppliers. The latter is also a mandatory part of all direct supplier contracts and indirect supplier relationships based on a risk matrix.

→ [Supplier Sustainability: p. 30](#)

In addition, the CMS contains regulations on antitrust law, money laundering, discrimination, prevention of forced and child labor, health, safety and environmental protection (HSE), data privacy, product regulations, human rights, areas of export control and/or sanctions law as well as corruption prevention.

### **How we embed business ethics in our processes**

We have introduced various measures to raise awareness for the topic of compliance among our employees and to keep this knowledge active.

# Compliance Management System

Regulations concerning the following topics:

- Antitrust Law
- Money Laundering
- Discrimination
- Prevention of Forced and Child Labor
- Health & Safety and Environmental Protection (HSE)
- Data Privacy
- Product Regulations
- Human Rights
- Export Control and Sanctions Law
- Corruption Prevention

## E-Learnings and Workshops

Number of participants

	2018	2019	2020
E-learnings antitrust law <sup>1</sup>	3,536	15,442	3,213
Face-to-face <sup>2</sup> workshops on compliance, incl. antitrust law and anti-corruption	23	604	229

<sup>1</sup> Number of participants in EU countries, based upon the antitrust initiative 2019; plus participants in antitrust e-learnings in non-EU countries (CN, BR, IN, JP, AU, ZA)

<sup>2</sup> General Compliance workshops (incl. antitrust law and anti-corruption) as well as workshops with focus on antitrust law for specific user groups

## SpeakUp

is the name of our anonymous compliance hotline

Comprehensive and target group-oriented **compliance training concepts** ensure that we inform our employees about these requirements. On-site training and case studies are also an essential part of our strategy. The training courses serve both the general introduction to compliance issues and to deal with individual aspects in more depth and are attended by approximately 1500 employees annually. The so-called “marketplace” in the entrance area of our corporate headquarters, and screens in the entrance areas of our market organizations, are also regularly used to draw attention to compliance topics. In some cases, this is also done in the form of exhibitions and events, such as the “Data Protection Marketplace”.

A monthly **topic-specific communication** of the Compliance Department on the intranet, in local channels and our internal communication platform “Yammer,” with concise easy-to-remember content for the entire workforce, increases awareness

of current and relevant compliance topics and serves as a reminder for completed or optional e-learning courses.

All new general managers of a market organization are trained on compliance issues in their area of responsibility as part of comprehensive **training for general managers** immediately after taking office.

Our workforce should not only be aware of compliance topics, but also live compliance. That is why we undertake great effort on **making any conflicts of interest transparent**. New employees must therefore disclose all relevant conflicts during the recruitment process and existing employees must participate in a conflict of interest survey at least every three years; this period can also be shortened at the discretion of local organizations.

All employees are encouraged to prevent and report violations of legal regulations or internal guidelines. We have numerous options and contacts for trustworthy – and, if necessary, anonymous – contact channels. These can be supervisors or mentors, our so-called “Sherpas”, as well as the HR department. Our employees can contact the local and regional compliance officers, the central compliance department, the CCO and the anonymous **compliance hotline “SpeakUp”**.

We also investigate any suspected breach with due diligence in internal investigations to ensure that facts are clarified, and systemic problems are identified. In accordance with our compliance regulations, we ensure that the rights of both the whistleblower and the involved person are not affected (non-retaliation policy).

**Data protection-compliant behavior** is supported by various technical and organizational measures, while employees are sensitized to data protection-related topics through training courses and automated IT security requirements. The approach follows a process design in line with data protection laws to the extent possible.

We see ourselves as an innovation and premium provider in our industry, fostering fair competition and driving technical progress and digitalization. We have



established a **Product Regulatory Compliance (PRC)** position that reports to the CCO independently of the business units and supports and monitors the fulfillment of product regulatory requirements across the units. In this role, the Compliance Office also provides legal databases in addition to those of the technical departments to ensure timely access to information on regulatory developments.

We are committed to the **ten principles of the UN Global Compact** and to respecting internationally recognized human rights as set out in the Universal Declaration of Human Rights and the Declaration of the International Labor Organization (ILO) on fundamental principles and rights at work; and we are committed to protecting these rights. They are reflected in our Code of Conduct for Employees, our internal policies and our **Supplier Code of Conduct**.

→ Supplier Sustainability: p. 30

## 2020 Implementation Examples

In our sustainability strategy, we not only want to meet existing minimum legal requirements, but also to set a visible sign for responsible corporate governance. We have set this ambitious goal realizing that corporate attitudes and behavior cannot be changed in the short term. This involves constantly improving our internal organization, regularly questioning existing systems and making changes and optimizations as required.

- The **revision of our Code of Conduct for Employees** was one of our priorities in 2020 to achieve this goal.
- In addition, a **new learning portal**, with more than 50 newly created topics and formats in many languages, was set up for all compliance areas. This enables implementation of modern and target-group-oriented learning concepts on the individual topics.
- Based on our annual plans coordinated with the Executive Board and the Board of Directors, we are systematically implementing further measures both internally and externally to live up to our responsibilities as a globally operating



## At a Glance Successes and Actions

- Revision of the Employee Code of Conduct
- Setting up a new learning portal in five languages

company. This also means that we must continuously work on the measures to meet the constantly increasing legal requirements. Key priorities are the **standardization and digitalization of processes**, the further optimization of our **training programs** and a structured and reinforced **auditing** of compliance with ethical standards at our suppliers. Particular emphasis is placed on respect for **human rights**.

# Sustainable Help



## SOCIAL IMPACT

Wherever our employees work and live, societal challenges exist all over the world. As a group, we want to contribute to the sustainable solution of social problems.

Our social engagement is based on two strong pillars. On the one hand, there is a great need for our employees to make a social contribution and consequently be strongly engaged in projects that go beyond business issues. On the other hand, the Hilti Foundation initiates and promotes social projects in numerous countries.

→ Hilti Foundation Projects: p. 68

The social engagement of the Hilti Foundation and the Hilti Group is based on a shared understanding of values. In addition, both organizations pursue the same objective with their projects: to achieve social impact at scale. To make our engagement even more effective in the future, we want to more closely inter-link the activities and competencies of the Hilti Group and the Hilti Foundation.

**The Hilti Foundation and the Hilti Group share a common understanding of values, the aim of which is to achieve social impact at scale.**

### Organizational anchoring

The Hilti Group is responsible for social impact on the direct behalf of the Executive Board. The Corporate Sustainability Team coordinates the social engagement of employees worldwide at Group level. It makes general recommendations to Hilti organizations and steers local implementation of the targets.

The Hilti Foundation's governing body is its Board of Trustees. Its members are nominated by the Martin Hilti Family Trust and the Hilti Group. The Foundation's operational business is delegated by the Foundation's Board to the Executive Board, which also performs an advisory role vis-à-vis the Hilti Group's sustainability team.

The social activities of the Hilti Group and the Hilti Foundation can be divided into two areas:

- **Projects of the Hilti Foundation**

The Hilti Foundation creates opportunities for people in need to find their way to an independent and self-determined life. To this end and together with a network of partners, impact-oriented programs are developed and implemented in clearly defined focus areas, which pursue sustainable social change for disadvantaged groups in society. The Foundation's work focuses primarily on developing countries and emerging markets. Investments in charitable projects amounted to CHF 28.7 million in the year under review.

- **Corporate Volunteering Program “Engaged Beyond Business”**

We established the “Engaged Beyond Business” program together with the Hilti Foundation in the reporting year. All Hilti organizations are encouraged to spend 0.1 percent of their sales on social engagement by team members beyond their business activities. A guideline, which was released by the Executive Board and communicated throughout the Group in October 2020, provides uniform decision-making support and a recommendation for this. There is already substantial engagement in many Hilti organizations today. We want to contribute to a more structured and global implementation and to the pooling of energy and readiness of our about 30,000 employees.

### How we measure social impact

We want to ensure that our engagement has a social impact. Measuring the impact is therefore an important element of any social initiative.

We are currently developing a structured impact measurement system within the Hilti Group. However, the large number of projects already shows the high motivation of employees to make a difference. In the coming years, we want to build on the positive development of these valuable contributions and encourage employees

## At a Glance Successes and Actions

- Commitment of the Hilti Foundation further expanded
- Launch of the “Engaged Beyond Business” corporate volunteering program

### Engaged Beyond Business

	2018	2019	2020
Number of employee projects	>80	>100	>120
Estimated spending <sup>1</sup> on corporate volunteering programs in CHF million	-1	-1.2	-1.5

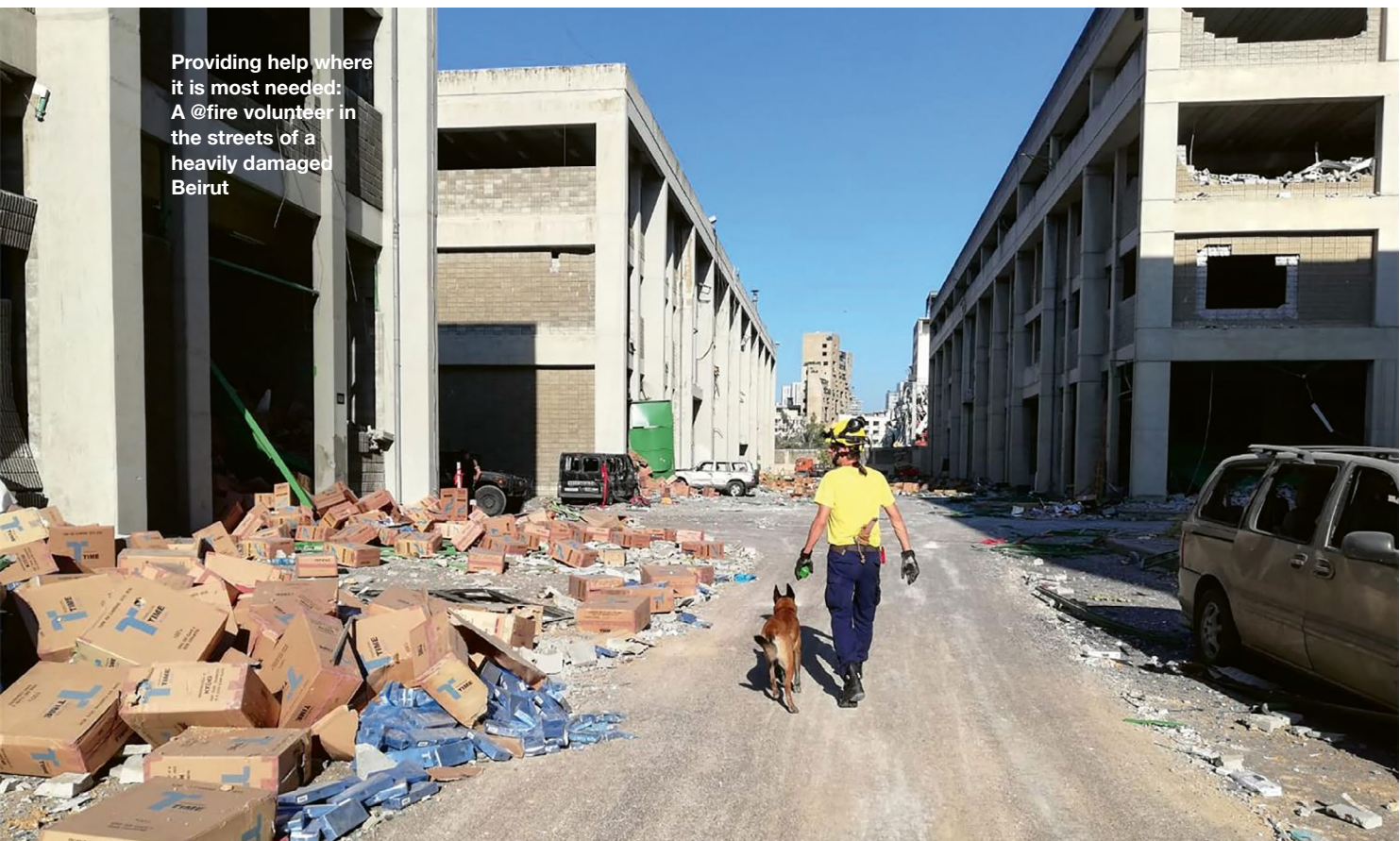
<sup>1</sup> in time, donations or Hilti products

### Non-profit engagement of the Hilti Foundation

	2018	2019	2020
Number of projects supported	72	79	80
Monetary value of investments in support projects in CHF million	22.3	26.5	28.7

in their initiatives. We want to convey the conviction that each and every one of us can make a difference, according to the maxim “Your engagement is our most powerful tool.”

Providing help where it is most needed: A @fire volunteer in the streets of a heavily damaged Beirut



# ~150

full-time years of work would be the result if each of the about 30,000 Hilti employees were socially engaged for one day – that is our vision for our Corporate Volunteering Program.

We have set ourselves the goal of spending an average of one working day a year on social engagement by 2023 for all employees worldwide. Overall, this would correspond to an annual engagement of roughly 150 full-time working years.

The impetus for “Engaged Beyond Business” projects can come from different directions. On the one hand, the Hilti employees themselves independently propose, plan, organize and implement projects. In addition, the initiative for a local project can also come from any Hilti organization or the Hilti Foundation.

## Events in the 2020 reporting year

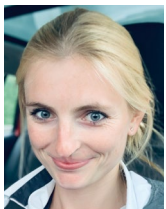
- In the reporting year, we launched the “**Engaged Beyond Business**” program and established Group-wide responsibilities for our social engagement as part of a **Corporate Volunteering Program**. The aim is to structure the already strong social commitment and consequently ensure a global establishment of the program: to promote exchanges between employees, highlight success examples and be the contact point for questions and implementation support. Various Hilti organizations have already created corresponding possibilities and structures. Two examples can be seen in our branches in Germany and the United States, whose programs are explained in more detail below.

- Our companies in **Germany** have been supporting local projects as part of the “**16 hours for a better future**” program. Every employee can use two working days a year for charitable work and increase it with additional volunteering in his or her spare time. More than 1000 hours have already been registered only five months after the official launch of the program. One example of the many initiatives taken by employees is the project in the **Friedensdorf (Peace Village) Oberhausen**: Up to 200 sick children from crisis regions of the world regularly find temporary homes there. The co-workers worked on-site for more than a week to renovate the village’s outdoor facilities, so that volunteers in the project can concentrate on working with the children.

- **Hilti USA** also provides its employees with the opportunity to carry out two days of non-profit service each year. The social engagement of employees toward local communities has been a practice in this area for years. In the past two years, we were able to register a considerable number of more than **12,000 hours** for social projects. Just one of the many examples: In October of the reporting year, colleagues from Texas and Louisiana met to support people from socially disadvantaged



Tackling things together. Employees in Germany help in the Friedensdorf (Peace Village) Oberhausen



The gratitude received on site and the radiance in the eyes of the children are priceless. It’s so easy to make a difference.

Lena Meuers,  
Field Coach



Cleaning up after Hurricane Laura:  
The team in the USA supports residents  
in the disaster area



backgrounds in **cleaning up after Hurricane Laura**. Together with the organization SBP, they helped rebuild the houses, and consequently provided important support for the inhabitants of the city severely hit by the disaster.

- In August 2020, the disastrous **explosion in the port of Beirut, Lebanon**, almost completely destroyed the city's critical infrastructure. Hundreds of people lost their lives, thousands were injured and hundreds of thousands made homeless. In the spirit of international solidarity, the Hilti Foundation and various local Hilti organizations combined their efforts and provided emergency relief. The Hilti Foundation provided financial support and **donated tools** to its long-standing emergency partners @fire and MSF Médecins sans Frontières. In addition,

employees worldwide responded to a call for donations from the Hilti Foundation. More than USD 100,000 were raised. These funds will be used in 2021 to rebuild two hard-hit schools in Beirut. Moreover, Hilti organizations in the region around Lebanon participated with immediate aid by providing Hilti tools free of charge for cleanup and reconstruction.



**I am grateful that my time and work have helped to give hope and assistance to people affected by the hurricane on their way back to normality.**

**Sarah Nieuwenhuizen,  
Marketing Segment Manager**





# Music Transforms

## MUSIC FOR SOCIAL CHANGE

The Hilti Foundation focuses on achieving sustainable social impact with every cultural project it engages with. In 2006, this saw the Foundation collaborate with the “El Sistema” music program, one of

the world’s best known and sought-after initiatives in the field of “Music for Social Change”. Over the years, subsequent collaborations have evolved for which the Hilti Foundation not only provides financial



**In its first year, AIM is already making a mark as a “generous laboratory” for teaching and leadership innovation in support of a global field that is uncommonly dedicated to empowering young people in life and in music.**

Fiona Cunningham,  
Director of the Academy of  
Impact through Music



support, but also professional expertise and cultural networks, all of which empowers young people develop skills through music that enable them to become self-determined and responsible members of society.

Owing to the nature of these close, long-term collaborations, the Hilti Foundation has learned to better identify and understand the main development needs for these social music programs. The desire to develop tailor-made training opportunities led to the foundation of the “Academy for Impact through Music” (AIM) in 2020.

Studies have also shown that comprehensive teacher training and development programs, improved project management know-how and measurement methods are key to the sustainable success of music programs. Such learnings have also been used to validate the effectiveness of the programs without depending on costly long-term studies. AIM will focus precisely on these three topics in the coming years.

2020 was a pilot-year for these endeavors. The curriculum for the new teacher training program “Firebird Fellowship”, was developed under the leadership of AIM-director Fiona Cunningham together with the heads of ten selected international music programs and professionals whose expertise range from pedagogy to communication. In the summer of 2020, 30 young teachers completed the first course. In the meantime, they are already applying what they have learned and are accompanied and supported by AIM advisors, with whom they regularly reflect on their work and, as a result, have begun to improve and try out new ideas. This summer, the first group of teachers will pass the baton to the next group of “Firebirds”, but as graduates, they will remain committed to the program and thus contribute to AIM’s basic philosophy of constant questioning and further development. AIM hopes to have already trained a large group of dedicated teachers within just a few years. They will not only share their knowledge with young people, but also enable them to find ways towards a more self-determined future.

## Quotes from our “Firebirds”

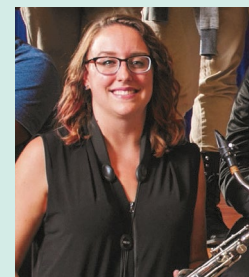


**AIM has once again awakened my desire to change the world and to actively participate in change that happens through music education.**

Francis Gagliardo,  
El Sistema, Greece



**Working for AIM has revived my interest in teaching. I am very much looking forward to the new school year.**



Mollie Westbrook,  
BSO Orchkids,  
Baltimore, USA



**What we do is important – but if we do it together, it becomes significant. We represent the end of music as a privilege and the beginning of music as a universal right.**

Pablo Parra,  
Acción Social por  
la Música, Spain





Together with the Base Bahay Foundation, the Hilti Foundation creates safe and affordable housing made of bamboo for families in need.

# Houses Help

## AFFORDABLE HOUSING & TECHNOLOGY

An estimated 1.6 billion people live in substandard housing worldwide. The Hilti Foundation believes that a safe home is the basis for the positive development of every human being and has therefore set itself the goal to provide sustainable support for those in need to improve their housing situation. The main basis for this is the development of innovative and sustainable products and technologies that help make houses safer and more affordable.

The construction of homes for families in need started as a project in 2012 when Hilti engineers in the Philippines tested innovative construction technologies for all supporting elements of a building. To do so, they used bamboo, a construction material that is both sustainable and locally available. Bamboo not only withstands natural disasters; it is also less expensive than conventional construction materials. Just two years later, the Base Bahay Foundation was founded to further develop and apply the technology. By 2018, nearly 800 houses had been built using bamboo and handed over to disadvantaged families. At the same time, a value chain began to emerge in the country, which ranged from bamboo harvesting and transportation through to processing which, in turn, created valuable jobs in vital rural regions. Back in 2019, the Base Bahay Foundation established its own research center on the former site of the Hilti Training Center South East Asia, which is where new technologies are in constant development and construction workers and developers are trained in the application of this material.

The research center accommodates a training center for up to 50 people, a laboratory equipped with a universally applicable





**This place is safe. It is better for my children and the schools are close by.**

**Marissa, resident of the Vincentian Missionaries housing scheme**



testing unit, as well as a freed-up construction space where a complete model home can be built for test and research purposes. In addition to this, the research center collaborates with leading universities and research centers around the world and publishes scientific specialist publications on a regular basis.

Cooperation with the housing charity Habitat for Humanity International, which started in 2019, represents a major milestone for the Foundation. In the coming years, together with partners from public and private sectors, the project aims to construct 10,000 houses in the Philippine province Negros Occidental to demonstrate that the technology can also be applied on an industrial scale. The transfer of this technology to other Asian countries has already started: in Nepal, bamboo houses are being built for the first time outside the Philippines in cooperation with the government and the private sector.

### **A visit to Marissa**

Marissa lives in Payatas, a neighborhood in the Manila metropolitan area. The 46-year-old mother of five normally works at one of the country's largest landfill sites earning just USD 4 a day as a refuse collector. As a single mother, she is currently unable to work due to the COVID-19 pandemic. She and her children have to make do without any savings and depend entirely on charitable contributions and food donations provided by the local government.

Nonetheless, even in this difficult situation, Marissa is still deeply grateful. She lives in one of 50 bamboo-technology houses made available to deprived families which were constructed by the church organization Vincentian Missionaries. Having the house means a lot to Marissa: she and her children have access to running water and electricity and are sheltered against winds and inclement weather. She appreciates the fact that her children can attend nearby schools and that her neighbors have become good friends. For Marissa, none of these aspects of her life are taken for granted. She is happy to live in a safe home with her family – a place where she can renew her strength and regain confidence in her daily struggle to survive.



**Use of bamboo technology has helped establish a local value chain that ranges from harvesting and transportation through to processing, and has created valuable jobs, particularly in rural regions.**



**DISCOVER ONLINE**

[hiltifoundation.org](http://hiltifoundation.org)

# Make Use of Acquired Skills

## ECONOMIC EMPOWERMENT

The bare figures speak for themselves: according to the United Nations, 700 million people currently live in extreme poverty and are forced to survive on a daily wage of less than USD 2. Due to the COVID-19 pandemic, the World Bank estimates that an additional 150 million people will be pushed into extreme poverty until 2021. Despite all international efforts, at least 600 million people will still be faced with these conditions by 2030, 90 percent of whom will live in Sub-Saharan Africa.

The goals of the Hilti Foundation are therefore clear: It is paramount to empower people to escape this downward spiral and to become economically independent by earning a sustainable income that helps support better living conditions. Only in this way can people contribute to a socially and economically healthy society.

The activities of the Hilti Foundation focus on East Africa, because poverty there is disproportionately high in rural regions. Therefore, together with the aid organization Hand in Hand International, self-help



**Now that I own my small businesses, I feel much freer in life. I never imagined I could achieve all this.**

**Mary Machala,  
Company Founder,  
Muranga, Kenya**



groups have been established which are led by professional, local business coaches who share the knowledge that is fundamental for young entrepreneurs. These self-help groups create self-generated savings funds which, in turn, are given to individual members as microloans for necessary investments. The program has already yielded positive results: By the end of 2020, more than 11,000 new small businesses had been founded, which also helped create 10,000 additional jobs. 90 percent of participants who have completed the program are now able to earn a living above the poverty line.

Encouraged by this success, in the summer of 2020, the Hilti Foundation started a three-year project with its partners. By 2024, it is hoped that the project will be able to support the foundation of 40,000 small farms, thereby enabling 150,000 East African citizens to live a better quality of life. In 2021, the Foundation is also planning initiatives aimed at transforming already existing small enterprises into solid, mid-sized businesses, which will be able to merge into cooperatives. This would provide individual entrepreneurs additional training opportunities, better logistics and purchasing conditions, as well as access to larger sales markets. With these projects, the Hilti Foundation strives to establish a system that drives independent economic development. Such initiatives will help independent people as well as families to move out of poverty and perhaps even become part of an emerging middle class.

Establishing economic independence – having your own business and a sustainable income that grows year on year is the basis for many families who seek to achieve a higher standard of living.



### With needle and haystack

Mary Machala lives in a small village in Kenya. She is the mother of three and over the years she has managed to establish her own modest tailor's workshop. Joseph, her husband, works as a carpenter in Nairobi. However, until recently, their joint income was barely sufficient to cover expenses for basic necessities.

In the end, a conversation with her eldest son turned into a meaningful turning point. He told her that his dream was to receive a technical education in the city. As the oldest of seven children herself, Mary had experienced first-hand how her parents struggled daily to make sure there was enough food for the entire family. There was simply no surplus money for vocational

training or anything of the kind. It is therefore Mary's goal to spare her own children a similar fate.

At the beginning of 2019, she visited a self-help group for the first time which is supported by the Hilti Foundation and led by an employee of Hand in Hand International. Step by step, in addition to the skills she already had, Mary learned the fundamentals needed to establish a second career: a small farm with cattle and vegetable cultivation.

Today, thanks to the additional income she has been able to gain from her training, Mary and her family have a brighter future – a prospect that allows her to finance her children's education which will also support their own, self-determined lives in the future.

# Worldwide Projects of Our Teams



USA

## With head, heart and muscle power

Together with the St. Louis organization “Rebuilding Together”, Hilti employees in the United States worked to renovate and maintain homes where elderly people on low incomes live. In addition, Hilti USA contributed and donated over 100 tools.

**>100**  
tools were donated.

GREAT BRITAIN

## Helping hands for children

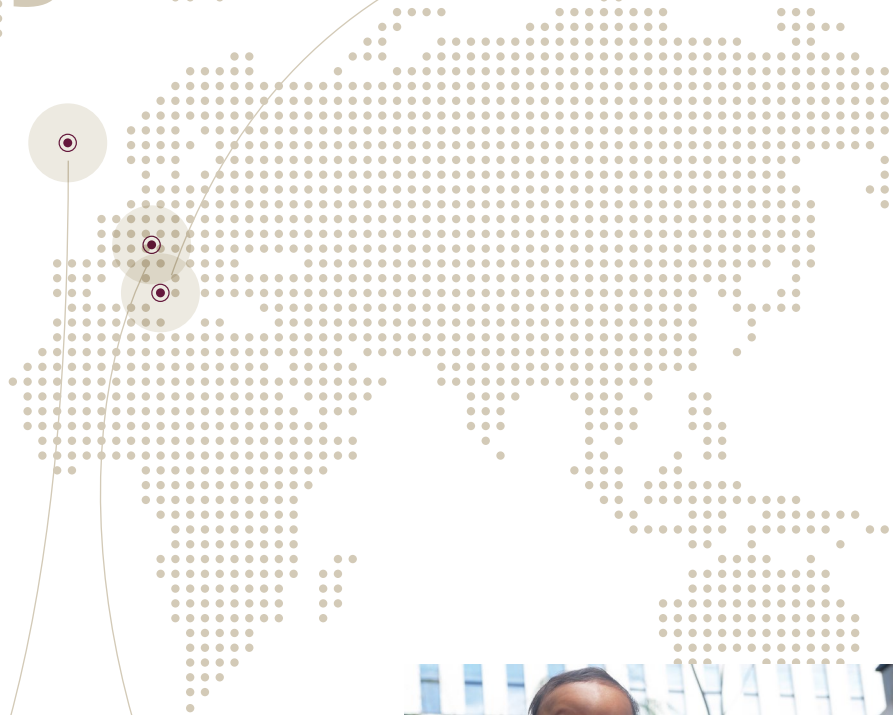
Every year, our team in the UK supports various initiatives of the organization “WellChild”, with which we have been working since 2016. The same applies to the “Helping Hands” project: 200 dedicated Hilti employees build small playgrounds and adventure worlds for children with special needs. Due to the COVID-19 pandemic, active engagement was unfortunately not possible in 2020. However,

GBP  
**20,000**  
were donated.

this did not prevent co-workers from making their contribution this year and supporting “WellChild” with a donation of GBP 20,000.



# jects



LIECHTENSTEIN

## A real team – how we support each other at Hilti

The COVID-19 pandemic affects everyone worldwide. And in our global workforce, too, employees suddenly find themselves in difficult situations. Sick family members, supply bottlenecks or suddenly closed borders – the disease has many effects. Additionally, government support is inadequate in some countries.

To support Hilti employees in this emergency-situation, colleagues in various Group divisions voluntarily waived part of their salary and reduced their working hours. Together with a contribution by the company, CHF 13.6 million was raised in a short time. Until now, more than

4000 employees have already benefited from these uncomplicated and fast aid payments. This is great proof of how we stick together in our team!

CHF

# 13.6 million

were collected in the Solidarity Fund.

ITALY

## #insiemesempre – stick together

Especially at the outbreak of the COVID-19 pandemic, Italy was one of the hardest hit countries. The Hilti team in Italy and their families worked on behalf of the “Croce Bianca” in Milan. Under the auspices of #insiemesempre, they launched a crowd-funding initiative to fund an ambulance, helping those who are fighting the virus day after day. A complete success – the employees raised a total of EUR 35,000 and were consequently able to make a significant contribution.

EUR

# 35,000

was collected by employees for the Croce Bianca Milano.



DISCOVER ONLINE

[www.hilti-sustainabilityreport.com/en/worldwide-projects](https://www.hilti-sustainabilityreport.com/en/worldwide-projects)



# ABOUT THIS REPORT

## Basis of reporting

The 2020 sustainability report is the first sustainability report of the Hilti Group. The report also contains information provided by the Hilti Foundation. The reporting period is the 2020 financial year from January 1 to December 31, 2020. Deviating reporting periods of data or content are shown separately. The editorial deadline was February 25, 2021. In the future, we will report annually on our progress. The next sustainability report will therefore be published in 2022.

The report is based on the internationally recognized reporting framework of the Global Reporting Initiative (GRI). This report has been prepared in accordance with the GRI standards: Core option. The GRI content index can be found starting on page 78 in this report.

All symbols used in the report are explained on page 1 of this report.

We have chosen gender-neutral language in the report. If this was not possible, we have used the generic masculine form, which of course addresses all genders equally.

## Material topics and their delimitation

The material topics for us were identified using a materiality analysis based on the principles of sustainability context, materiality, completeness and stakeholder engagement formulated by the GRI. In addition, general reporting principles were observed: accuracy, balance, comprehensibility, comparability, reliability, and up-to-dateness.

→ Sustainability Management: p. 10

The table on page 77 shows the scope of the material topics according to GRI 103-1 and the associated GRI standards. There are no associated GRI standards for the “Employee Engagement” and “Hazardous Substances” topics. We have therefore referred directly to the corresponding pages in the report to find the management approach. The management approaches to the topics “Waste”, “Water Efficiency” and “Contaminant Emissions” have been combined and are reported jointly in the “Environmental Protection” chapter.

## Data and content

Quantitative sustainability reporting at Hilti is still under development. Therefore, we are not yet able to report standardized group data, but have different data bases

depending on the topic. The content and data were determined using content and data surveys in the respective departments. The data published in this Sustainability Report was collected and processed with the highest degree of accuracy. Nevertheless, we cannot completely exclude the possibility of transmission errors.

For calculation reasons, rounding differences of  $\pm$  one unit (CHF, %, etc.) may occur in the tables.

### Data on circularity

The calculation basis of the quantitative score covers various periods from 2019 and 2020. Purchasing volumes were included in the period from 06/19 to 05/20, production data from 07/19 to 06/20, and sales volumes from 08/19 to 07/20.

### Environmental data

This sustainability report contains data on Scope 1, Scope 2 and, in some cases, Scope 3 CO<sub>2</sub> emissions. We have determined Scope 1 emissions for the Group using energy consumption and local emission factors. We use real information on gas, oil, district heating and solar energy consumption in our buildings as well as vehicle fuel consumption in our market organizations. In the organizations where we did not have consumption data, we estimated it using average consumption (per employee or per m<sup>2</sup>). In addition, we estimated emissions from refrigerants in the plants.

Scope 2 emissions are determined “market-based” i.e., we calculate them using the specific emission factors provided by the electricity suppliers.

Of the Scope 3 emissions, we have so far only published the emissions resulting from business travel. This is determined using data from the travel operators and our own estimates which are based on average values if we do not have exact data. The data on CO<sub>2</sub> emissions are verified by “South Pole”.

Waste data is collected at the various sites in all plants and approximately 60 percent of the logistics and repair centers. The offices, Hilti Stores and distribution centers are not yet included.

Water data is collected at our plants by the respective employees responsible for reading the meters. We have not included water consumption in our office buildings due to the negligible comparative amount.

## Employees

We record data on our employees throughout the Group. With the exception of turnover figures, all data relate to the reporting date of December 31. All data are headcount figures. Apprentices, trainees and interns are included in the total number of employees.

The forward-looking statements made in the report are based on internal assessments of future developments that are subject to uncertainties and are not under the control of Hilti. The report is published in German and English. In the event of any discrepancies, the German version shall be binding.

Material topic	Relevance		Related GRI standard(s)
	within Hilti	externally	
<b>Environment</b>			
CO <sub>2</sub>	x	x	305 Emissions 2016 302 Energy 2016
Circularity	x	x	301 Materials 2016 306 Effluents and Waste 2016
Waste	x	x	303 Water and Effluents 2018
Water Efficiency	x	x	303 Water and Effluents 2018
Contaminant Emissions	x	x	303 Water and Effluents 2018
Supplier Sustainability		x	204 Procurement Practices 2016 308 Supplier Environmental Assessment 2016 414 Supplier Social Assessment 2016
<b>People</b>			
User Health & Safety		x	416 Customer Health and Safety 2016
Building Safety		x	416 Customer Health and Safety 2016
Hazardous Substances		x	Page 42–43
Employee Health & Safety	x		403 Occupational Health and Safety 2018
Employee Engagement	x		Page 44–47
Inclusion & Diversity	x		405 Diversity and Equal Opportunity 2016
Learning & Development	x		404 Training and Education 2016
Work-life-balance	x		401 Employment 2016
<b>Society</b>			
Social Impact	x	x	203 Indirect Economic Impacts 2016 413 Local Communities 2016
Business Ethics	x	x	202 Market Presence 2016 205 Anti-corruption 2016 206 Anti-competitive Behavior 2016 307 Environmental Compliance 2016 402 Labor/Management Relations 2016 406 Non-discrimination 2016 407 Freedom of Association and Collective Bargaining 2016 408 Child Labor 2016 409 Forced or Compulsory Labor 2016 412 Human Rights Assessment 2016 415 Public Policy 2016 417 Marketing and Labeling 2016 418 Customer Privacy 2016 419 Socioeconomic Compliance 2016

# GRI CONTENT INDEX

## GRI 101: FOUNDATION 2016

### GENERAL DISCLOSURES

Disclosures		Page	Comment	UNGC <sup>1</sup>
GRI 102	General Disclosures 2016			
<b>Organizational profile</b>				
GRI 102-1	Name of the organization		Hilti Group	
GRI 102-2	Activities, brands, products, and services		www.hilti.group See Company Report: p. 4–6	
GRI 102-3	Location of headquarters		Schaan, Liechtenstein	
GRI 102-4	Location of operations		See Company Report: table “Sales growth” See Financial Report: chapter “Group companies and joint arrangements”	
GRI 102-5	Ownership and legal form		See Company Report: p. 4 and table “Consolidated Balance Sheet”	
GRI 102-6	Markets served	34–43	See Company Report: p. 6 and table “Sales Growth”	
GRI 102-7	Scale of the organization	46	See Financial Report: chapter “Key financial information of HILTI Group”, “Group companies and joint arrangements” www.hilti.group	
GRI 102-8	Information on employees and other workers	45, 46, 50, 77	Our headcount is not subject to seasonal fluctuations. We only employ temporary workers to a limited extent.	
GRI 102-9	Supply chain	30–31		
GRI 102-10	Significant changes to the organization and its supply chain		See Financial Report: chapter “Method of Consolidation”	
GRI 102-11	Precautionary Principle or approach	16–17, 20–23, 27–29	See Financial Report: chapter “Financial risk management”	
GRI 102-12	External initiatives	5, 10–11		1–10
GRI 102-13	Membership of associations		Swissmem EPTA – European Power Tool Association ZVEI – Zentralverband Elektrotechnik- und Elektronikindustrie e.V.	
<b>Strategy</b>				
GRI 102-14	Statement from senior decision-maker	2–5		1–10
<b>Ethics and integrity</b>				
GRI 102-16	Values, principles, standards, and norms of behavior	6, 30–31, 51, 60–63		1, 2, 10
<b>Governance</b>				
GRI 102-18	Governance structure		See Company Report: “Executive Board” and “Board of Directors”	
<b>Stakeholder engagement</b>				
GRI 102-40	List of stakeholder groups	13		
GRI 102-41	Collective bargaining agreements		We have collective agreements in all countries where it is legally required. We ensure that all employees are paid in line with the market.	3

<sup>1</sup> The numbers are referring to the relevant 10 principles of UN Global Compact.



Disclosures		Page	Comment	UNGC <sup>1</sup>
GRI 102-42	Identifying and selecting stakeholders	10-13		
GRI 102-43	Approach to stakeholder engagement	10-13		
GRI 102-44	Key topics and concerns raised	10-13		
<b>Reporting practice</b>				
GRI 102-45	Entities included in the consolidated financial statements		See Financial Report: chapter «Group companies and joint arrangements»	
GRI 102-46	Defining report content and topic Boundaries	10-11, 76-77		
GRI 102-47	List of material topics	77		
GRI 102-48	Restatements of information	76		
GRI 102-49	Changes in reporting	76		
GRI 102-50	Reporting period	76		
GRI 102-51	Date of most recent report		This is the Hilti Group's first sustainability report.	
GRI 102-52	Reporting cycle		Sustainability reporting is planned on an annual basis.	
GRI 102-53	Contact point for questions regarding the report	Publication details		
GRI 102-54	Claims of reporting in accordance with the GRI Standards	76		
GRI 102-55	GRI content index	78-83		
GRI 102-56	External assurance		The report is not externally audited.	

## MATERIAL TOPICS

Disclosures		Page	Comment	UNGC <sup>1</sup>
<b>GRI 202</b>	<b>Market Presence 2016</b>			
GRI 103	Management approach 2016 (including GRI 103-1, 103-2, 103-3)	10-12, 44-47, 60-62, 77		
GRI 202-1	Ratios of standard entry level wage by gender compared to local minimum wage		Hilti uses standardized salary group structures for all functions and in all countries. Gender pay equity is reviewed in several countries, based on the legal framework.	
<b>GRI 203</b>	<b>Indirect Economic Impacts 2016</b>			
GRI 103	Management approach 2016 (including GRI 103-1, 103-2, 103-3)	10-12, 64-66, 77		
GRI 203-1	203-1 Infrastructure investments and services supported	64-75		
<b>GRI 204</b>	<b>Procurement Practices 2016</b>			
GRI 103	Management approach 2016 (including GRI 103-1, 103-2, 103-3)	10-11, 30-31, 77		
GRI 204-1	Proportion of spending on local suppliers	30		
<b>GRI 205</b>	<b>Anti-corruption 2016</b>			
GRI 103	Management approach 2016 (including GRI 103-1, 103-2, 103-3)	10-12, 60-62, 77		10
GRI 205-2	Communication and training about anti-corruption policies and procedures	61-62		10
GRI 205-3	Confirmed incidents of corruption and actions taken		We are not aware of any confirmed cases of corruption in the Group.	10

Disclosures		Page	Comment	UNGC <sup>1</sup>
<b>GRI 206</b>	<b>Anti-competitive Behavior 2016</b>			
GRI 103	Management approach 2016 (including GRI 103-1, 103-2, 103-3)	10-12, 60-62, 77		
GRI 206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices		There are no legal proceedings pending due to anti-competitive behavior or the formation of anti-trust or monopolies.	
<b>GRI 301</b>	<b>Materials 2016</b>			
GRI 103	Management approach 2016 (including GRI 103-1, 103-2, 103-3)	10-12, 20-23, 77		7, 8
GRI 301-1	Materials used by weight or volume	24		8
GRI 301-2	Recycled input materials used	24		8, 9
GRI 301-3	Reclaimed products and their packaging materials	22-23		8, 9
<b>GRI 302</b>	<b>Energy 2016</b>			
GRI 103	Management approach 2016 (including GRI 103-1, 103-2, 103-3)	10-12, 16-17, 77		7, 8
GRI 302-1	Energy consumption within the organization	19		8
GRI 302-4	Reduction of energy consumption	18-19		8, 9
<b>GRI 303</b>	<b>Water &amp; Effluents 2018</b>			
GRI 103	Management approach 2016 (including GRI 103-1, 103-2, 103-3)	10-12, 27-29, 77		7, 8
GRI 303-1	Interactions with water as a shared resource	27-29		7, 8
GRI 303-2	Management of water discharged-related impacts	27-29		7, 8
GRI 303-5	Water consumption	28		8
<b>GRI 305</b>	<b>Emissions 2016</b>			
GRI 103	Management approach 2016 (including GRI 103-1, 103-2, 103-3)	10-12, 16-17, 77		7, 8
GRI 305-1	Direct (Scope 1) GHG emissions	17, 19		8
GRI 305-2	Energy indirect (Scope 2) GHG emissions		In the report, we show the market-based method. According to the location-based method, the following values were determined. 2018: 46,399 t 2019: 47,819 t 2020: 42,767 t	8
GRI 305-3	Other indirect (Scope 3) GHG emissions	17, 19		8
GRI 305-4	GHG emissions intensity		CO <sub>2</sub> emissions (Scope 1 and 2)/employee 2018: 5.20 t 2019: 5.07 t 2020: 2.56 t	8
GRI 305-5	Reduction of GHG emissions	18-19		8, 9
<b>GRI 306</b>	<b>Effluents and Waste 2016</b>			
GRI 103	Management approach 2016 (including GRI 103-1, 103-2, 103-3)	10-12, 27-29, 77		7, 8
GRI 306-2	Waste by type and disposal method	28		8
<b>GRI 307</b>	<b>Environmental Compliance 2016</b>			
GRI 103	Management approach 2016 (including GRI 103-1, 103-2, 103-3)	10-12, 28, 60-62, 77		
GRI 307-1	Non-compliance with environmental laws and regulations		In the reporting year, a violation of environmental protection laws by one of our waste disposal service providers was disclosed at our plant in Navsari, India. We have suspended the supplier. No penalty payment has been due to date.	

<sup>1</sup> The numbers are referring to the relevant 10 principles of UN Global Compact.

Disclosures		Page	Comment	UNGC <sup>1</sup>
<b>GRI 308</b>	<b>Supplier Environmental Assessment 2016</b>			
GRI 103	Management approach 2016 (including GRI 103-1, 103-2, 103-3)	10–11, 30–31, 77		
GRI 308-1	New suppliers that were screened using environmental criteria	30–31		
<b>GRI 401</b>	<b>Employment 2016</b>			
GRI 103	Management approach 2016 (including GRI 103-1, 103-2, 103-3)	10–12, 44–48, 77		
GRI 401-1	New employee hires and employee turnover	45, 49		
GRI 401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees		Our full-time and part-time employees receive the same company benefits. Temporary employees are excluded from this.	
<b>GRI 402</b>	<b>Labor/Management Relations 2016</b>			
GRI 103	Management approach 2016 (including GRI 103-1, 103-2, 103-3)			
GRI 402-1	Minimum notice periods regarding operational changes		All employees are informed of operational changes as quickly as possible.	
<b>GRI 403</b>	<b>Occupational Health and Safety 2018</b>			
GRI 103	Management approach 2016 (including GRI 103-1, 103-2, 103-3)	10–12, 52–55, 77		
GRI 403-1	Occupational health and safety management system	53		
GRI 403-2	Hazard identification, risk assessment, and incident investigation	53		
GRI 403-3	Occupational health services	55–57		
GRI 403-4	Worker participation, consultation, and communication on occupational health and safety	53		
GRI 403-5	Worker training on occupational health and safety	54–56		
GRI 403-6	Promotion of worker health	55–57		
GRI 403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	30–31		
GRI 403-8	Workers covered by an occupational health and safety management system		In essence, all employees are covered under the process management.	
GRI 403-9	Work-related injuries	53–55	We are currently unable to record accidents involving employees who are not employed by Hilti in a standardized manner.	
<b>GRI 404</b>	<b>Training and Education 2016</b>			
GRI 103	Management approach 2016 (including GRI 103-1, 103-2, 103-3)	10–12, 44–48, 77		
GRI 404-2	Programs for upgrading employee skills and transition assistance programs	49–50		
GRI 404-3	Percentage of employees receiving regular performance and career development reviews	48		
<b>GRI 405</b>	<b>Diversity and Equal Opportunity 2016</b>			
GRI 103	Management approach 2016 (including GRI 103-1, 103-2, 103-3)	10–12, 44–48, 77		6
GRI 405-1	Diversity of governance bodies and employees	46		6
GRI 405-2	Ratio of basic salary and remuneration of women to men	51		6

Disclosures		Page	Comment	UNGC <sup>1</sup>
<b>GRI 406</b>	<b>Non-discrimination 2016</b>			
GRI 103	Management approach 2016 (including GRI 103-1, 103-2, 103-3)	10-12, 60-62, 77		
GRI 406-1	Incidents of discrimination and corrective actions taken		We have implemented an anti-discrimination policy. Violations can be reported via our various compliance tools. No cases were known during the reporting year.	
<b>GRI 407</b>	<b>Freedom of Association and Collective Bargaining 2016</b>			
GRI 103	Management approach 2016 (including GRI 103-1, 103-2, 103-3)	10-12, 60-62, 77		3
GRI 407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	31, 63	All suppliers are committed to maintaining the highest ethical standards. In cases of suspicion, external audits are carried out.	3
<b>GRI 408</b>	<b>Child Labor 2016</b>			
GRI 103	Management approach 2016 (including GRI 103-1, 103-2, 103-3)	10-12, 60-62, 77		5
GRI 408-1	Operations and suppliers at significant risk for incidents of child labor		All suppliers are committed to maintaining the highest ethical standards. In cases of suspicion, external audits are carried out.	5
<b>GRI 409</b>	<b>Forced or Compulsory Labor 2016</b>			
GRI 103	Management approach 2016 (including GRI 103-1, 103-2, 103-3)	10-12, 60-62, 77		4
GRI 409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor		All suppliers are committed to maintaining the highest ethical standards. In cases of suspicion, external audits are carried out.	4
<b>GRI 412</b>	<b>Human Rights Assessment 2016</b>			
GRI 103	Management approach 2016 (including GRI 103-1, 103-2, 103-3)	10-12, 60-62, 77		1, 2
GRI 412-1	Operations that have been subject to human rights reviews or impact assessments	60-63		
<b>GRI 413</b>	<b>Local Communities 2016</b>			
GRI 103	Management approach 2016 (including GRI 103-1, 103-2, 103-3)	10-12, 64-66, 77		
GRI 413-1	Operations with local community engagement, impact assessments, and development programs	64-67, 74-75		
GRI 413-2	Operations with significant actual and potential negative impacts on local communities		We do not engage in business activities with significant or potential negative impacts on local communities.	
<b>GRI 414</b>	<b>Supplier Social Assessment 2016</b>			
GRI 103	Management approach 2016 (including GRI 103-1, 103-2, 103-3)	10-11, 30-31, 77		
GRI 414-1	New suppliers that were screened using social criteria	30-31		
<b>GRI 415</b>	<b>Public Policy 2016</b>			
GRI 103	Management approach 2016 (including GRI 103-1, 103-2, 103-3)	10-12, 60-62, 77		
GRI 415-1	Political contributions		As a matter of principle, Hilti does not support any political parties.	
<b>GRI 416</b>	<b>Customer Health and Safety 2016</b>			
GRI 103	Management approach 2016 (including GRI 103-1, 103-2, 103-3)	10-12, 34-43, 77		
GRI 416-1	Assessment of the health and safety impacts of product and service categories		Hilti examines all products with regard to their impact on the health and safety of users and building occupants.	
GRI 416-2	Incidents of non-compliance concerning the health and safety impacts of products and services		There were no known violations in the reporting year.	

<sup>1</sup> The numbers are referring to the relevant 10 principles of UN Global Compact.

Disclosures		Page	Comment	UNGC <sup>1</sup>
<b>GRI 417</b>	<b>Marketing and Labeling 2016</b>			
GRI 103	Management approach 2016 (including GRI 103-1, 103-2, 103-3)	10-12, 60-62, 77		
GRI 417-2	Incidents of non-compliance concerning product and service information and labeling		There were no known violations in the reporting year.	
GRI 417-3	Incidents of non-compliance concerning marketing communications		There were no known violations in the reporting year.	
<b>GRI 418</b>	<b>Customer Privacy 2016</b>			
GRI 103	Management approach 2016 (including GRI 103-1, 103-2, 103-3)	10-12, 60-62, 77		
GRI 418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data		To our knowledge, there were no substantiated complaints in the reporting year.	
<b>GRI 419</b>	<b>Socioeconomic Compliance 2016</b>			
GRI 103	Management approach 2016 (including GRI 103-1, 103-2, 103-3)	10-12, 60-62, 77		10
GRI 419-1	Non-compliance with laws and regulations in the social and economic area		No significant fines were paid in the reporting year for violations of socio-economic laws.	

# PUBLICATION DETAILS

**Publisher**

Hilti Corporation  
Corporate Sustainability  
PO Box 333, 9494 Schaan, Liechtenstein

**Editor-in-chief**

Peter Rupp

**Contact**

sustainability@hilti.com

**Concept**

Kirchhoff Consult AG (Hamburg, Germany),  
Corporate Sustainability

**Editorial team, text**

Patricia Minogue (Lead), Kirchhoff Consult AG,  
Katrin Walser-Kessler

**Design**

Kirchhoff Consult AG,  
Benno Erhardt, Kristijan Sessa

**Photography**

Hilti AG, Getty Images, Reinhard and Luca Fasching  
(Bregenz, Austria)

**Translation**

TRADEX GmbH (Saarbrücken, Germany),  
Chris Larson

**Image processing**

Kirchhoff Consult AG

**Production**

Katrin Walser-Kessler, Lise Santschi

**Printed by**

BVD Druck + Verlag AG  
9494 Schaan, Liechtenstein

We would like to thank our customers, employees and partners for their support. The sustainability report is published in German and English. Duplication, even in part, only with permission of the publisher.

The complete sustainability report, the principles of corporate governance, the Group organizational chart, a list of consolidated companies and information on the Martin Hilti Family Trust can be found on the Internet at [www.hilti.group](http://www.hilti.group).



This is our **Communication on Progress** in implementing the Ten Principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.

Printed on FSC-recycled certified paper. By using FSC paper, we actively support the environmentally friendly management of our forests as well as the social advancement of the forest-managing population.

The paper is certified with the “Blue Angel” eco-label in accordance with ISO 14024.

This report is produced CO<sub>2</sub>-neutrally in a company with a holistic climate strategy with the highest gold certificate.



