



# 2023 Sustainability Report



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# Editorial

## Dear Readers,

2023 was another exciting year in our sustainability journey. With the global rollout of our Group Strategy Lead 2030, sustainability has become firmly anchored across our business. We have expanded our sustainability ambitions beyond our own operations by making them part of our customer promise with the aim of being our **customers' best partner for productivity, safety and sustainability**. Here are some of the highlights of what we achieved in 2023 across our three strategic sustainability pillars: **environment, people and society**.

In pursuit of our first concrete CO<sub>2</sub> target, we reached carbon neutrality within our operations by the end of 2023, reducing 60% of our Scope 1 and 2 emissions compared to a baseline set in 2019. The remaining 40% are offset through projects developed exclusively for Hilti in collaboration with the Hilti Foundation and an external partner. The projects have been successfully implemented and the CO<sub>2</sub> savings are being monitored and verified by external parties. All our projects undergo third-party verification which is conducted in accordance with either the "Gold Standard" or the "Verra Verified Carbon Standard" for offsetting projects.

While reaching CO<sub>2</sub> neutrality within our operations marks a significant milestone, we have already embarked on the next step of our CO<sub>2</sub> reduction

journey: our path to net zero 2050. In 2022, we committed to the Science Based Targets initiative, which engages companies worldwide to significantly reduce their total carbon footprint. In 2023, we diligently formulated a comprehensive set of measures linked with targets throughout the organization, which we will submit for validation in 2024 to the Science Based Targets initiative.

Within our circularity program, deemed pivotal for achieving our science-based targets, we expanded initiatives throughout the cycle. We systematically integrated sustainability into product design and further expanded tool reuse options to include batteries. We developed proprietary software that allows us to plug in batteries that have been collected and assess whether they meet the criteria for having a second life. These structural developments are represented in the improvements of our qualitative Circularity Score, which helps assess the details of circular economy implementation within our company.

Our commitment to the well-being of our people remains high. The rollout of our safety mindset roadmap continued with workshops and communication measures. These actions supported the reduction of the lost time incident rate in our own operations by 9%, having already fallen by 17% in the previous year.



In terms of societal impact, our 'Engaged Beyond Business' corporate volunteering initiative saw more than 11,000 team members contributing roughly 72,000 volunteer hours for over 850 social and environmental projects. Alongside our team members' eagerness to make an impact via our corporate volunteering program, the long-standing social engagement of the Hilti Foundation demonstrates our dedication to making a positive impact in the society we live and work in.

In summary, Hilti's sustainability journey is marked by the noteworthy achievements mentioned earlier and a plethora of others that await your exploration within this report. As I review the consolidated developments and data-driven progress of our sustainability program, I am extremely grateful to our Hilti colleagues, customers and partners for their continued support on this journey to make construction better.

Peter Rupp  
Head of Corporate Sustainability

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# Sustainability Management

Our purpose, “Making Construction Better”, is linked with our aim to “be our customers’ best partner for productivity, safety and sustainability”.

Construction is the largest industry globally. About 15 percent of global GDP is generated by construction and about 10 percent of global employment is in construction. Construction covers one of the basic human needs and touches practically everyone living on our planet. Construction, however, faces significant challenges. Amongst others, it is one of the largest sources of carbon emissions worldwide and is the industry with one of the highest numbers of work-related health & safety issues. To overcome these challenges, the construction industry is transforming. Sustainability is becoming an important ingredient for our customers’ success whilst health & safety is moving up the agenda.

It is our aim to play a key role in driving this transformation. Differentiation, direct customer

relationships and the trust that our customers put into our brand make us best positioned to drive this change. This defines our purpose, “**Making Construction Better**”. Better means improved productivity, safety and sustainability. Our strategic objective – value creation through leadership, built on differentiation and direct customer relationships – illustrates our aspiration to create value for all stakeholders and to make a positive contribution to society.

We want to secure long-term success by valuing ecological, people and social aspects along with economic factors. In 2020, we laid an important foundation by developing a holistic sustainability strategy and anchoring sustainability throughout the organization. In 2021, we extended our sustainability governance and focused on the implementation

of sustainability in our operations and business processes. In 2022, sustainability became a core element of our new Group Strategy Lead 2030.

Since the 2020 financial year, we have voluntarily reported with reference to the Global Reporting Initiative (GRI) standards, demonstrating our governance structure, the integration of sustainability into our corporate strategy and disclosing our performance in our strategic sustainability pillars **environment, people and society**. Our auditor, PricewaterhouseCoopers AG, has provided limited assurance on sustainability metrics, such as Greenhouse Gas Emissions, Energy Consumption and Lost Time Incident Rate, since the 2021 reporting period. We initiated a project in 2023 to prepare for the mandatory sustainability reporting introduced by the European Union’s Corporate Sustainability Reporting Directive (CSRD), starting with the 2025 financial year. A second project has been initiated in response to the European Union’s Taxonomy regulation. It aims to identify and quantify taxonomy-eligible and taxonomy-aligned economic activities within the Hilti Group. We will publish this information as part of our CSRD reporting also starting with the 2025 financial year.

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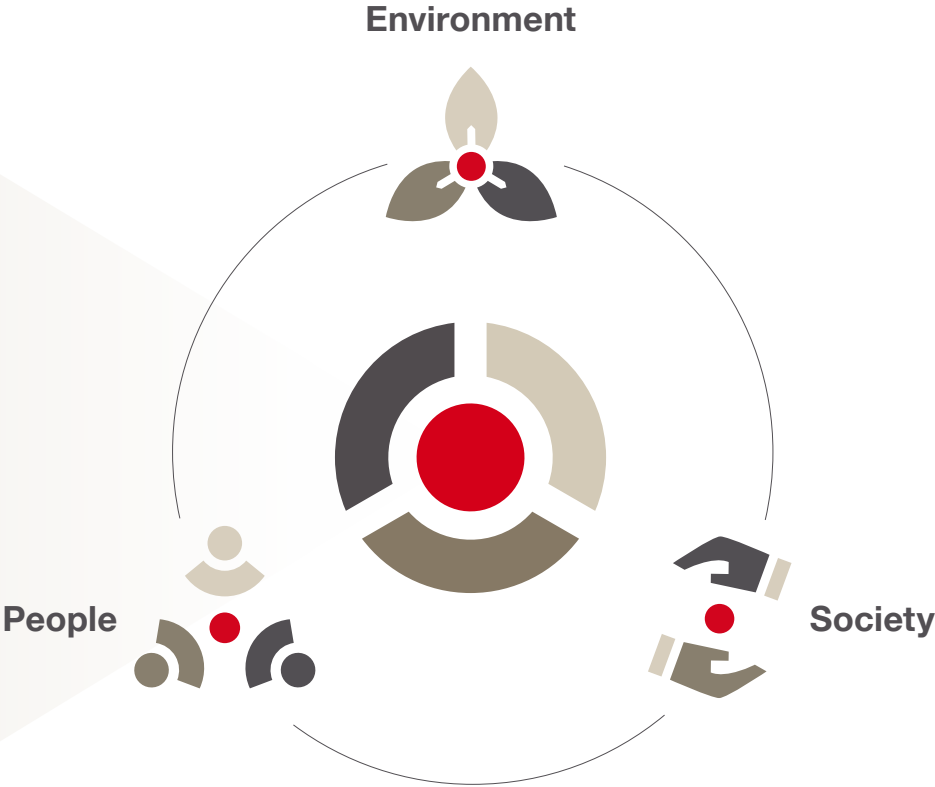
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Our Understanding of Sustainability



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

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Our sustainability strategy

We strive to become our customers’ **best partner for sustainability**. This is at the core of our strategy. In order to achieve that, we are accelerating our existing activities to make Hilti a more sustainable company while also increasing our focus on **making our customers’ business more sustainable**.

We aim to provide more sustainable products to our customers. In order to achieve this, we have a strong commitment to reduce carbon emissions in our operations and our supply chain. We have set our near-term target to reduce 30 percent in our Scope 1, 2 and 3 emissions by 2032, in line with the Science Based Target initiative (SBTi), and we aim to reach net zero by 2050. We have also expanded our offering to support building methods with a lower carbon footprint. We continue to accelerate our investment in circular solutions that create lower amounts of waste and lower energy consumption. One additional way we support our customers is through relevant services

in the product life cycle, like Fleet Management and our repair services. Health and safety complement our sustainable offering. These help in creating a safe working environment, an aspiration that extends to our own team members. In everything that we do, we aim to ensure the highest standards in business ethics, both in our own operations and within the entire product value chain. To contribute to a better society beyond our value chain, we aim to create social impact at scale with our corporate volunteering program and together with the Hilti Foundation, our integrated partner for sustainability.

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Our Global Priorities




**Environment**



**People**



**Society**



<b>Customers</b> Best partner for:	<b>Low carbon footprint solutions</b> <b>Circular solutions</b>	<b>User health and safety</b> and <b>building safety</b>	Highest standards in <b>business ethics</b>
<b>Hilti:</b>	Reduce <b>CO<sub>2</sub></b> emissions in line with Science Based Target initiative Role model for <b>circularity</b> in our operations	Lead in <b>employee health</b> and <b>safety</b>	Create <b>social impact</b> at scale

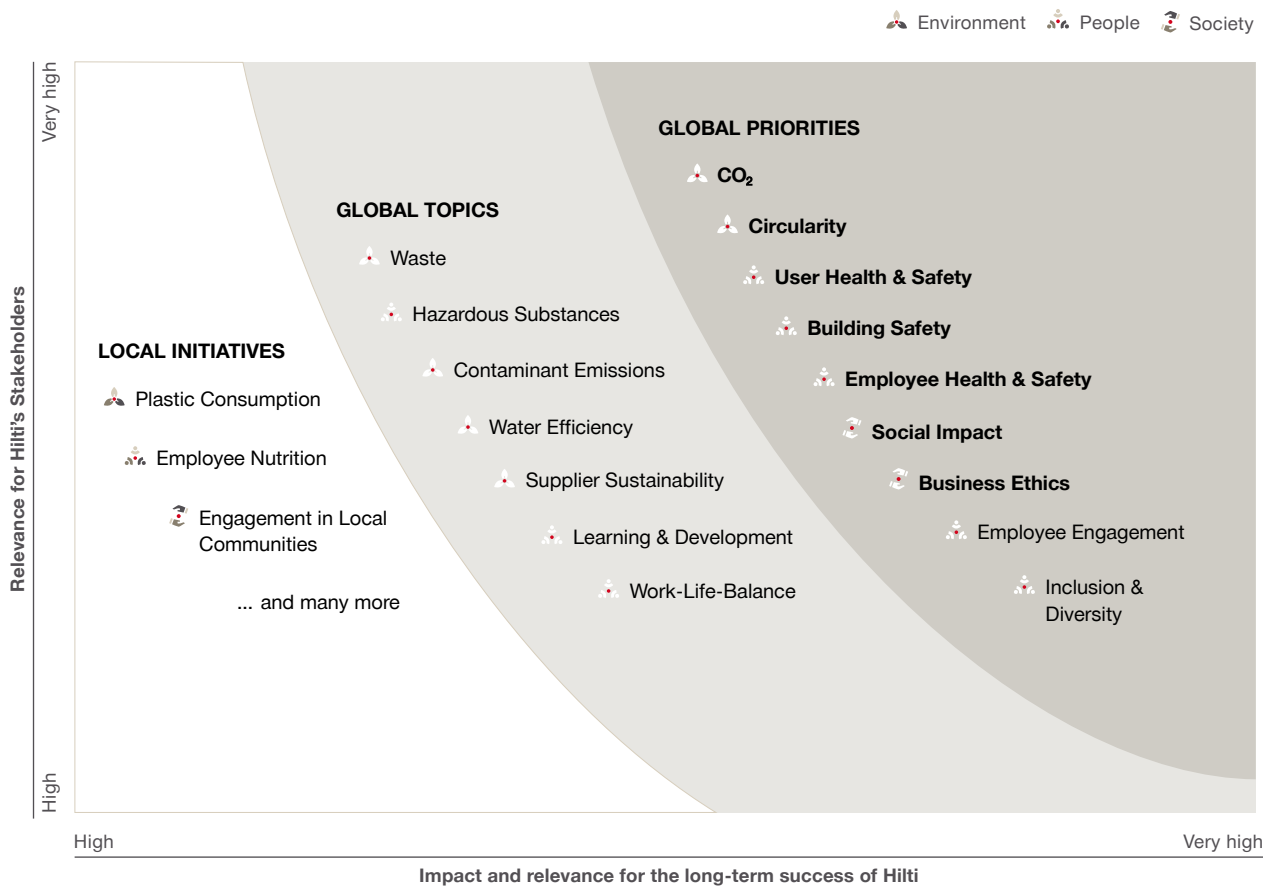


Materiality assessment

During the development of our sustainability strategy, we carried out a **materiality analysis** to identify the relevant topics for our organization. These topics stem 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 evaluated this large number of topics in terms of their relevance for business success and respective 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 are part of the foundation for the topics that are material to our company. We have grouped the topics according to their relevance into “**Global Priorities**” and “**Global Topics**” (see illustration on the right). The engagement of our team members at a local level plays a central role in the implementation of our sustainability strategy. Accordingly, the global priorities and global topics are supplemented by numerous **local initiatives**.

We have assigned all our material topics to one of our three strategic sustainability pillars – **environment, people and society** – and have evaluated our impact on achieving the United Nations Sustainable Development Goals (see p. 8).

Our Materiality Matrix



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With the adoption of the EU’s Corporate Sustainability Reporting Directive in late 2022, the concept of **double materiality** was introduced. A **double materiality analysis** is the process of identifying and prioritizing sustainability topics from an **outside-in** and **inside-out** perspective. Material topics are those that (may) trigger material financial effects on our development (outside-in), or through which we (may) have a material impact on society or the environment (inside-out). This analysis is required by the CSRD and is an essential first step towards regulatory compliance. We started our double materiality analysis in 2023 and intend to finish it by mid-2024. The analysis is the basis for updating our sustainability strategy and defining the scope of our future sustainability reporting.

Our **sustainability results** are assessed annually by the international, independent sustainability rating agency **EcoVadis**, which is recognized as a globally accepted standard for holistically assessing the sustainability performance of companies in the categories of Environment, Labor Practices, Fair Business Practices and Sustainable Procurement. For the third year in a row, we achieved a gold rating and are thereby ranked among the top 5 percent of more than 100,000 companies evaluated by EcoVadis worldwide.



Environment



People



Society

UN Sustainable Development Goals:  
our prioritization

6 CLEAN WATER AND SANITATION

7 AFFORDABLE AND CLEAN ENERGY

8 DECENT WORK AND ECONOMIC GROWTH

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

11 SUSTAINABLE CITIES AND COMMUNITIES

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

13 CLIMATE ACTION

3 GOOD HEALTH AND WELL-BEING

4 QUALITY EDUCATION

5 GENDER EQUALITY

8 DECENT WORK AND ECONOMIC GROWTH

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

11 SUSTAINABLE CITIES AND COMMUNITIES

1 NO POVERTY

2 ZERO HUNGER

4 QUALITY EDUCATION

16 PEACE AND JUSTICE STRONG INSTITUTIONS

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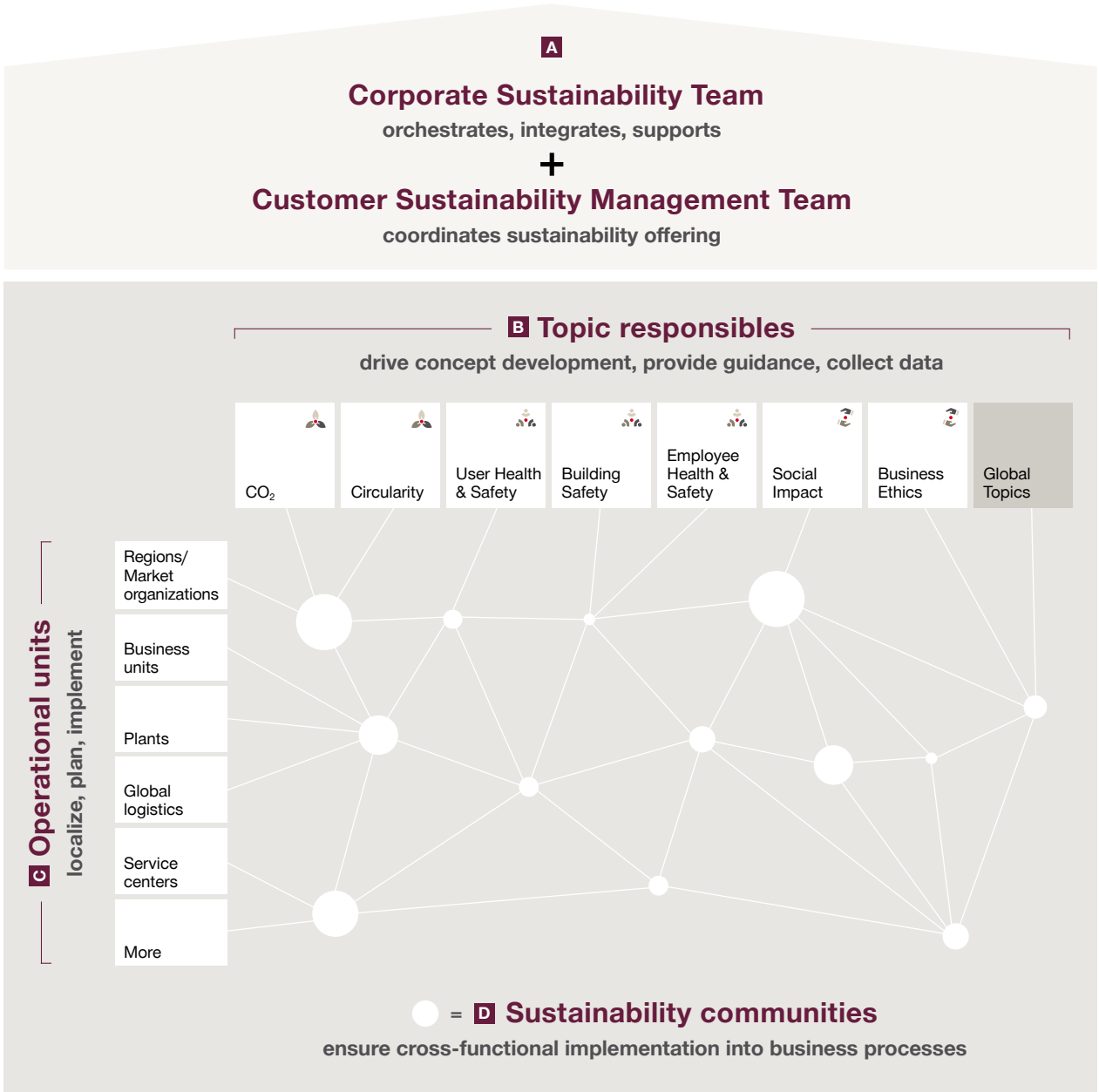


Responsibilities for accountable action

Our **Corporate Sustainability Team (A)** reports directly to the CEO. It drives and oversees the global sustainability program, acts as an interface for all relevant parties and supports the implementation of initiatives. Our **Customer Sustainability Management Team** has the primary focus of making our customers’ business more sustainable. The team coordinates all aspects connected to our sustainability offering. It is anchored in one of our global business units and acts in close collaboration with the corporate sustainability team.

Sustainable Building: p. 40

We have defined strategic and operational **responsibilities** within the organization for all **16 global priorities and topics (B)**. Furthermore, we have established responsibilities in the different **organizational units (C)** and in corporate functions, to promote a stronger anchoring and exchange of information within the Group. In all our regions and in some local organizations, **sustainability managers** implement our sustainability roadmap locally and act as the counterparts to the corporate sustainability team. Furthermore, they act as sustainability employee engagement managers and ensure continuous sustainability learning within the region. Several regional **customer sustainability managers** collaborate with the global customer sustainability team to integrate the existing sustainability offering into the launch of new products and salesforce training. This helps to identify and consolidate sustainability trends and customer needs and to establish trustful, innovative partnerships for new sustainable solutions for the construction industry.



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To support the integration of sustainability in the various business processes within our value chain, we have established **thirteen sustainability communities (D)**. Each community is led by an expert in the respective area. The expert involves team members from across the organization, for example in regular community dialogs and in workshops, and by providing digital platforms or playbooks.

The **Strategic Sustainability Steering Board** (formerly Sustainability Council) is the advisory body for our activities. It meets three times a year and provides strategic advice and support on cross-functional challenges. It is chaired by the CEO and includes the heads of the two largest regions and business units, as well as the heads of the legal, human resources, logistics, manufacturing and communications departments. In addition, to ensure operational oversight of initiatives concerning sustainability data management, steering and reporting, quarterly **Sustainability Project Review Meetings (PRM)** were initiated in 2023. The PRMs are chaired by the head of corporate sustainability and include the head of one business unit, as well as the heads of global aftermarket services, controlling, operational excellence, compliance, and IT.

## In dialog with our stakeholders

We put great emphasis on regular communication and dialog with our internal and external stakeholders.

Direct and regular on-site contact with our **customers** has always been a distinct element of our business model. Our team members in the field interact with our customers in more than 280,000 individual contacts each day. In our direct sales model, there are no intermediaries between our customers and the end users of our products and solutions. Hilti supports construction professionals from the planning phase, through consulting and software engineering applications, to the construction, maintenance, and demolition of a building by supplying tools, fastening consumables, software and services. The trades we serve are building & construction, mechanical & electrical engineering, civil engineering, interior finishing, installation, energy & industry, renovation and rental. We aim to have long-term relationships with our customers in more than 120 countries in which we operate.

Besides the direct contact through our account managers, we also communicate with our customers on a daily basis via customer service, by phone and e-mail, in Hilti Stores or digitally via our website and social media. We systematically ask for our customers' opinions once a year as part of customer surveys.

We have intensified the exchange with our key accounts on sustainability-related topics, which is facilitated by our Customer Sustainability Management Team, as well as the regional or local customer sustainability managers.

In addition to customers, **our team members** 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. We survey our team members about their engagement with Hilti in the annual **Global Employee Opinion Survey (GEOS)**, which also asks team members about their perception of Hilti's sustainability efforts. In the reporting year, our team members' **positive perception** of the statement **"Hilti is a socially and environmentally responsible organization"** increased by 1 percentage point to 86 percent – the fourth increase in four years.

Additionally, we involve our team members through events and dialog. To promote sustainability within the company, a **sustainability learning platform** is available for all team members around the globe. Besides bringing sustainability knowledge to all team members, we want to help them find out how they can contribute to sustainability individually in their private and professional environment and to enable them to engage with our customers on the topic. An integrated and integral part of our practical learning is our **Engaged Beyond Business** corporate volunteering program.

➤ Our Culture of Engagement: p. 44; Social Impact: p. 61

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We work internationally with many **suppliers and business partners**. It is important for us to build partnerships on equal terms and engage in regular personal discussions. Our cooperation is based on the highest ethical standards, which are set out in our Code of Conduct for Suppliers. Before embarking on a business relationship with us, suppliers must contractually agree to follow our principles against bribery and corruption, the violation of human rights, and to be in favor of humane working conditions and minimum wages as well as environmental protection and the correct handling of hazardous substances. In terms of specific human rights, our suppliers commit, for example, to eschew slave labor, servitude, forced or compulsory labor and human trafficking, to pay minimum wages and not to make use of child labor. Regular audits are conducted to assess compliance with our Code of Conduct for Suppliers. We also work together with various **research institutes and universities** and are engaged in sustainability-related **associations and working groups**, such as the Conference Board's Corporate Responsibility and Sustainability Council, and we are an actively committed member of the UN Global Compact Switzerland/Liechtenstein.

➤ Supplier Sustainability: p. 31; Business Ethics: p. 56

## Sustainability data management, steering and reporting

In 2023, we formed the **sustainability data management, steering and reporting program**. A cross-functional team of experts is working on streamlining, enhancing and extending the collection of product and corporate sustainability data to ultimately facilitate internal sustainability steering, external corporate sustainability reporting and product sustainability transparency.

To enhance our group steering and complement our understanding of value creation, we started to introduce a new metric called **Value-to-Society**. This metric assesses our contribution to the environment, people and society, comprehensively quantified in monetary terms. We are working on integrating Value-to-Society into our performance management system. This monetized impact valuation also provides valuable input to identify material topics as part of the double materiality analysis under the Corporate Sustainability Reporting Directive. Starting with the 2025 financial year, our **external reporting** will be enhanced by following the requirements of the **European Sustainability Reporting Standards**, which were introduced under the CSRD.

In our commitment to assisting customers in their journey toward sustainability, we are enhancing transparency regarding the **sustainability performance** of our **products**. Throughout the reporting period, we refined the life cycle assessment (LCA) process for our products. LCAs serve to illustrate the environmental impacts of our products and are frequently requested by our customers in the construction industry. Additionally, we have expanded the accessibility of LCAs for our products, now encompassing 40 percent of our portfolio.

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# For Our Environment

**CO<sub>2</sub> Neutrality**

achieved in own operations  
(Scope 1 and 2) and business travel

**SBTi**

Targets set throughout  
organization to reduce  
Scope 1, 2 and 3 emissions  
in line with Science Based  
Target initiative

**10,000 to  
160,000**

Increase in number of spare parts  
reused in repair in three years



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# For a Better Climate



## CO<sub>2</sub>

In 2020, we set out to achieve **carbon neutrality** in our operations and in business travel **by 2023**. We reached this milestone through emission reduction, replacement of fossil energy sources, our own production of green electricity and offsetting. Compared to a scenario without mitigation measures, we saved 60 percent of CO<sub>2</sub> emissions (vs. 2019 baseline) and offset the remaining 40 percent of CO<sub>2</sub> emissions with our own certified offsetting projects. This is an important step toward our goal of net-zero emissions by 2050, aligning with the 1.5-degree pathway of the **Science-Based Target initiative** (SBTi).

 Company Report

### Management approach

Managing our CO<sub>2</sub> emissions holds significance not only in our day-to-day operations but also for informed decision-making and shaping our company's strategic actions. In 2023, we unveiled our new Group Strategy Lead 2030, formulating our customer promise aiming to be the best partner for sustainability by placing CO<sub>2</sub> emissions reduction at the core of our strategic objectives. Beyond our own operations, we assess and mitigate CO<sub>2</sub> in our value chain both by engaging with our suppliers and by aiming to be the best partner for our customers in providing low-emission construction solutions. We regularly engage with our relevant stakeholders to ensure that their feedback, needs and suggestions for improvement are given due consideration.

## At a Glance

- Achieved carbon neutrality goal within our own operations plus business travel
- First delivery of certified CO<sub>2</sub> offsets by own projects
- Commitment to reduce carbon emissions in line with the Science-Based Target initiative, and to achieve net zero emissions by 2050

### Organizational anchoring

Our carbon emissions are monitored and managed by the Corporate Sustainability Team, which reports to the CEO. The executives responsible for CO<sub>2</sub> are the Head of Corporate Sustainability and the Head of Finance. Furthermore, there are regular exchanges in several internal online communities, such as the sustainability in development, sustainability in facilities, sustainability in transportation and sustainability in procurement communities. These groups drive initiatives to reduce CO<sub>2</sub> emissions, for example by changing our vehicle fleet from gasoline and diesel engines to electric drives and hybrid vehicles, enhancing the energy efficiency in our facilities or raising the focus on carbon reduction within our supply chain. The purpose of these

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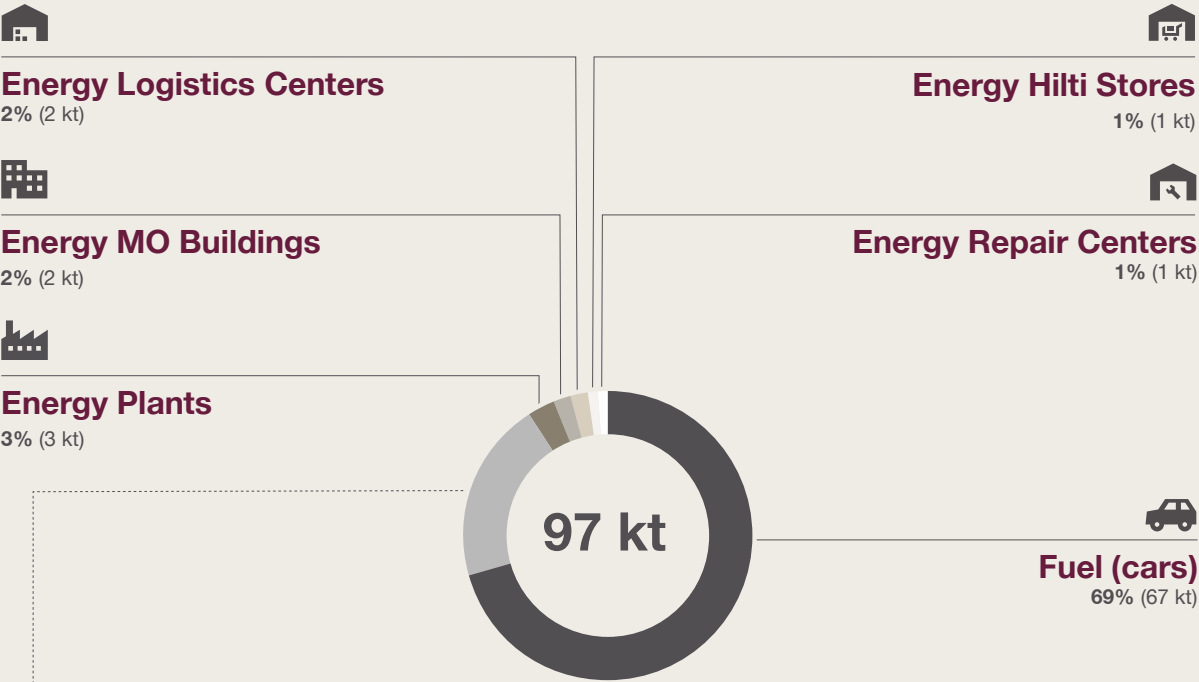
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# Direct and indirect CO<sub>2</sub> emissions incl. business travel in 2023

## Scopes 1 and 2



**Business travel<sup>1</sup>**  
22% (21 kt, of which approx. 16 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.

communities is to share best practices, exchange experience, establish standardized processes and support the development of common environmental guidelines, helping to decentralize and anchor environmental protection measures within Hilti's business processes.

[Environmental Protection: p. 27](#)

## Management systems and policies

We have a group-wide environmental policy in place. The topic of CO<sub>2</sub> emission reductions is anchored in this policy, which sets the strategic approach to climate protection. All our plants, our headquarters facilities and nine of our market organizations are certified for environmental management according to ISO 14001. Moreover, our plants in Kaufering and Nersingen, Germany, as well as in Kecskemét, Hungary, have a certified energy management system in accordance with ISO 50001.

[Environmental Protection: p. 27](#)

## 2023 implementation examples

Our strategy to become carbon neutral in our own operations, including business travel, in 2023 involves reducing energy consumption and transitioning to green energy sources. Consequently, we have managed to reduce emissions by approximately 60 percent when compared to a scenario without these mitigation measures on our 2019 baseline. To address the remaining 40 percent of emissions, we rely on our proprietary offset projects.

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Reduce

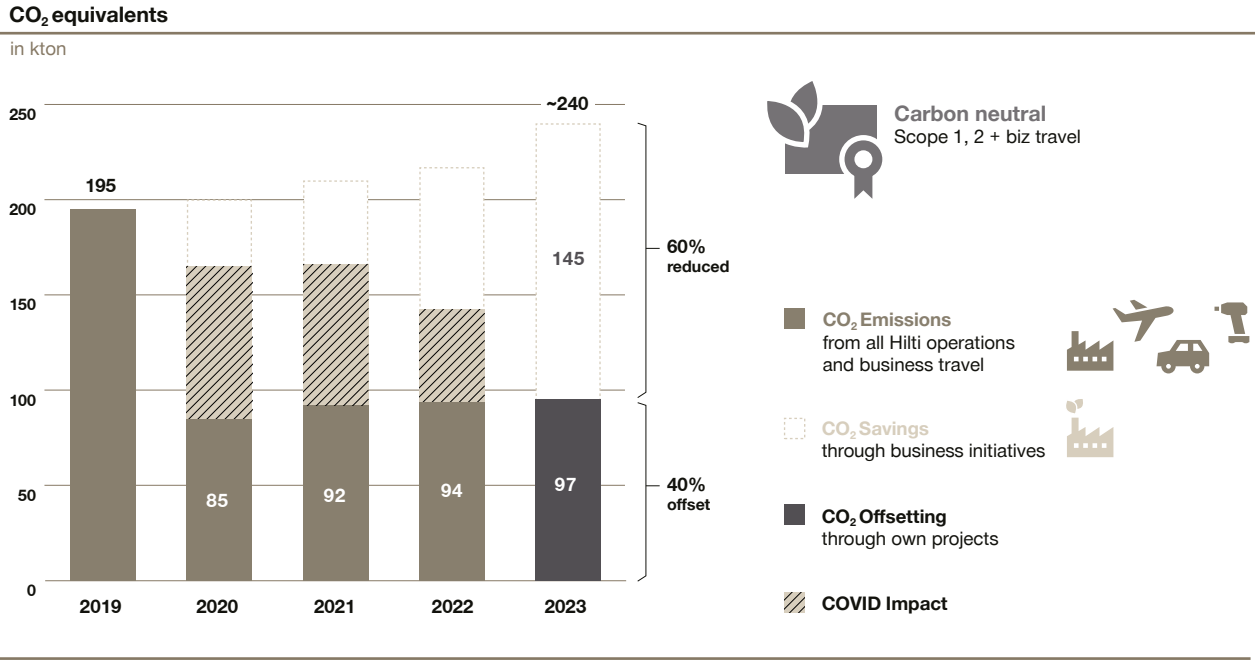
Our topmost priority is the reduction of energy consumption and CO<sub>2</sub> emissions whenever feasible. This objective is addressed through the adoption of cutting-edge technologies, more efficient equipment, and behavioral training and adjustments in our business practices.

- In the reporting year, we implemented **numerous energy efficiency measures** in our existing facilities via a broad engagement of our team members, leading to a significant reduction in energy consumption. This includes minimizing heating and cooling measures and changing lighting to LEDs.
- When constructing or leasing buildings for our own operations, we use **sustainability principles** for guidance. A notable example is our new production plant in India which was inaugurated in January 2024. Our aim is to achieve the highest standards, specifically the gold standards established by the German Sustainable Building Council “DGNB International”, which would make this plant the first of its kind in all of India. Our focus on energy efficiency has allowed us to influence many aspects of the plant during the planning stage. Consequently, the plant is projected to require less than 20 percent of the original energy estimate. Additionally, it will be equipped with a substantial photovoltaic (PV) installation to serve as an energy source.

Replace

In areas where reducing energy consumption presents challenges, our focus shifts to replacing existing energy sources with environmentally friendly alternatives. Since 2020, we have adopted exclusively green electricity practices on a global scale – either through procurement or via our own photovoltaic systems. We invest in top-tier green electricity certificates that adhere to the highest standards established by organizations like EKOenergy and Green-e. Furthermore, we are actively transitioning to climate-friendly alternatives for our energy supply wherever feasible, such as the adoption of district heating systems.

- We aspire to transition our **global vehicle fleet** to more sustainable solutions. During the reporting period, we further reduced emissions for the second consecutive year and were able to decouple the emissions from the increased vehicle usage. While the global vehicle supply crisis is causing delays to our ambitious plans, by the end of 2023 we increased the total number of ordered vehicles to about 6,500, which represents more than 40 percent of our global fleet. More than two thirds of ordered vehicles were delivered and are on the road.



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Produce

We are fostering investments in renewable energies by installing photovoltaic (PV) systems in various locations worldwide.

- In 2023, we increased the output through our strategic expansion of **PV installations** to 9000 MWh. Our installed PV capacity now covers 6 percent of our total electricity consumption, which would supply about 3600 European households for one year. At our central warehouse in Liechtenstein, we installed one of the largest PV systems in the country, with an output capacity of approximately 1000 MWh, on top of the 1800 MWh installed in the previous years. We are planning to continue to invest heavily in solar in the future and have already approved a number of new large installations for 2024: for example, 1300 MWh at our plant in Hungary, and 1600 MWh at our plant in India.

Offset

By saving energy and using alternative energy sources, we can significantly reduce CO<sub>2</sub> emissions. To close the gap to zero emissions, we compensate the remaining amount with CO<sub>2</sub> savings elsewhere. In cooperation with the Hilti Foundation and a renowned external partner, we have created an exclusive Hilti portfolio of compensation projects. We are meaningfully involved in the development of these projects to ensure that the objectives pursued are in line with our values and that they give back to the local communities.

- The **Cookstoves Project** provides rural households in **Kenya** with modern and clean methods to cook food. The project replaces the practice of burning biomass in open fires and other inefficient cooking facilities which contribute to indoor air pollution and climate change. By providing modern and clean cookstoves, the project helps to significantly reduce energy consumption, CO<sub>2</sub> emissions and harmful indoor air pollution from smoke emissions. The roughly 33,000 stoves distributed through the project will offset 90,000 tons of CO<sub>2</sub> per year. The project also creates social impact by generating cost savings for the families, creating jobs in the area and by helping people stay healthy.



- The **Biogas Project** supports families in **Madhya Pradesh, India**, in replacing inefficient cooking systems with a biogas digester and a biogas-based cookstove unit, which saves firewood and other cooking and heating fuels. Each digester is connected to an individual house. The biogas is generated using locally collected organic waste. Completed during the reporting year, the project has provided more than 8000 families with digesters, thereby offsetting 30,000 tons of CO<sub>2</sub> emissions. Besides the positive social impact of generating jobs, improving health conditions and livelihoods, the project also helps to reduce deforestation as firewood is no longer needed.

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# We will reduce our CO<sub>2</sub> emissions in line with the Science Based Target initiative and aim to reach net zero by 2050.

## Commitment to the Science Based Targets initiative (SBTi)

Achieving carbon neutrality in Scope 1, 2 and in business travel by 2023 marks an important initial milestone in our efforts to combat climate change. We nonetheless recognize the vital importance of addressing emissions beyond our own operations. To align with the ambitious goals outlined in the 2015 Paris Agreement, emissions must be reduced across the entire value chain, encompassing Scopes 1, 2 and 3. We are committed to contributing to this extremely ambitious endeavor and have therefore pledged to establish targets in accordance with the Science Based

Targets initiative (SBTi). We have set our **near-term target** to significantly **reduce about 30 percent** in our Scope 1, 2 and 3 emissions **by 2032** and we aim to reach **net zero by 2050**.

To bring the SBTi to life, we estimate an investment of triple-digit million Swiss francs will be needed over the next decade to incorporate systematic changes into our own business processes and to further encourage our partners to develop in this regard. Decreasing emissions along the entire value chain will support our customers' sustainability initiatives and enable us to contribute to the much-needed transformation of our industry.

As illustrated in the table on page 19, the largest portion of our CO<sub>2</sub> emissions originates from the category of purchased goods and services (69 percent), specifically the materials directly integrated into our products. During the reporting year, the organizational units responsible for product-related emissions were engaged in developing their respective **CO<sub>2</sub> reduction plans**. Furthermore, individual **CO<sub>2</sub> targets** were developed in all market organizations. The in-depth analysis uncovered opportunities for leveraging and achieving CO<sub>2</sub> savings, resulting in the implementation of initial measures, such as the sourcing of greener materials. Furthermore, we have established in-house processes and tools to incorporate CO<sub>2</sub> reduction targets into our product development practices. The initial pilot projects have been successfully completed and we are in the process of rolling out these practices company-wide.

In 2023, we focused on reducing Scope 3 emissions, particularly regarding the transportation aspects of our global supply chain. In North America, we optimized our logistics network, reducing delivery distances and achieving an approximate 3000 ton CO<sub>2</sub> reduction. Additionally, we have the first trucking routes being converted to more eco-friendly HVO (hydrogenated vegetable oil), which contributes to the CO<sub>2</sub> savings in the logistics area. In the large Scope 3 area of purchased goods and services, we made further advancements in data transparency and are in preparation for raw material changes to more sustainable variants, which will take effect in the following years.



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Climate risk management

In 2022, we undertook an initial systematic risk assessment of the impact that climate change has on our business. In our risk management approach, we focus on the significant **physical** and **transitory risks** caused by climate change. In addition to this, there are various business opportunities, particularly in the realm of developing products, that actively contribute to climate change mitigation.

Based on our materiality matrix, and in discussions with internal experts, we systematically identified and specified climate-related risks for Hilti. We looked at **physical risks** (acute risks, like extreme weather events, as well as the chronic risk of increasing temperatures) for our own operations and the **transitory risk** of an increasing carbon price. In terms of transitory risk, the global development of the carbon price, which will affect Hilti's operations as well as that of our suppliers, was assessed up to 2030. With the help of an external provider, we did an initial risk quantification. This year we further quantified sustainability-related risks, opportunities and financial impacts, which is an ongoing project and planned to show results by mid-2024.

To manage the identified climate-related risks, they will be integrated into the existing enterprise-wide risk management structure, which categorizes material risks for the company in terms of strategy, market, operational, financial and compliance. These risks are managed by internal risk owners and our top management. The integration of climate-related risks ensures high-level management responsibility and underlines their materiality.

Measuring our progress

CO<sub>2</sub> emissions associated with our neutrality goal (Scope 1, 2 and business travel) increased slightly compared to the previous year from 94 to 97 kilotons. This change is attributed to an increase in business travel activities as well as increased use of district heating. During the reporting year, we conducted evaluations and initiated efforts aimed at reducing emissions related to business travel, with plans for long-term implementation.

Our Scope 3 emissions decreased by 10% percent in the reporting year, which was largely caused by lower emissions in the purchased goods and services category. Besides implementing reduction measures, the largest driver for the reduction was our decreased purchasing volume compared to the previous year. Emissions in the upstream transportation and distribution category decreased for the same reason significantly besides the measures described beforehand. Business travel increased slightly, still coming back from covid restrictions, whereas the use of products decreased, mainly due to a change in the product mix.

Energy consumption

in MWh				
	2021	2022	2023	Change (vs. 2022)
Electricity	148,112	156,175	152,496	-2%
of which renewable electricity	100%	100%	100%	-
Combustibles and fuels	333,581	329,355	326,019	-1%
District heating	10,233	7,959	17,230	116%
Sold energy (subtracted)	0	240	1,387	477%
<b>Total energy consumption within the organization</b>	<b>491,926</b>	<b>493,249</b>	<b>495,746</b>	<b>1%</b>
Number of employees (headcount)	31,115	32,487	34,111	5%
<b>MWh/employee</b>	<b>15.8</b>	<b>15.2</b>	<b>14.5</b>	<b>-4%</b>

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CO<sub>2</sub> emissions<sup>1</sup>

in t

	2021	2022	2023	Change (vs. 2022)
Scope 1	78,965	75,877	75,242	-1%
Scope 2 (market-based approach)	234	181	339	87%
<b>Total CO<sub>2</sub> emissions Scope 1 and 2</b>	<b>79,199</b>	<b>76,059</b>	<b>75,581</b>	<b>-1%</b>
<b>Scope 3</b>				
Upstream				
Purchased goods and services <sup>2</sup>	891,370	1,120,741	1,001,345	-11%
Capital goods <sup>3</sup>	85,664	69,148	73,166	6%
Fuel- and energy-related activities	19,294	18,871	18,817	0%
Upstream transportation and distribution	103,041	109,235	80,597	-26%
Waste generated in operations	427	805	656	-19%
Business travel <sup>4</sup>	13,034	17,416	21,060	21%
Employee commuting	12,218	18,098	19,074	5%
Upstream leased assets	991	327	35	-89%
Downstream				
Downstream transportation and distribution <sup>5</sup>	18,633	9,400	9,187	-2%
Use of sold products <sup>6</sup>	123,365	152,157	135,572	-11%
End-of-life treatment of sold products	7,047	6,884	7,235	5%
<b>Total CO<sub>2</sub> emissions Scope 3<sup>7</sup></b>	<b>1,275,084</b>	<b>1,523,082</b>	<b>1,366,744</b>	<b>-10%</b>
<b>Total CO<sub>2</sub> emissions all scopes<sup>7</sup></b>	<b>1,354,283</b>	<b>1,599,140</b>	<b>1,442,325</b>	<b>-10%</b>
<b>Total CO<sub>2</sub> emissions corresponding to our CO<sub>2</sub> neutrality goal<sup>7,8</sup></b>	<b>92,233</b>	<b>93,474</b>	<b>96,641</b>	<b>3%</b>
Number of employees (headcount)	31,115	32,487	34,111	5%
<b>CO<sub>2</sub> emissions<sup>7,8</sup>/employee</b>	<b>3.0</b>	<b>2.9</b>	<b>2.8</b>	<b>-3%</b>

<sup>1</sup> Emissions from all greenhouse gases converted into CO<sub>2</sub> equivalents

<sup>2</sup> The 2022 values for Purchased Goods and Services were restated due to more granular material data being available and an updated Multi-Regional-Input-Output model, increasing the emission by 57,692t from 1,046,911t to 1,120,741t.

<sup>3</sup> The 2022 values for Capital Goods were restated due to an updated Multi-Regional-Input-Output model, decreasing the emission by 31,449t from 100,597t to 69,148t.

<sup>4</sup> The 2022 values for Business travel were restated due to an updated Multi-Regional-Input-Output model, decreasing the emission by 810t from 18,226t to 17,416t.

<sup>5</sup> The 2022 values for Downstream transportation and distribution were restated due to an updated Multi-Regional-Input-Output model, decreasing the emission by 8,211t from 17,611t to 9,400t.

<sup>6</sup> The 2022 values for use of sold products were restated due to better data quality, increasing the emission by 22,032t from 130,125t to 152,157t.

<sup>7</sup> The value for 2022 was restated due to single restatements above.

<sup>8</sup> Scope 1, 2 and business travel

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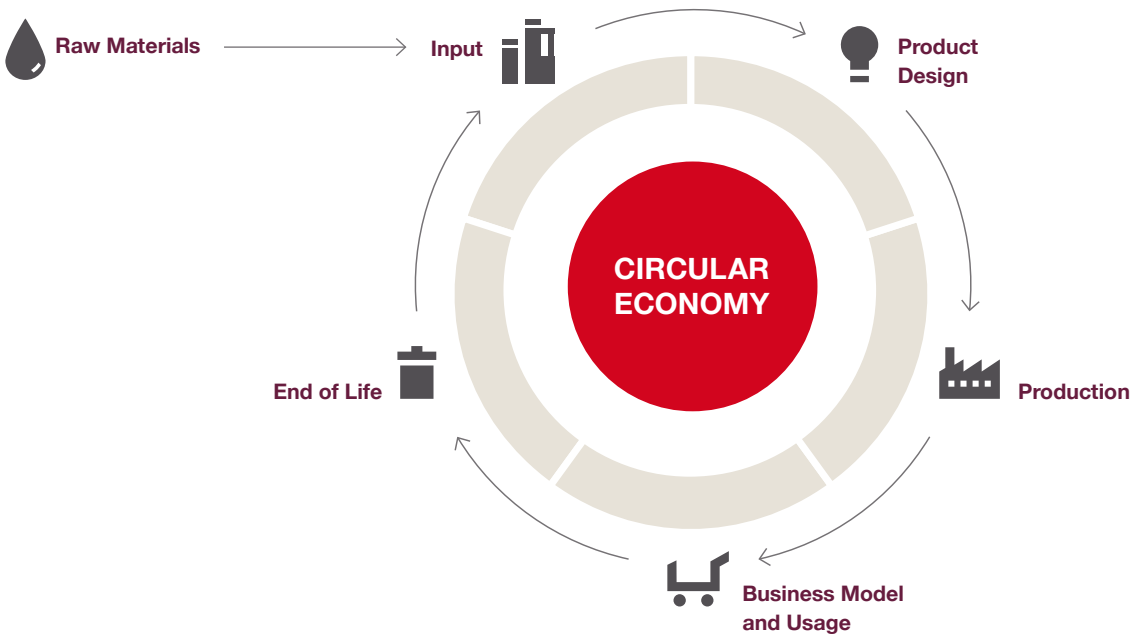


# Doing More with Less



## CIRCULARITY

The circular economy aims to detach economic success from the consumption of resources and to ensure that resources remain in circulation for as long as possible, preventing the loss of valuable materials. This approach not only allows for ecological benefits, but also provides new strategic impulses for business. Hilti owns the value chain – from product design, to production, transport, customer contact and end of life. This gives us the unique possibility to drive circularity in our industry.



### At a Glance

- Number of tool spare parts reused increased, from 10,000 to 160,000 over three years, as part of global refurbishment program
- Iconic Hilti tool cases produced with 40 percent recycled content in Europe, stemming from closed-loop recycling of red material
- Proprietary software implemented to assess battery health for second life options
- Qualitative Circelligence Circularity Score improved in the areas of product design, business model and end of life

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# Our goal is to lead the industry in circularity.

## Management approach

We understand circularity as generating maximum added value with a minimum use of virgin raw materials, a concept that includes much more than mere recycling. Our circularity strategy, completed in 2020, made us one of the first companies to use a specific methodology to quantify and track our circular progress. The strategy forms the basis for clear priorities that give circularity even more significance:



- Institutionalize circularity in supply and design decisions, from material selection to designing for repairability and interchangeability
- Improve, reduce and reuse packaging of products and in the supply chain
- Further enhance our circular business model of Fleet Management with tool park optimization and lifetime extension options

- Ensure reuse options for tools and components which meet our high-quality standards
- Increase material recovery in end-of-life recycling through close collaboration with recycling partners
- Provide our customers with full transparency on their circular contribution.

## Organizational anchoring

The topic of circularity is anchored in our business units, in production, logistics, our markets and our aftermarket sales organization, all of which perform initiatives for improvement. A central project team in our Tool Services Business Unit consolidates, challenges and advises operating units on their activities. Regular steering committees inform Hilti's Executive Board directly on the program's progress and help to set steering priorities. In 2023, the existing team, consisting of circularity program manager and circularity operations manager, was complemented by two circularity project managers. One project manager is responsible for structuring and expanding our reuse program, such as spare part reuse and tool reuse. The other project manager works to enable full item reuse as part of our global refurbishment program.

## How we measure circularity

To advance the measurability of circularity, we were the first company worldwide to develop and use the  Circelligence method, together with Boston Consulting Group (BCG). We now evaluate the circularity of our entire product portfolio on a yearly basis in terms of both quality and quantity. For details on the methodology used, please visit our  2020 Sustainability Report. We continue to focus on advancing the measurability of circularity for businesses. In 2023, we continued our collaboration with BCG and SAP on data automatization, with a focus on data visualization. This project is now concluded. Circelligence by BCG, available within the SAP Store, allows companies to create circularity assessments. Hilti has established a sustainability data management, steering and reporting program. Amongst other things, this program aims at establishing a solid software back end, supporting the automation of our circularity data and reporting.

 Sustainability Management: p. 4

The **qualitative assessment** shows the maturity of the control system regarding the latest findings in the field of circular economy. Grades range from "A" (circularity has been implemented in all business areas) to "F" (the activities and instruments for the implementation of circularity have yet to be developed). The qualitative evaluation helps to assess details of circular economy implementation within a company. Drawing on what was learned in measuring aspects of circularity, BCG again adjusted various questions used in determining a company's qualitative score in 2023.

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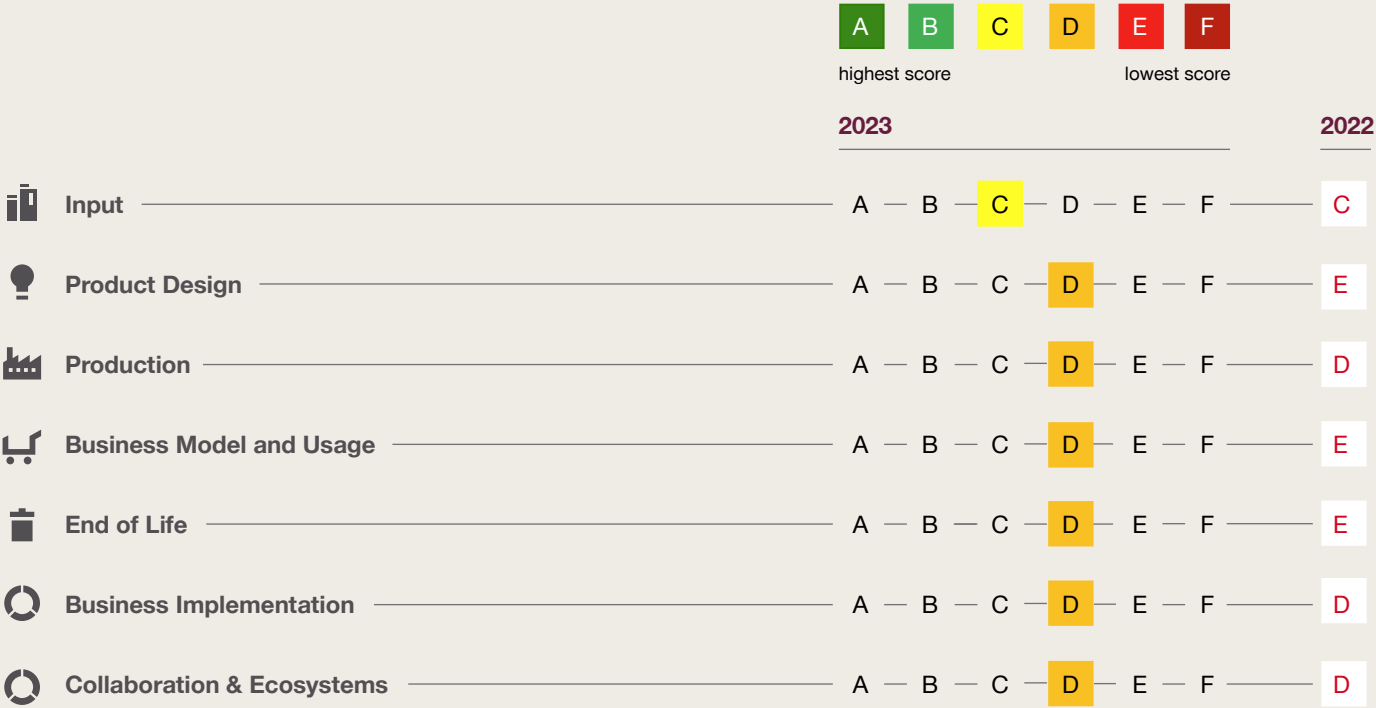
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# Qualitative Score



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

In 2023, we improved in three categories compared to previous years:

- **Product design:** We increasingly implement circularity in product design, building on our history of designing for longevity and repairability, and will in the future focus even more on design for reuse. Together with our targets to reduce our product carbon footprint, these will be a key focus in the coming years.

- **Business model:** Overall, the full integration of targets for circular economy into our new group strategy, with trackers at every level, ensures a high level of engagement and action across the organization. We are running an increasing number of pilots with customers to test different modes of reuse for our tools. The customer feedback so far has been very positive.

- **End of life:** We significantly improved the transparency of end-of-life initiatives, including reuse and recycling. We also expanded the share of products for which repair and maintenance services are available. We are continuing to expand this transparency through supplier engagement and reporting, as well as control of our own reuse operations.

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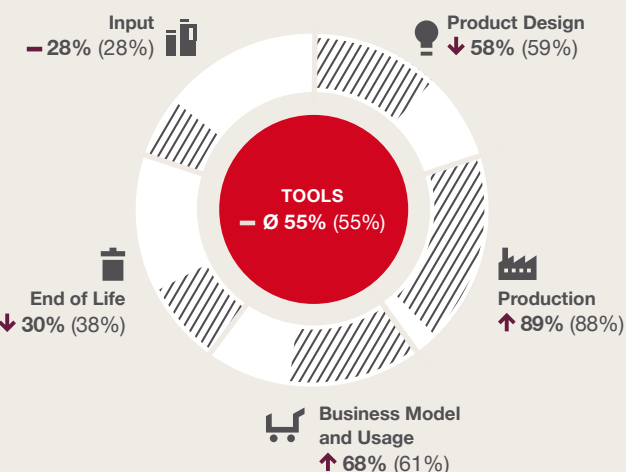
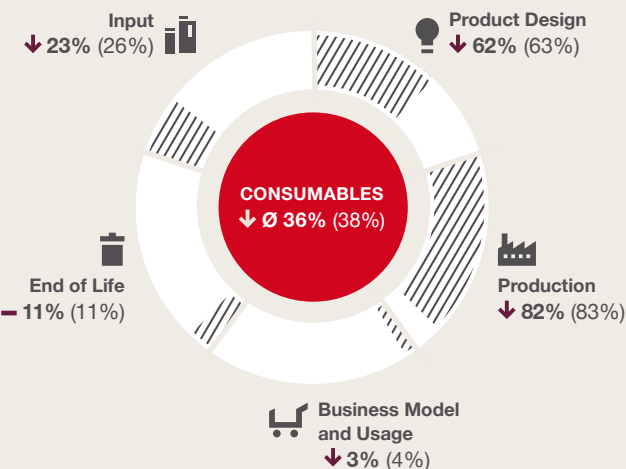
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# Quantitative Score



Previous year figures in brackets  
 ↑ Increase compared to 2022  
 ↓ Decrease compared to 2022  
 — Stagnant compared to 2022

The **quantitative assessment** provides information on the implementation status of circularity based on the weight of resources used and ranges from 0 percent (all materials and products are handled in a linear way at all stages of the value chain) to 100 percent (full implementation of circularity). We distinguish between calculations for tools and consumables, such as fasteners and other accessories, as the two areas differ fundamentally.

In the reporting year, the quantitative score for **tools remained at 55 percent while decreasing from 38 to 36 percent in consumables**. These changes stem from improved data quality, which informs the assumptions that feed the Circelligence methodology. As the methodology adjusted its data source for measuring the recycled content in steel from 100 percent to 90 percent, our score dropped in the input category. We consider transparency on environmental initiatives a key value and a continuous learning journey. We therefore decided not to restate previous years based on improved knowledge and data quality.

Other important developments relevant to the score derive from the following topics:

- **Input:** We increased recycled content in product packaging for cardboard, paper and polymers. However, these increases could not compensate for the changes in data on the recycling rates of our high-volume steel suppliers. We also increased the reuse of tools and components to 150 tons of material, from a previous 120 tons of material.
- **Business model:** We increased the sales of tools in our Fleet Management circular business model, ensuring that more customers have access to our circular value proposition, such as Tool Park Optimization, contract extension and short-term use options.
- **End of life:** The tools' End-of-Life score experienced a decline due to better data quality, primarily characterized by the adoption of updated, often lower, rates for both internal and external (statistical) recycling.

## Materials used in 2023

By weight (in t)

	2021	2022	2023	Percentage of recycled raw materials (vs. 2022)
<b>Renewable materials (paper, cardboard, wood)</b>	31,611	32,220	30,157	50% (+2%pts.)
<b>Non-renewable materials</b>	244,736	255,839	226,992	21% (-3%pts.)
of which steel	152,622	158,197	139,621	31% (-4%pts.)
of which plastics	17,751	19,779	21,155	10% (+2%pts.)
of which chemicals	53,468	56,210	45,695	0% (0%)
<b>Products not yet analyzed</b>	7,564	6,552	5,608	
<b>Total materials used (products and packaging)</b>	283,911	294,611	262,757	24% (-2%pts.)

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2023 implementation examples

Input

- **Raw material usage:**  
We strive to minimize the use of virgin materials. Our products and packaging contain on average 24 percent of recycled metal and plastic content.
- **Packaging:**  
Our approach to sustainable packaging is, first and foremost, to reduce the amount of packaging and, secondly, to increase usage of recycled content and ensure recyclability throughout our supply chain. All these considerations do not deter from the fact that all our products must arrive safely. Higher fill rates, bulk packaging and reuse of packaging contribute to this effort. Currently, there are more than 20 active packaging improvement initiatives in three main material categories: plastic (single-use plastic and tool cases), paper and cardboard. Some of the highlights are listed below.
  - We have set ourselves targets on recycled content per packaging material type and are striving towards 100 percent recyclable, reusable or compostable secondary packaging by 2025. We have already made good progress on increasing the amount of recycled content from 2020 to 2023:
    - Cardboard: from 54 to 74 percent
    - Paper: from 17 to 49 percent
  - **Plastic** has certain unique properties, such as corrosion protection and chemical barrier functions. Nevertheless, we want to limit its use in single-use packaging, while ensuring that when it is used, it is recyclable, reusable or compostable and has a high

content of recycled material, thus supporting the market for recycling plastics.

- Our iconic **Hilti tool cases** are produced with 40 percent recycled content of the red material in Europe, which stems partially from closed-loop recycling. This means that old Hilti tool cases serve as material for new Hilti tool cases. We did extensive testing with recycled plastic from the market, versus the recycled content of our old tool cases, and concluded that we can only keep our high quality with closed-loop recycling where we can guarantee our own recipe. Closed-loop recycling also allows us to guarantee supply and price stability and will become part of our standard process in producing tool cases in Europe going forward.



- We shifted the packaging for most of our **cutting blades** from PVC blister plastics to recyclable cardboard sleeves, saving ten tons of virgin plastics per year, and we are scaling this change

to include other **flat inserts** currently placed in blister packaging.

- We are continuing to switch all clips on our inserts packaging to a paper-based solution, which will save us 32 tons of plastic per year once we have scaled the solution to more products (~2.4 million pieces).
- We are switching the transparent part of insert packaging tubes from PVC (~55 tons per year) to widely recyclable polypropylene. Going forward, we plan to scale this solution to all tube packaging.
- We switched from virgin material to 85 percent recycled content for our HUD anchor plastic bags. This change will save roughly four tons of plastic material.



- **Paper** – throughout 2023, we continued to reduce the amount of paper and improve the recycled content of our printed Instructions for Use (IFUs).
  - In 2023, all IFUs for our Nuron chargers were significantly shortened (from 400 pages to 200) in the course of a redesign project, which will save us 60 tons of paper per year.
  - We are working on identifying high-volume manuals that will have a significant impact on size reduction once legislation supports this. In the meantime, we are increasing the recycled content of the paper used for our IFUs, and have advanced from 36 percent in 2022 to 49 percent in 2023.
- **Cardboard** – we continue to analyze the recycling content of our portfolio and work together with our suppliers to improve the recycling content in our export and sales packaging.

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Product Design

- **Technology and design projects:**  
With our commitment to the Science Based Target initiative, we are now tackling CO<sub>2</sub> emissions beyond our direct operations. As more than 90 percent of our Scope 3 emissions are directly related to products, we began systematically integrating sustainability into product design and material selection.  
 CO<sub>2</sub>: p. 13
- Our development teams continue to identify ways to include circularity aspects in their design projects. One specific example is our Firestop Speed Sleeve, which was designed to be modular and fully disassembled to allow for multiple use cycles. More than 90 percent of the components can be recycled, and some component materials were changed from plastics to organic materials.  
 Sustainable Building: p. 40
- Another example is the next generation of Rotating Lasers. We have started to design for circular reuse of non-wear parts in multiple product generations. We intentionally accept higher costs, for example by selecting more robust connectors. These are designed to withstand multiple plug-in and plug-out cycles to qualify in future either for spare parts reuse or circularity in production for upcoming generations.

Production

- **Green electricity:**  
Since 2020, we have been using 100 percent green electricity, either generated via photovoltaic systems or purchased, in all our operations, including production.
- **Water consumption:**  
We are reducing water consumption and increasingly moving away from using groundwater in favor of surface water and runoff.
- **Waste production:**  
We have committed ourselves to disposing zero waste to landfills. In the reporting year, we went one step further and are close to being landfill-free in all our production plants.  
 CO<sub>2</sub>: p. 13; Environmental Protection: p. 27

Business Model & Usage

- **Circular value proposition of Fleet Management:**  
An important prerequisite for supporting our customers in circularity is our Fleet Management model. This service model offers customers a long-term usage agreement for our tools while giving us full control over our products throughout their life cycle.  
  
**Fleet Management** allows customers to use the latest generation of tools along with a full suite of services covering eventualities like repairs and theft. All tools should have reached their maximum service

life at the end of their contract period. At that point, customers can choose to extend the contract, and simply keep the tool for longer, or upgrade to Hilti’s latest innovations.

We recognize that unused tools are bad for the environment and bad for customers’ bottom line. Therefore, we offer a professional **Tool Park Optimization service** where we propose an optimally configured tool park based on the individual needs of our customers. Our new modular platform of Nuron cordless tools integrates a whole suite of data collection capabilities, which will enhance our ability to provide insights for customers’ tool needs based on personalized usage data.

Applying actionable data has also allowed us to increase the standard duration of many of our Fleet Management tools in 14 markets, ensuring high performance for a longer time. We also offer our Fleet Management customers a flexible solution, **Tools on Demand**, which addresses short- and medium-term tool needs. This service is now available in 27 markets.

- **Repair:**  
Hilti tools are built to last and repaired to last longer. Our global network of more than 70 repair centers, staffed by more than 800 specialized and trained technicians, carry out tool repairs locally, where our customers work. Our team members in repair are also part of product design teams, to bring insights on reparability into product development.

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• **Circularity Report:**

We are pioneers in providing transparency to showcase our customers' circular contribution at a country-specific and a customer-specific level. We now have information on collection, reuse and recycling at country level in 40 markets. In 2023, we also began offering customer-specific circularity reports in 29 markets. These show personalized details on short-term tool use, collection, reuse and recycling and aim to support customers on their sustainability journey.



**End of Life**

• **Collection:**

Collection is a key step in circularity. Our integrated business model and reverse logistics experience allow us to offer free and convenient tool collection globally. Every year, we collect over one million tools, batteries and accessories from around the world that are part of Hilti's Fleet Management service, at no additional cost. We also provide free collection for purchased and non-Hilti tools. We also offer free recycling for tools not under our Fleet program, including those from other providers.

• **Reuse program:**

Our high collection rates enable us to find options for giving Hilti tools a second life after their initial contract. We do this at many different levels: Some tools that are the functional equivalents of a new tool join our inventory of loaner tools, ensuring the tool is used longer, meeting our customers' short-term needs.

The **reuse of spare parts** from returned tools is now a standard operational process in our tool service centers. Within **three years** we increased the number of spare parts being reused **from 10,000 to 160,000 per year**. This initiative saves about 120 tons of valuable electronics, motors and rotors per year. We test each part to ensure it meets our high standards for professional repair and offer the same guarantee as we would for a new spare part. Based on the high quality achieved in this reuse initiative, we expanded our efforts to include additional components. We have developed proprietary software to assess battery health. This software allows us to plug in batteries that have been collected and assess whether they meet the criteria for having a second life.

We have started to standardize and scale our **donation program** of returned fleet tools. In 2023, we donated tools for humanitarian and educational purposes in 20 countries, for example to help educate the next generation of construction employees in Sweden or to support students with special needs in Italy improving their wood-working skills.

➤ Social Impact: p. 61

Through this set of measures, we managed to increase the **reusage rate of expired tools from 2 to 13 percent in four years**, despite more than 60 percent greater volume of expired materials over the same period. In 2023, we have adjusted the methodology to calculate our reusage rate as part of our corporate strategy rollout. While we previously calculated the reusage rate of all collected tools, we have now adjusted the scope to expired tools. This also allows us to further drive improvements in collection and widen the scope of reuse of what we already collect.

• **Recycling:**

If no reuse option is possible, we work with our best-in-class recycling partners to ensure that all materials enter proper recycling channels. Given the high percentage of metals in our tools, over 70 percent of our tools' mass can be recycled. In many markets, our ratios are even higher. Based on the upgrade in our external recycling infrastructure in previous years, we now have better data transparency and are starting to investigate more options for closed-loop recycling and improvements in our operations.

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# Greater Resource Efficiency



## ENVIRONMENTAL PROTECTION

Within our plants, but also in logistics, repair centers and product testing, we aim to minimize our impact on the environment and to continuously improve resource efficiency. Our focus areas are waste reduction, water efficiency and contaminant emissions reduction, as well as reducing our CO<sub>2</sub> emissions and exploring the full potential of the circular economy. Besides focusing on our operative processes, we continuously optimize our own buildings for environmental performance over their life cycle.

➤ CO<sub>2</sub>: p. 13; Circularity: p. 20

### Organizational anchoring

The topic of environmental protection is handled in our Health, Safety and Environment (HSE) department under the direction of the Chief Compliance Officer. We have also appointed approximately 200 HSE representatives who work in our various plants, warehouses and repair centers. Furthermore, the topic of environmental protection is anchored in different company communities.

➤ Sustainability Management: p. 4; CO<sub>2</sub>: p. 13

## At a Glance

- 25% reduction of standby electricity through employee engagement and increased awareness in our plant in Austria
- Implemented a reuse strategy for Personal Protective Equipment (PPE) and apparel in our market organization in Italy
- Installed oil centrifuges in our plant in Liechtenstein to significantly reduce oil consumption

### Management approach

In addition to complying with local environmental protection laws, we have established a standardized and optimized environmental management system and a **group-wide environmental policy**, which was adapted to reflect our new Group Strategy Lead 2030, during the reporting year. The policy comprises, for example, continuous improvements, data measuring and target setting. We encourage all team members to measure their daily actions against the standards described in the policy and to demonstrate a potential for improvement. We also

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raise our team members' awareness of environmental protection at Hilti and their individual responsibility by means of internal **training**. Beyond mandatory trainings, we provide training sessions on hazardous substances and on the proper disposal and recycling of waste. All our product manufacturing units are subject to **ISO 14001 Environmental Management System** certification. In addition, our developing and engineering services, marketing and distribution of equipment, tools and fastening solutions for the construction industry are ISO 14001 certified. On top of that, nine of our market organizations maintain a local environmental certification.

In the reporting year, we passed an external surveillance audit for ISO 14001 in the respective scope without any deviations. Furthermore, an external service provider trained our internal auditors on ISO 14001 audits according to the standard, to further increase our in-house capabilities.

We aim to reduce waste and increase water and energy efficiency and we work on the corresponding data management as well as the definition of smart reduction targets. Hence, we constantly increase the measurability and accuracy of data on energy, waste, water and contaminant emissions to better track our progress and to derive targeted measures that will further optimize our resource use. We engage with all relevant stakeholders, such as our team members and suppliers, to reduce water consumption and waste and to optimize the use of resources.

We manage the **waste** generated in our own operations by working with external service providers who have the appropriate certifications for disposal of the respective waste types. We have committed to contributing **zero waste to landfills** in all our operations long term and are working on different projects to further strengthen our efforts in this direction. In the reporting year, we managed to be landfill-free at all our production plants<sup>1</sup>. An overview of our waste by category can be found in the tables on page 30.

Some of our production processes produce **contaminant emissions**. We measure these emissions at all locations, comply with local statutory emission requirements and have received the necessary permits for our operations. Based on our plant-specific environmental matrices, we identify which emissions we want to initially focus on reducing and/or eliminating. In each of our plants, we have the expertise to monitor the emissions and support our agenda to reduce them. We are working to further reduce contaminant emissions but are also aware that, in the future, we will need to find ways and new technologies to holistically move away from these pollutants.

We mainly use **water** in our plant operations for several production steps and we constantly work to reduce water consumption through new technologies and various improvement activities, especially keeping water in the cycle. Almost two thirds of group-wide water consumption is allocated to our plants and joint ventures, which remain the focus of our activities to achieve further improvements. According to the "Aqueduct Water Risk Atlas" tool, two of our plants

and joint ventures are in areas subject to "extremely high" water stress; six sites are in areas subject to "high" water stress. We are working on the respective risk assessments and are defining and implementing actions to mitigate the associated risks. We also take the topic of water scarcity into consideration when defining future plant operations and planning new buildings. Designing sites and operations for minimal water usage, as well as implementing rainwater harvesting measures, are integral parts of this process. Where needed, water used in our industrial processes is treated in in-house wastewater treatment facilities before it is returned to the respective wastewater systems. There are legal standards regarding the quality of effluent discharge which we fully comply with. Also, we comply with all legal wastewater limits and strive to go beyond them in the future. In the reporting year, we began expanding our plants in India and Hungary. International certifications from the German Sustainable Building Council underscore our strong focus on water consumption, including rainwater harvesting and grey water utilization.

## 2023 implementation examples

- **In our plant in Schaan**, Liechtenstein, several oil centrifuges were installed during the reporting year. With this technology, we can clean the oil coming from a converting process. This significantly cuts the amount of new oil that must be added to the process. During the reporting year, we expanded to five oil centrifuges in total. These investments enabled us to reduce oil consumption in 2023 by 20 percent. In 2024 we expect a further reduction to 40 percent.

<sup>1</sup> Landfill-free is defined as sending no more than 1 percent of waste to landfills and less than 10 percent of waste to waste-to-energy (incineration).

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- We actively engage our team members in the pursuit of energy and resource reduction. **At our plant in Thüringen**, Austria, the environmental impact of our plant activities is explained to all team members in yearly town hall meetings which raise awareness for the topic of sustainability. Furthermore, team members are encouraged to bring in their ideas to reduce our ecological footprint to the weekly “Hungry Lion” community, where solutions are being developed together. “Saving Sponsors” in all areas ensure that every team member has a contact point and can play an active role in reducing our ecological footprint. Together with “automated reduction”, these actions led to a reduction of more than 25 percent in the standby electricity needed during the reporting year. By involving our team in these initiatives, we create a collaborative environment where sustainable ideas and contributions are valued.
- Our **Market Organization in Italy** is taking care of Personal Protective Equipment (PPE) as well as the apparel of our colleagues. So far, these items have not been a focus of our recycling strategy. Together with an external partner, Hilti Italia implemented a collection and recycling system for both PPE and clothes. In 2022, in total around 700 PPE kits (helmets, safety shoes, ear protection, gloves and masks) were ordered for new team members and for replacing used items. They are separated and recycled to sound-absorbing panels or mats for playgrounds and other products. The initiative started in our Italian Headquarter and the logistics and repair center. All Hilti Stores in Italy will be involved next year, and the project will serve as a role model for the entire Adriatic region. For the colleagues, it creates a very positive experience to actively contribute to used PPE and clothing recycling.

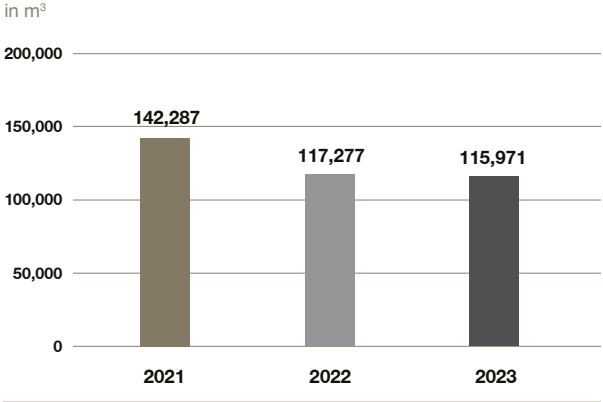
### Measuring our progress

Waste and recyclable fractions from different material groups, especially concrete and metal, are generated in production and product testing. We have reduced the amounts of waste from these applications over the last few years.

Materials containing **hazardous substances**, such as cobalt in cutting tools, are used in various production processes. In 2023, 1,390 tons of hazardous waste were produced in our production processes (see table on page 30). We aim to reduce their relative usage and eliminate these substances as much as possible. As an example, we managed to eliminate hazardous substances from various diamond core bits.

An overview of water consumption in our plants can be found in the table below. The water we use is drawn from ground and surface water sources. Over the last few years, we were able to significantly reduce water consumption in our plants through different activities and measures.

Water consumption in our plants



The data includes the water consumption in our own plants and in all of our joint venture plants.

We aim to minimize our impact on the environment and to continuously improve resource efficiency.

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

in t

	2021	2022	2023	Change (vs. 2022)
Total Waste <sup>3</sup>	25,224	26,353	26,272	0%
Concrete	7,522	6,583	6,160	-6%
Metal	6,433	6,268	5,877	-6%
Chemical waste <sup>3</sup>	1,252	1,441	1,396	-3%
of which hazardous <sup>3</sup>	1,152	1,326	1,390	5%
of which non-hazardous	101	115	6	-95%
Paper	2,951	3,654	2,659	-27%
Plastic	889	1,180	1,059	-10%
Wood	1,385	1,227	968	-21%
Electronic waste incl. batteries	2,715	2,803	3,771	35%
Other	2,077	3,197	4,382	37%

<sup>1</sup> Incl. returned Fleet Management tools  
<sup>2</sup> Increased reporting scope in 2022 compared to 2021; total waste decreased by 2 percent excluding this effect  
<sup>3</sup> The 2022 values for Chemical Waste (of which hazardous) were restated by 108t due to more granular data being available, reducing total Chemical Waste from 1549t to 1441t and Chemical Waste (of which hazardous) from 1434t to 1326t.

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# Responsible Partner




## SUPPLIER SUSTAINABILITY

Our global supplier network contributes significantly to the added value, quality and innovative strength of our company as well as to its overall sustainability performance along our value chain. Our relationships with suppliers, while giving them significant influence on whether we achieve our sustainability goals, is also aimed at helping them become more sustainable.

### Management approach

We work with roughly 650 core direct suppliers to purchase the material that is directly used in our products. Approximately 65 percent of these suppliers are based in Europe, 28 percent in the Asia/Pacific

region and 7 percent in the Western Hemisphere outside Europe. We procure more than 42 percent of our direct purchase volume locally in the regions where products will eventually be sold.

The principles of collaboration with our direct suppliers are regulated in our  **Code of Conduct for Suppliers**, which must be contractually agreed to by all suppliers before we embark on a business relationship. Alternatively, suppliers may have their own established principles or codes that meet our requirements. These include principles against bribery, corruption and the violation of human rights, and in favor of humane working conditions and minimum wages, as well as the correct handling of hazardous substances and environmental

## At a Glance

- Extended Supplier Recognition Model to additional business units
- Started first initiative with business partner for technical plastics to reduce product carbon footprint
- Significantly reduced conflict and critical raw materials usage in cutting and drilling product lines

protection. In terms of specific human rights, our suppliers commit, for example, to eschewing slave labor, servitude, forced or compulsory labor and human trafficking, to pay minimum wages and not to make use of child labor.

The Hilti Code of Conduct, specifically the sections on human rights and the environment, as well as the **Prohibited Practices Policy**, which includes the Anti-Corruption, Anti-Money Laundering, Anti-Fraud and Anti-Bribery Policies, must be observed when sourcing decisions are taken. All Hilti team members working in sourcing and in purchasing-related functions are responsible for complying with the policy, the Code of Conduct and any supplementary policies,

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instructions and guidelines. To ensure this policy's correct application, we are training our internal supply community on sustainable sourcing. In addition, we have systematically introduced mandatory e-training to educate the supply community on (product) compliance topics related to procurement.

Our standard supplier assessment process incorporates sustainable sourcing principles as a fundamental component. To uphold our supplier standards, our Code of Conduct for Suppliers stipulates a risk-based approach, and we have established  Sustainable Sourcing Policies for both direct and indirect material sourcing. Since 2018, we have implemented a multi-factor, **risk-based assessment** for all direct materials suppliers. We are ensuring a thorough risk assessment through third-party solutions such as Integrity Next (self-assessment) and PreWave (external 360° assessment). To ensure compliance with our relevant standards, our sustainable sourcing policies also serve as internal guidance, managed by in-house experts responsible for verifying supplier contract compliance. Additionally, we collaborate with Bureau Veritas to assess compliance with domestic regulations and high standards for employee treatment, including working conditions and safety. Prior to establishing a new serial supplier, we conduct special audits which focus on product quality. In cases where a business partner violates the agreed-upon standards and fails to demonstrate sufficient improvement, we terminate the business relationship. Moreover, if there is a suspicion or indication of a violation of our Code of Conduct for Suppliers, such as non-compliance with

local regulations, human rights abuses, or the use of child labor, we initiate follow-up actions, either internally or through Bureau Veritas for on-site verification. During the reporting year, a total of 44 **audits** were conducted to assess compliance with our Code of Conduct for Suppliers. The audit results indicate that all suppliers performed satisfactorily, and none required a reassessment.

 Business Ethics: p. 56

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 on fundamental principles and rights at work, and we are committed to protecting these rights. We have published modern slavery statements in accordance with the applicable legislation, for example under the UK Modern Slavery Act 2015, and under the Australian Modern Slavery Act 2018. For the purposes of these statements, we have considered the definitions of modern slavery, which cover various forms of exploitation including slavery, servitude and forced or compulsory labor; human trafficking; sexual exploitation and forced marriage; child labor; deceptive recruiting practices and debt bondage.

In 2023, we reported for the first time under the Norwegian Transparency Act. Moreover, we have begun to publish a declaration of principles according to the German Act on Corporate Due Diligence in Supply Chains (LkSG), which will be applicable for our

organization in Germany in 2024. As global regulations and supply chain acts continue to evolve, such as the European Corporate Sustainability Due Diligence Directive, we keep on proactively preparing for future requirements.

 Business Ethics: p. 56

The **SAP Ariba** supplier relationship management system is the basis for handling all supplier-related information digitally on one platform. We are already connected to almost all of our roughly 650 core suppliers via this system. These core suppliers handle 99 percent of our total purchasing volume of direct materials. Our goal is to have the contract documentation and communication of all suppliers on this one platform, including those from whom we purchase our indirect supplies, such as office supplies and services. This enables us to document standards, product compliance statements, agreements and audit results, helping us in systematically cultivating our supplier relationships.

The close collaboration with our suppliers enables us to directly incorporate feedback and common insights. During the reporting year, we intensified the exchange with selected major suppliers, conducting workshops to identify potential product improvements. We started with an exchange exploring our common sustainability strategy, our values and goals, and proceeded with deep dives into the sourcing strategy, elaborating our expectations towards our suppliers. Whistleblowing and grievance mechanisms are available via our “SpeakUp” hotline for our suppliers.

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Organizational anchoring

Our Sourcing Excellence Team is responsible for supplier sustainability for direct materials. A dedicated global process manager is in place to coordinate sustainability in our supply chain and product design. This enables an effective and aligned global approach for sustainable sourcing and development activities.

The Global Procurement Indirect Materials function manages the topic of supplier sustainability for indirect materials. This function is responsible for ensuring that processes for supplier selection and supplier relationship management are in place and adhered to. Procurement Indirect Materials drives, or is closely involved in, successful projects that are at the top of the sustainability agenda for Hilti, such as global renewable energy sourcing, travel demand management, offsetting projects for CO<sub>2</sub> compensation, shifting to lower emission vehicles and many more.

➤ CO<sub>2</sub>: p. 13; Circularity: p. 20

2023 implementation examples

We follow a five-step strategy that gradually raises our activities to a higher sustainability level. With the help of this strategy, we were able to maintain our sustainable procurement sub-score, in the EcoVadis rating, of 70 out of 100 possible points in 2023, which is significantly above the average.

➤ Sustainability Management: p. 4

Step 1

In the first step, we focus on **creating a high degree of transparency** concerning our business partners. The goal is to track and manage all product-related compliance certificates and declarations transparently (e.g. RoHS and REACH). As a result, all company-related environmental certificates, the signed Code of Conduct for Suppliers, the results of our supplier audits, and external ratings and validated supplier data from, among others, Dun & Bradstreet, EcoVadis and IntegrityNext, are on a single platform.

- We are aware that we currently process various materials in our products which may originate from minerals sourced from conflict-affected and high-risk areas. To mitigate associated risks, we ask our suppliers about the origins of their materials, and we require them to critically assess their own supply chains, ensuring that no materials derived from regulated conflict minerals are present in our products. In 2023, we instigated a more in-depth review process for the replies provided by our suppliers. This was to ensure that the replies were complete and compliant with the standards set by the Responsible Minerals Initiative. It also served to identify the most concerning suppliers and to put them at the top of the follow-up list. Within this scope, we set up an internal risk management process to contact relevant suppliers who either did not reply to our inquiries or who provided incomplete and/or erroneous information. We intend

to significantly reduce the number of incomplete and/or erroneous statements by 2024, and to continue raising awareness of raw materials due diligence across our supply chain. For more information on risk mitigation measures on minerals from conflict-affected and high-risk areas, refer to the sub-chapter “Raw materials due diligence & supply chain reliability” below.

Step 2

The second step considers the **sustainability assessments** and the related key figures **of our suppliers** in all procurement processes. Sustainability assessments, such as those from EcoVadis and IntegrityNext, are part of a **bonus-malus system**, which gives advantages to suppliers in the awarding process if they have proven to be more sustainable. The assessments deploy a structured and uniform manner to compare suppliers more transparently and comprehensively. Sustainability is a central criterion in the bonus-malus system.

➤ Business Ethics: p. 56

- In 2021, we started to monitor the performance and recognize the efforts of our supply partners in one business unit via an internally created Supplier Recognition Model (SRM). In 2022 we began awarding the top performing suppliers in four different categories, sustainability being one of them. In the current reporting year, we started to roll out the SRM evaluation concept to additional business

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units. We are also improving the SRM by using more detailed sustainability information on our suppliers, collected via the IntegrityNext portal. Exemplary evaluation criteria include information on the supplier’s energy management and carbon footprint management.

Step 3

After evaluating our entire supplier portfolio, the third step focuses on **sustainability initiatives for individual material groups**.

- During the reporting year, we deepened the cooperation with BASF SE, one of our key suppliers for engineering plastics. Engineering plastics, like polyamides, are a key pillar in our raw material portfolio and fully transparent regarding their product carbon footprints (PCF). Together with our business partner and based on the current PCF values, we are defining a road map to convert our entire engineering plastics portfolio into a more circular and sustainable one. The road map contains topics related to raw materials, as well as improvements in production processes.

Steps 4 and 5

In the fourth step, we have started to systematically expand our sustainable sourcing practices to include our **sub-suppliers**, including the monitoring of their respective performance in our sustainability scores and awarding practices. Finally, the fifth step applies model-driven sustainability engineering practices to influence our **product design and development process**, further promoting the integration of

sustainable sourcing and the circular economy. Global implementation of these practices in our development processes continues and is driven by a dedicated process manager.

➤ Circularity: p. 20

Raw materials due diligence & supply chain reliability

We are aware that we currently process various materials in our products which may originate from minerals sourced from conflict-affected and high-risk areas (CAHRAs). At present, there is no equivalent substitute for these minerals, the extraction of which may help finance armed conflicts or lead to political instability, insecurity, widespread violence and prevalent human rights violations in these areas.

To mitigate associated risks, we ask our suppliers about the origins of their materials, and we require them to critically assess their own supply chains, ensuring that no materials derived from regulated conflict minerals are present in our products. By using the Conflict Minerals Reporting Template (CMRT), developed and maintained by the Responsible Minerals Initiative (RMI), we gather information throughout the supply chain regarding the countries of origin and the smelters and refiners utilized for processing tin, tantalum, tungsten and gold (commonly abbreviated as “3TG”). In addition, by using the Extended Minerals Reporting Template (EMRT) from the RMI, we also gain clarity on our cobalt supply chain. Both the CMRT and EMRT standards are designed to be aligned with the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas.

We have successfully obtained replies from almost all our relevant suppliers, the vast majority of whom either declared that 3TG minerals and/or cobalt are not contained in the products they supply to us or that any 3TG minerals and/or cobalt have been properly sourced, as evidenced by an attached CMRT and/or EMRT. Furthermore, we have established a clear process in which a supplier is contacted directly through the Sourcing Excellence Team if they do not respond to our CMRT and EMRT requests, or if the requested CMRT and EMRT have not been completed correctly and fully.

Beyond the considerations of raw materials due diligence, another issue of growing concern is supply chain reliability. Unhindered and reliable access to certain raw materials is a growing concern across the globe, as evidenced by the recent proposal for an EU Critical Raw Materials (CRM) Act, and by similar initiatives across G20 member states. As part of the proposal for the EU CRM Act, a list of 36 strategic CRMs was published which highlighted materials having a high supply risk and high technological importance. From this list, cobalt, nickel, tantalum and tungsten are worth highlighting due to their relevance to current R&D activities mentioned below.

Our long-term objective remains to replace all materials potentially linked to CAHRAs with less problematic ones and to reduce the use of CRMs as part of larger-scale efforts to align our product designs with our principles of sustainability. Within this scope, we would like to highlight four current R&D activities.

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First, we recently switched some of the hard materials used for saw blade applications from traditional tungsten carbide – cobalt (WC-Co) hard metals to titanium carbonitride (TiCN)-based cermets. Not only does this lead to a considerable reduction in the content of tungsten, cobalt and tantalum, but also to a substantial performance improvement in terms of lifetime, considerably reducing the cost-per-cut for our customers. Our new line of X-Cut circular saw blades, for thin and structural metal cutting applications and launched in 2022, already benefits from this substitution. We are investigating possible expansion to other product lines. In addition, we kicked off R&D projects with academic partner institutions to develop custom cermets for our applications, thus further driving product differentiation and sustainable product design.

Second, we are conducting an extensive internal project to reduce, or even obviate, the use of cobalt and nickel in our diamond inserts. We are investigating the use of cobalt- and nickel-free metal matrix composites and alternative thick coatings for these inserts, while ensuring that their best-in-class cutting performance remains unchanged. This goes hand in hand with establishing reliable manufacturing process chains in collaboration with our plant engineering colleagues.

Third, we are actively researching novel alternatives to traditional tungsten carbide – cobalt (WC-Co) hard metals for percussion drilling applications in collaboration with academic partner institutions. Several cobalt-free candidate materials emerged from a sponsored PhD project, which concluded in 2023, in partnership with the Technical University of Vienna. These materials are currently being refined in collaboration with external suppliers and will soon enter a testing and optimization phase.

Fourth, through our involvement in wider-scale R&D projects, which are jointly funded by public institutions, by private companies and by industry consortia and trade associations, we are supporting long-term, cutting-edge scientific research. The most recent development is our active involvement in the EU- and industry-funded “Accelerate the design and insertion of non-CRM hard materials for next generation extreme applications”, or AIM-NEXT project. It will focus on establishing new experimental methods and computational approaches for the design of tools without CRMs, such as tungsten or cobalt, which are currently essential for high-performance applications like percussion drilling. This 4-year project will kick off in 2024 and will fund ten researchers at institutions across the EU. Hilti will host two researchers as part of AIM-NEXT, who will focus on 1) strengthening

the binder phase for percussion drilling applications without the inclusion of cobalt, and 2) microstructural design for damage-tolerant components exposed to wear. Furthermore, our internal experts will play a key advisory role for other topics within the AIM-NEXT project in close collaboration with our research and industry partners.

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# For the People

NURON

New technology further enhances user health & safety

#12

Rank among the “World’s best Workplaces™”

-9%

Reduced lost time incident rate in own operations



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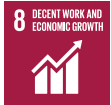
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# Safety at Construction Sites



## USER HEALTH AND SAFETY

Construction sites remain dangerous workplaces despite the numerous applicable safety regulations and the measures and strategies already taken by companies that aim to help prevent accidents. We want to be our customers' best partner for user health and safety. For more than 80 years, our products and services have been making work on construction sites safer. Our technological innovations support the protection of users from injuries, accidents and diseases, such as cuts and silicosis. This begins in the development process of our products and continues all the way to consulting and user training.

**Our aim is to be our customers' best partner for safety.**

### At a Glance

- Launched new cordless tools that help to avoid risks of unhealthy fumes or flying sparks
- Launched next generation shoulder exoskeleton that is easier to wear and adjust
- Introduced cordless concrete vibrator that comes with ergonomic backpack

### Organizational anchoring

User health and safety is deeply incorporated into the strategy of all our business units. We continuously evaluate how we can improve existing products, whether we can extend existing safety solutions to new product groups and which new solutions are feasible for increasing health and safety in construction. Improved safety does not detract from ease of use. We place a great amount of emphasis on ensuring that all safety features are seamlessly integrated and complement a tool's performance.

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In addition to the business units, the central Corporate Research & Technology area in Schaan, Liechtenstein, and our Competence Center for Health & Safety Technologies in Kaufering, Germany, drive innovation in user health and safety. For many years, we have continuously examined how to implement innovations in this context as part of our exploratory technology development.

Our sales structure of direct customer contact and feedback from our worldwide repair centers enable us to collect user experiences quickly and comprehensively, effectively looping this back to product managers at a regional and global level. Hence, if complaints indicate injuries or product defects, this is swiftly noted and brought to the attention of the relevant people who take all the necessary steps to identify and solve the issue.

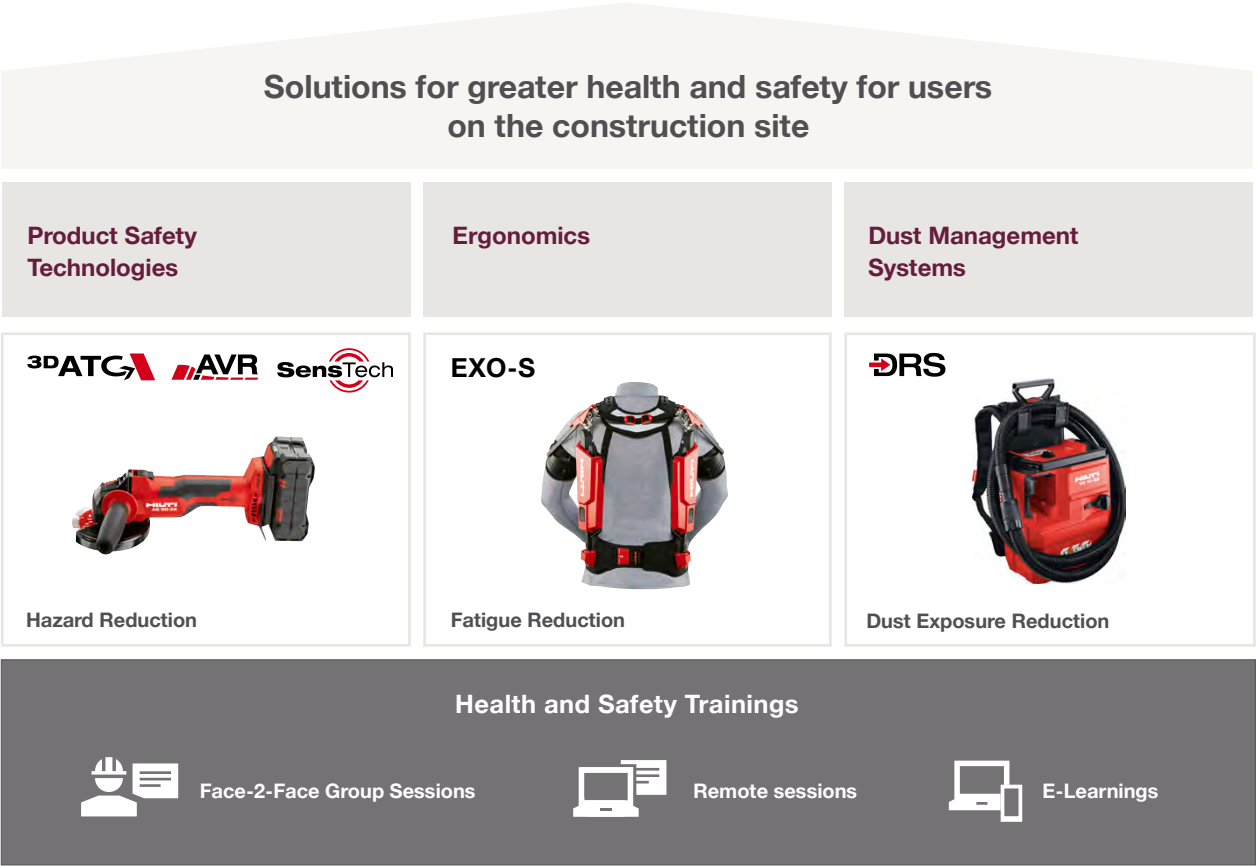
Management systems and policies

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, such as vibration or noise and dust generation. Product development only enters the next phase if all safety-related points have been addressed. This structured development approach enables products to surpass regulatory safety requirements.

How we promote user health and safety

Our goal is to provide solutions for greater health and safety for users on the construction site. We intend to do so with a comprehensive and state-of-the-art hardware, software and service offering.

- **Product Safety Technologies:**  
The launch of our new **Nuron battery platform** not only represents the development of new products and solutions but has also allowed us to extend current safety solutions to further increase user health and safety on the construction site, and thereby live up to our aim to be our customers’ best partner in safety. These solutions include, but are not limited to:



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- **Sens Tech:** a new feature that recognizes if the user loses control of the tool and automatically shuts it down.
- **AVR:** our Active Vibration Reduction (AVR) technology reduces vibration and increases working comfort. It is also available on our Nuron platform, for example with the TE 2000-22 and TE 60-22.
- **3D ATC:** our Active Torque Control system (ATC) has now been further developed to also recognize when the tool in question moves away from the workpiece and shuts off the tool.
- **FX 3 Stud Fusion:** the cordless stud fusion system helps to prevent flying sparks and fire hazards. This cordless welding system works entirely without heavy gas cylinders, power cords, angle grinders, fumes or light radiation.
- **DSH 700-22:** battery-powered rear handle cut-off saw for floor-focused tasks – the DSH 700-22 gets the same work done as gas cut-off saws in this class, but without the fumes, noise, extra maintenance and fuel mix issues.
- **SL 10-22 tower light:** improved visibility on jobsites thanks to powerful tower light with 360° light coverage for cordless, indoor jobsite illumination.
- **Ergonomics:**  
We work on solutions that automate the workplace, and that enhance ergonomics to ease repetitive and uncomfortable tasks that stress the user's body. In the current reporting year, we launched the following new products:

- **Exoskeleton EXO-S:** we introduced the next generation shoulder exoskeleton, which is easier to wear and adjust.



- **NCV 10-22 concrete vibrator:** highly versatile cordless concrete vibrator with an ergonomic backpack minimizes set-up time and potential work interruptions.
- **Dust Management Systems:**  
Dust is omnipresent at construction sites. Due to their small size, dust particles may stay in the air for a long time and penetrate deep into a worker's lungs. Our focus in developing solutions is to minimize user dust exposure while enabling maximum productivity.  
  
In 1995, we launched the first tool on the market to have an integrated **dust extraction system**. Today, up to 95 percent of our power tools can be used virtually dust-free. Our Health & Safety Competence Center

has had its own dedicated Dust Lab since 2008. This is where our experts investigate and evaluate solutions to effectively minimize dust. In the development, we focus on optimizing the entire system, from dust extractor to dust shroud and power tool. Our **Dust Removal Systems (DRS)** help to remove dust at the source and efficiently collect it with the help of powerful vacuum cleaners, such as the **VC 10-22**.

In addition to DRS systems and vacuum cleaners, the **AIC 1000 and 2000** air cleaners further expand our portfolio for jobsite and worker safety. They help to reduce a worker's dust exposure by filtering very fine dust particles, which are the most harmful to our lungs and otherwise can remain in the air for several days. Air cleaners are mostly found on renovation jobsites where large amounts of dust are created.

- **Training and advice:**  
We are dedicated to raising awareness on construction sites. Hence, our comprehensive hardware offering to enhance user health and safety is complemented by a wide range of interactive training sessions specifically for users. The focus of all our training modules is on risk and accident reduction according to the **STOP** method: 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 or working with angle grinders that can generate flying sparks, and are constantly developing our portfolio further. Our wide range of training courses includes on-site training at a customer's premises, virtual formats with our experts and e-learning courses. Approximately 12,000 users were trained in 2023.

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# Safer and Greener Construction



## SUSTAINABLE BUILDING

New construction projects aim to reduce negative effects on the environment while also creating a positive atmosphere for the people who live and work in these buildings. We want to be our customers’ best partner for building safety. Our cooperation with customers, universities, research institutes, code officials and approval bodies has helped to establish high construction standards and allowed us to make significant contributions to increasing building safety.

Furthermore, we support more sustainable “green buildings” that are characterized by lower carbon emissions with higher resource and energy efficiency, along with the use of renewable and uncontaminated raw materials. Our aim is to help customers achieve these high standards.

### At a Glance

- Hilti concrete sensors supported reduced material usage and associated CO<sub>2</sub> savings
- Fleet Management services enabled Tool Park Optimization which led to CO<sub>2</sub> emissions being reduced
- Hot and cold aisle container, modular support systems and fire stopping solutions increased customers’ energy efficiency and safety

**Our aim is to be our customers’ best partner for safety.**

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Management approach

In 2023, we carried out many customer meetings to discuss the prevailing sustainability trends and associated requirements in the construction industry. Based on these collaborative efforts, we confirmed five trends that are important for sustainable building at Hilti:

- 1. Resource efficiency to optimize material usage and reduce waste
- 2. Energy efficiency to reduce operational emissions
- 3. Improvements to the health and safety of the people living or working in the building
- 4. High adaptability to changing environments with minimum environmental impact
- 5. Data transparency and collaboration with customers on data transparency

Hilti’s solutions provide building owners with an opportunity to decrease their carbon footprint in the construction phase and increase energy efficiency during the operational phase, while giving their buildings a healthier and safer environment. Our products also support our customers in achieving green building standards. For example, our Environmental Product Declarations (EPD) are issued by the Institut Bauen und Umwelt e.V., and our Material Health Certificates are issued by the Cradle-to-Cradle Products Innovation Institute.

Building safety

Our aim is to be our customers’ best partner for safety. In order to do so, we have defined two strong pillars



which stand on a foundation of safer building design: **better protection against critical events**, such as fire or earthquakes, and **lifetime performance**, ensuring the long-term durability of our solutions.

In the field of **seismic protection**, we offer solutions designed to help fasteners, rebar connections, fire-protected penetrations and joints better withstand the impact of an earthquake. In the area of **fire protection**, we offer passive firestop solutions that better enable fire containment, thereby reducing the impact on both occupants and structure.

The foundation of long-lasting buildings is created in part by the durable **hardware** elements placed in those buildings. We help to ensure the performance of our fasteners by running long-term testing in corrosive environments, such as in coastal areas that have fluctuating temperatures and high humidity levels. But a product’s features, and lifetime performance, can only be guaranteed if a product is correctly installed. We have therefore developed systems and services that allow for **high-quality installation, maintenance and corresponding documentation**.

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In support of **safer building design**, our **field-based engineering force** consults on critical safety problems and provides technical assessments, engineering services and on-site testing during the design and construction phase. We also support general contractors in planning their projects more effectively, modeling and calculating safety-critical solutions directly within the Building Information Modeling (BIM) methodology.

### Organizational anchoring

Improving both the environmental footprint and safety of a building is the task of our business units. We follow a structured development process that integrates security features into our products at a very early stage. In addition to tests anchored in the guidelines, we check for a wide variety of contingencies, such as incorrect product storage and varying installation conditions. We only market a product once these risk assessments have been completed. In addition to our obligation to monitor a product after its launch, **feedback from our customers** also plays a key role in the continuous improvement of our product offering. Experts in our development teams carry out structured reviews of customer input, performing additional tests and site visits if necessary.

To illustrate our commitment to helping our customers on their journey towards a sustainable future, we established a **Customer Sustainability Management Team**. The team’s mission is to collaborate with customers, raise awareness and provide transparency on sustainability within the construction industry while helping Hilti customers achieve, among other things, low carbon footprint solutions, circularity, building safety and user health & safety. Furthermore, the team supports the organizational transformation towards a


mindset of sustainability, from design to production and aftermarket service processes.

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### Management systems and policies

We partner closely with **standardization organizations**, helping to ensure compliance with regulations and the effective performance of our solutions. We are also actively engaged in these organizations, such as the European Committee for Standardization, the European Organization of Technical Assessment and the International Code Council. These associations allow us to strive to develop standards and regulations that create a foundation for both safer and more practical design solutions. We promote these standards and regulations in the markets in which we operate, and we participate in public consultations carried out by the respective national committees.

### 2023 implementation examples

 Explore how we help our customers to reach their sustainability goals in our 2022 Company Report

- **Concrete Sensor:** DPR Construction is a general contracting firm in the US. At DPR, project teams typically place high value on accomplishing projects on time and on budget. This is why DPR decided to use concrete sensors for the delivery of the Granite Southlake building that won the Outstanding Building of the Year award in 2022. This project poured 4540 cubic yards of concrete for elevated decks in the summer in Texas. As concrete cures, heat is generated, and large structural elements get hot. To measure the in-place concrete temperatures and estimate in-place concrete strength, DPR’s team

used Hilti Concrete Sensors (HCS) on this project. Sensor technologies enabled DPR to optimize the cast-in-place concrete on this project, which allowed the project team to move faster, save money and reduce the CO<sub>2</sub> impact of the concrete. An estimated **24 percent cement reduction** was achieved through the strategic selection of concrete mixes and the integration of the HCS solution. These sensors offer vital data on concrete maturity and timeline, aiding DPR in selecting the most suitable mix for their project and avoiding waste.



- **Doing more with less:** Benelmat is a construction equipment rental company, part of the CFE group, with headquarters in Belgium. The CFE group has sustainability and innovation at the heart of their activities, principles that Benelmat put into practice when providing on-site assistance during construction and renovation. Benelmat reached out to Hilti in order to improve the sustainability value proposition of their small equipment fleet. Thanks to Hilti’s Tool Park Optimization service, Benelmat was able to reduce their small equipment park from 1200 tools, batteries and chargers to little more than

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700. This switch resulted in savings of 20t CO<sub>2</sub> or 40 percent of Benelmat's emissions from power tools used during building construction and installation.

- **Resource and energy efficiency:** Telia Helsinki Data Center is the largest open data center in the Nordics. Telia Helsinki Data Center provides secure data center and infrastructure services for both Finnish and international companies and organizations. Telia built a new data center where Hilti contributed to deliver sustainability, energy efficiency and safety thanks to our solutions for hot and cold aisle containment, modular support systems and firestopping. Hilti modular systems have been used in the data halls so that the rack aisles can be easily modified and adjusted to the data center's needs. In addition to separating hot and cold air, the Hilti aisle containment system is designed to support all cabling, trays and busbars. This multipurpose application allows the use of less material. Pipes, ducts and cable penetrations through fire rated walls require firestops. Hilti speed sleeves are easy to open and re-seal for future cable penetrations. They also help with air tightness, contributing to energy efficiency, which translates into less operating carbon emission. Hilti solutions contributed to Telia Helsinki Data Center receiving LEED Gold certification.



Company Report

## Responsible handling of hazardous substances

Health and safety play a central role in our business. Accordingly, we strive to better protect users of our products, building occupants and our team members from hazardous substances that may be present in some of our products. Part of our sustainability strategy is thus based on intensifying our efforts to

avoid using hazardous substances, both to minimize their environmental impact and to lessen any possible adverse health effects. We want to reduce their share in our products across our entire portfolio, for example in chemical anchors, fire protection products and tools, as much as is technically possible. Our commitment to high performance and quality remains our top priority.

We act in accordance with the safety, product and substance compliance regulations that apply in our markets, including the EU Regulation on Registration, Evaluation, Authorization and Restriction of Chemicals and the EU Directive on the Restriction of Hazardous Substances. We monitor regulatory developments and adapt to new or revised regulations at an early stage. We already go beyond the legal requirements regarding the use of hazardous substances in many of our products and we also require all our suppliers to disclose their handling of hazardous substances and to comply with our standards. Every supplier must complete a chemical checklist, which includes questions on key product and substance compliance regulations. In addition, our Fastening & Protection Business Area requests more extensive information from its suppliers when it comes to chemical products.

Our product development process focuses intensely on eliminating or finding alternatives for hazardous substances. At an early stage in the process, we systematically examine alternatives for such substances and their suitability in the product. We place emphasis on preformed products in fire protection, for example, reducing the risk that a user may come into contact with reactive chemicals.

We are continuing our work to reduce the amount of **cobalt in our diamond inserts** portfolio by switching from materials containing cobalt to alternative, less hazardous materials. Our aim remains to remove cobalt

entirely from our top line of diamond inserts by 2030. Also, to reduce the amount of lead, we switched to alternative, **lead-free steel and copper alloys** for a number of our components. We will continue with further actions towards the reduction of the amount of lead in Hilti components.

Furthermore, we offer **preformed fire protection solutions**. These add to our range of preformed joint solutions, complementing options for interior finishing contractors, covering both the top and bottom of walls in flat and metal deck construction. This approach allows for the further reduction in the amount of chemicals used in wet application processes, increasing productivity and safety on the jobsite and allowing for an easy installation system. Even where certain fire protection applications cannot be replaced with preformed solutions, such as our range of cable coating products, our ethos of protecting environmental and human health from hazardous substances continues. We continue to work on replacing hazardous substances contained in our **cable coating materials**. In doing so, we are not only progressing toward safer products, but also eliminating the need for dangerous goods labelling and the associated costly special handling, usage and transportation that were previously required.

To reduce hazardous substances in our **chemical mortars**, we are continuously working to identify and qualify less harmful alternatives and recently revised the composition of two of our HIT-HY products. Moreover, we reached a major milestone in 2022 by introducing our first inorganic chemical mortar: FP 700 R. This new technology has the same fire rating as concrete and is an example of our efforts to provide additional safer and more sustainable solutions for our customers.

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# Care and Perform



## OUR CULTURE OF ENGAGEMENT

### Management approach

The foundation of our business success is our people-oriented corporate culture. Our shared values of **commitment, courage, teamwork and integrity** form the basis for our **caring and performance-oriented environment** which, in turn, paves the way for the success of our worldwide team. All our activities are aimed at engaging our team members, making **employee engagement** a keystone of our people strategy. Engagement allows us to find greater meaning in our work and to experience professional growth while creating an impact and developing deeper connections. Our focus on **diversity, equity and inclusion** helps us to leverage the potential of our growing global team. These overarching ambitions are supported by continuous **learning and development** and ensuring the **well-being** of all Hilti team members.

We want to be a **great employer for everyone, everywhere**, and inspire engaged, inclusive and empowered teams who are passionately driving high performance. We live our caring and performance-oriented culture every day, act with integrity in everything we do and show courage to try new things, practice teamwork and live up to our commitments by delivering what we promise.

Our ‘people approach’ gives our people ownership for their development and transparency on the essential parts of the employee experience at Hilti – the contribution we make, setting objectives and rewarding and recognizing the work we do. Feedback and recognition are a part of our everyday activities. Our people are empowered to take action now, and for the future, by frequently discussing their experience

## At a Glance

- Achieved outstanding result by ranking #12 among the “World’s best Workplaces™”
- Achieved best-ever employee engagement score of 78 percent and made it into the top quartile in our annual Global Employee Opinion Survey (GEOS)

with managers and mentors and accessing tools and resources that put success at their fingertips.

### Organizational anchoring

The strategic group-wide people approach is developed by Global Human Resources, which reports to the Executive Board. Our centers of excellence address talent acquisition and management, diversity, equity and inclusion, learning and development, as well as reward and benefits. Human resources teams support the organization – team members and team leaders – in their personal and professional development.

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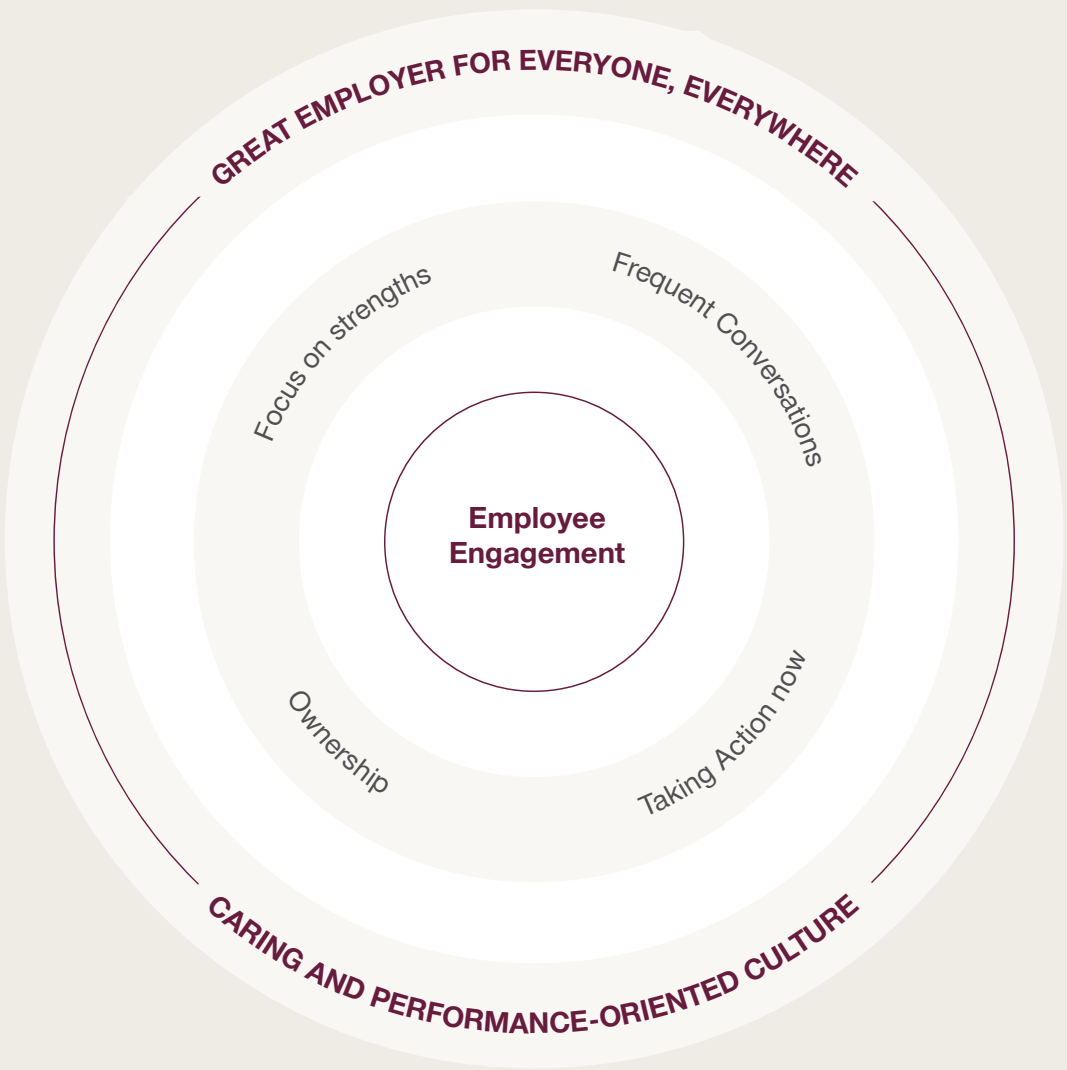
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# Our People Approach



## Management systems and policies

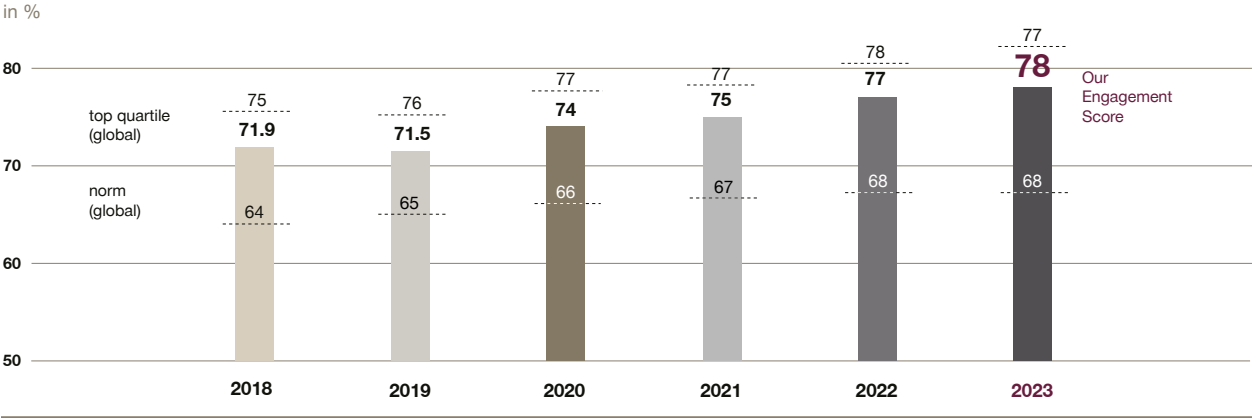
Fair labor relations, respect for human rights, freedom of association and equal opportunities form the core labor standards of the **International Labor Organization**. Our own ambitions exceed these by far. Our **Code of Conduct** and our **Anti-discrimination and Anti-harassment Policy** are among our key internal regulations. Our Anti-discrimination and Anti-harassment Policy include information about how one should intervene when team members observe any type of situation involving discrimination or harassment. We regularly monitor our processes and guideline compliance through internal audits and have external reviews carried out according to recognized standards. A large number of our organizations worldwide have ISO 9001 certification, which covers more than 90 percent of our team members. This ISO standard was successfully recertified by the Swiss Association for Quality and Management Systems in the reporting year. Violations of internal or external regulations are not tolerated. In addition to the respective team leaders' and team members' representatives, contact persons are available in our global and local compliance organizations.

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GEOS Employee Engagement Score



2023 implementation examples

Employee Engagement

Employee engagement is at the heart of our people strategy. We seek feedback from our team members regarding engagement and benchmark ourselves against other leading companies. To improve, we regularly collect and implement ideas received from our team members. Our annual **Global Employee Opinion Survey (GEOS)** provides us with valuable information in the areas of engagement, leadership, team, organization, strategy, development and inclusion, to name a few. We aim to be in the top quartile of all companies in the comprehensive database of our external provider with respect to the **GEOS Employee Engagement Score**.

- In 2023, 91 percent of our team members participated in the GEOS survey and submitted almost 15,000 comments, while employee engagement increased from **77 to 78 percent**, our best result so far. Hence, for the first time we were able to enter the top quartile at 1 percentage

point inside the top quartile result. The feedback has improved across many dimensions, with the biggest improvements in feeling encouraged to suggest improvements, feeling supported to engage in social initiatives and in providing flexibility to balance personal and professional life. At the same time, we still have some dimensions with room for improvement. The true value of GEOS lies in a deep analysis of what our team members tell us and then defining action plans to address the feedback.

- We participate in the **Great Place to Work® Institute's** assessment in multiple countries around the world. A company's final ranking score is largely based on feedback received directly from team members. In 2023, we ranked 12th on the "World's Best Workplaces™" list, 8th on the "Best Workplaces in Europe™" list and 17th on the "Best Workplaces in Asia™" list. Also, for the first time ever, we ranked 24th among the "Best Workplaces in Latin America™" list. We were also recognized as one of the best employers in several countries.

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Diversity, Equity & Inclusion

Our passionate and inclusive global team is at the core of our success and our caring and performance-oriented culture. With a global team of 34,000 colleagues, we strive to create an environment where everyone feels a sense of belonging. In the past, our efforts were defined through the three G's: generation, gender and global. With the launch of our new corporate strategy, Lead 2030, we are broadening our approach from diversity and inclusion to encompass equity (DEI), welcoming visible and invisible diversity, and focusing on embracing diversity of thought.

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To achieve this, we cultivate an inclusive environment that mirrors the diverse communities we serve and live in. Every member is respected and valued for their unique qualities and shares the responsibility of creating a brighter future, not just for today but for generations to come.

- To transform our DEI vision into actionable positive steps, we have launched a global initiative, **DEI diagnostic workshop**, to establish a baseline for DEI within each entity at Hilti and empower each leadership team to pinpoint DEI blind spots and build impactful action plans.
- We have an active network of 50 engaged, **team member-led resource groups** worldwide known as **Own It!** These groups serve as a global community and champion our DEI initiatives.
- Our yearly employee engagement survey lets us track our progress on **inclusion**. This year, we are proud to report that we have remained in the top quartile and have an inclusion index of 80 percent.

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- We are dedicated to increasing **diversity within our workforce**. We want to be able to measure progress and have a clear ambition to increase our representation of women in our workforce by 1 to 2 percent points year-on-year. This has led to a current proportion of 28 percent of women in our workforce.
- We believe in fair and equitable compensation. While we consider objective criteria, we do not tolerate discriminatory measures. In 2023, we conducted our second equal pay analysis, extending our scope to cover all Hilti colleagues worldwide and focusing on gender in all markets and on ethnicity in the markets where the data was available. The results have placed us on par with other highly regarded multinational organizations. Overall, Hilti's global equal pay gap is 2.46 percent, with our largest entities having a gap below 2 percent, and we are closely examining any individual disparities and taking proactive steps to rectify them.

## Learning & Development

Developing our people is a primary focus and one of our core competencies. Our learning portfolio includes both user-generated content and formal learning journeys to convey performance-based knowledge and application, as well as a predominant focus on learning on the job. The content on our internal learning platform, which has an average of 61,500 views per week, is largely written by more than 1,200 team members across all functions. More than 1,300 team members act as community managers to engage with learners and ensure the transfer of knowledge.

- By supporting our team members' development, we live up to our ambition to **promote more than 80 percent of our team leaders from within**. Over decades, the Hilti Group's success is strongly connected to our long-term stability in key leadership roles and succession planning.
- In preparation for the launch of our new strategy, Lead 2030, we held interactive, company-wide training sessions for all our team members. **Ignite Lead 2030** is an in-person learning session that gives team members the chance to explore, understand, discuss and internalize our Lead 2030 strategy.

- The L&D team partnered with key business areas to ensure both a change management journey and competence across our organization for the most transformational product launch in our company's history. Our **Nuron Learning Journey** won two different 2023 Brandon Hall Group Awards – GOLD for Best Learning Program Supporting a Change Transformation Business Strategy, and SILVER for Best Unique or Innovative Sales Training Program.
- In 2023, we ran 57 leaders through a new program. **Leading Leaders** prepares our Level 5 leaders for the additional challenges that they encounter in their roles. The course included both theoretical and practical segments, such as leading an organization through business acumen and developing a strategic view, eliminating the tendency of leaders to do too much work themselves, influencing through networking and leading change.
- In 2023, **WIN** became embedded in every region. WIN is designed to support new team members throughout their first year, creating deeper bonds to Hilti, each other and customers. The WIN model focuses on prioritizing bonding our team members to Hilti, helping them to become engaged, confident and customer-focused account managers.

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Employee Well-being

We understand our team members’ well-being to be the combination of their **physical, mental, financial, social and career well-being**. This is vital to delivering outperformance.

- During **mental well-being week** in May 2023, we organized a series of events around the world, such as mindfulness sessions, mental health talks and webinars. This marked the second time a majority of the events were made available to our global team members. We continue providing one-day “Care and Perform” sessions on the topics of resilience and mindfulness to all our team members around the world.
- We recognize that team members want more flexibility to work remotely. Lessons from the pandemic have demonstrated the opportunities flexibility can bring to our company. Last year, all Hilti organizations started measures designed to facilitate **flexible ways of working**. For example, in several of our market organizations around the world, team members now have the opportunity to work at least half of their weekly working hours from home, provided their tasks allow for this.
- On **physical health**, each Hilti organization drives local activities and programs to encourage a focus on physical health, from health screening (e.g. in the US) to fitness facilities in our office buildings and healthy employee nutrition. For example, our staff restaurant at corporate headquarters features a permanent vegan buffet. To ensure maximum use and sourcing of seasonal and local products, we work with various local suppliers. To help combat food waste, we have created an offering of dishes made from ingredients which have an extended shelf life. The remaining organic waste is used in the production of biogas. Hilti’s “Rote Haube” personnel restaurant in Schaan is certified according to ISO22.

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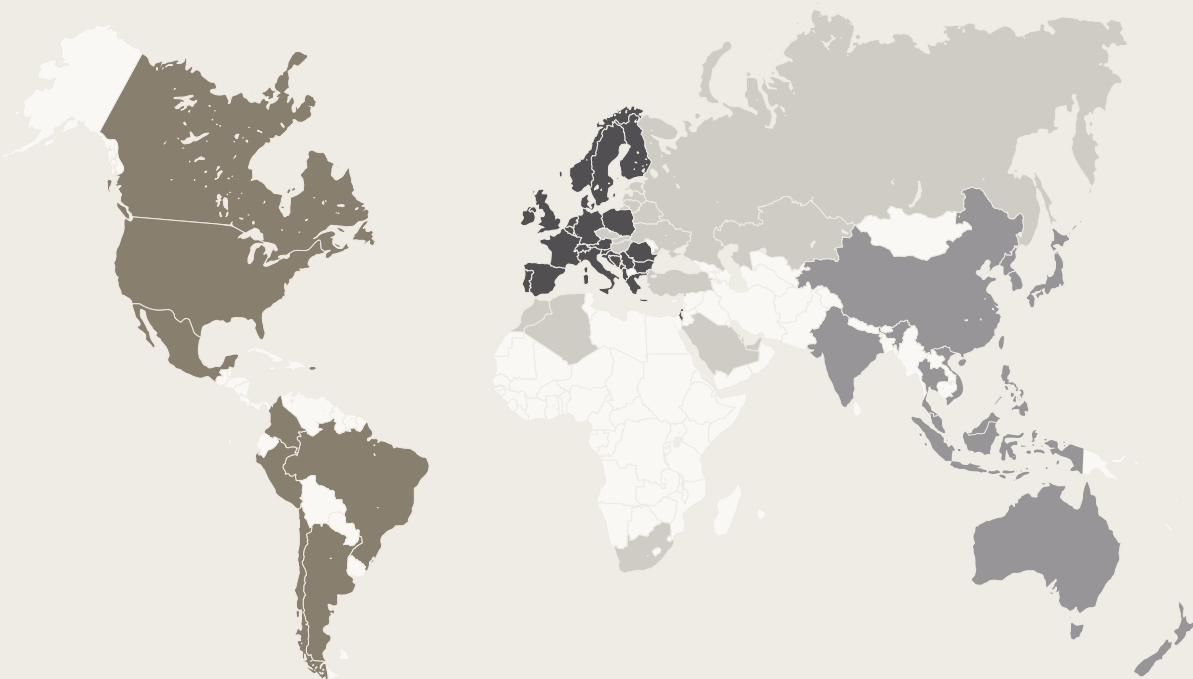
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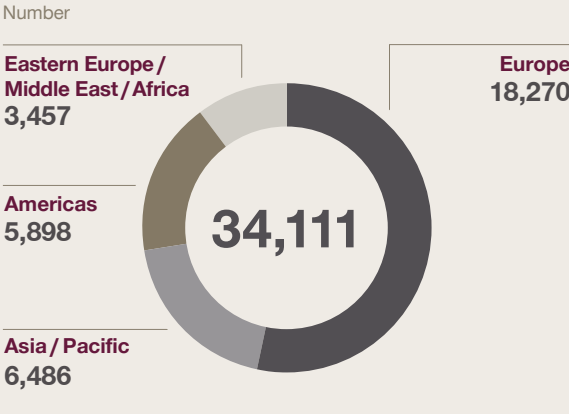




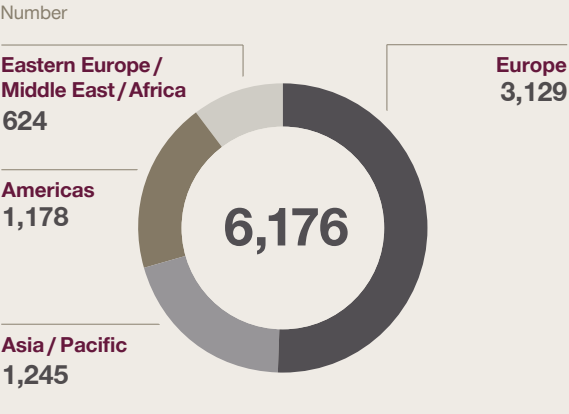
# Our Global Team in 2023



Total employees by region 2023



New employees by region 2023



Employees by gender and management level

	2021	2022	2023	Change (% vs. 2022)
Executive Board	6	6	6	0%
Female	0	0	0	0%
Male	6	6	6	0%
1st management level	179	177	180	2%
Female	30	26	25	-4%
Male	149	151	155	3%
2nd management level	5,775	6,373	6,738	6%
Female	1,380	1,621	1,754	8%
Male	4,395	4,751	4,984	5%
Non-binary	0	1	0	-100%
Team members	25,155	25,931	27,187	5%
Female	6,873	7,346	7,783	6%
Male	18,277	18,582	19,399	4%
Non-binary	5	3	5	67%
Total employees by gender and management level	31,115	32,487	34,111	5%

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### Employee by age and management level

	2021	2022	2023	Change (% vs. 2022)
<b>Executive Board</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>0%</b>
25 and under	0	0	0	0%
26–35	0	0	0	0%
36–45	1	1	0	–100%
46–54	4	3	5	67%
55 and above	1	2	1	–50%
<b>1st management level</b>	<b>179</b>	<b>177</b>	<b>180</b>	<b>2%</b>
25 and under	0	0	0	0%
26–35	4	4	4	0%
36–45	80	68	72	6%
46–54	70	78	76	–3%
55 and above	25	27	28	4%
<b>2nd management level</b>	<b>5,775</b>	<b>6,373</b>	<b>6,738</b>	<b>6%</b>
25 and under	14	11	8	–27%
26–35	1,824	1,973	1,982	0%
36–45	2,387	2,673	2,923	9%
46–54	1,041	1,163	1,220	5%
55 and above	509	553	605	9%
<b>Team members</b>	<b>25,155</b>	<b>25,931</b>	<b>27,187</b>	<b>5%</b>
25 and under	2,039	2,408	2,664	11%
26–35	10,790	11,033	11,331	3%
36–45	6,568	6,762	7,148	6%
46–54	3,377	3,473	3,626	4%
55 and above	2,111	2,255	2,418	7%
<b>Total employee by age and management level</b>	<b>31,115</b>	<b>32,487</b>	<b>34,111</b>	<b>5%</b>

### Total full-time

	2021	2022	2023	Change (% vs. 2022)
of which permanent	28,306	29,313	30,538	4%
Female	7,013	7,539	7,994	6%
Male	21,288	21,770	22,540	4%
Non-binary	5	4	4	0%
of which temporary	1,573	1,848	2,109	14%
Female	504	643	671	4%
Male	1,069	1,205	1,437	19%
Non-binary	0	0	1	
<b>Total full-time</b>	<b>29,879</b>	<b>31,161</b>	<b>32,647</b>	<b>5%</b>

### Total part-time

	2021	2022	2023	Change (% vs. 2022)
of which permanent	1,090	1,177	1,310	11%
Female	689	749	825	10%
Male	401	428	485	13%
Non-binary	0	0	0	0%
of which temporary	146	149	154	3%
Female	77	62	67	8%
Male	69	87	87	0%
Non-binary	0	0	0	0%
<b>Total part-time</b>	<b>1,236</b>	<b>1,326</b>	<b>1,464</b>	<b>10%</b>

### Total employee retention rate in %

	2021	2022	2023	Change (%pts. vs. 2022)
Female	90.1	90.3	90.6	0.3%pts.
Male	90.4	91.1	91.6	0.5%pts.
Non-binary	100	100	80	–20%pts.
<b>Total employee retention rate in %</b>	<b>90.3</b>	<b>90.9</b>	<b>91.4</b>	<b>0.5%pts.</b>

### Number of employees with

	2021	2022	2023	Change (% vs. 2022)
Total target agreements	23,687	25,145	28,045	12%
Female	6,095	6,686	7,689	15%
Male	17,589	18,454	20,353	10%
Non-binary	3	1	3	200%
Total documented development discussions	22,314	21,335	25,166	18%
Female	5,674	5,684	6,804	20%
Male	16,639	15,648	18,359	17%
Non-binary	1	3	3	0%
<b>Total number of employees</b>	<b>31,115</b>	<b>32,487</b>	<b>34,111</b>	<b>5%</b>

### Number of apprentices

	2021	2022	2023	Change (% vs. 2022)
Total	383	401	427	6%
Female	110	104	110	6%
Male	273	297	317	7%
New in respective year	145	128	164	28%
Female	53	35	46	31%
Male	92	93	118	27%
<b>Total number of apprentices</b>	<b>383</b>	<b>401</b>	<b>427</b>	<b>6%</b>

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# The Team Counts



## EMPLOYEE HEALTH AND SAFETY

We want to provide our approximately 34,000 team members worldwide with the safest possible working conditions in all areas of activity – in our plants and laboratories, in logistics, in repair centers, in direct sales, at offices and, to the extent possible, on the jobsites we visit. Consequently, we aim to create a virtually accident- and injury-free workplace. We focus not only on the risk of injury to our team members, but also on their long-term health, counteracting the various stresses of everyday working life.

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### Management approach

No Hilti employee should be exposed to dangerous situations. Team members are instructed to immediately draw attention to any such situation, stop it and only continue once it is mitigated. We expressly accept interruptions to our work processes in this context.

If, despite all precautionary measures, a dangerous situation or accident occurs, a defined reporting process is used to investigate, in a structured manner,

### At a Glance

- Introduced “accident safety alert” template to foster learning from incidents within the organization
- Implemented ten Corporate Health & Safety – High Risk Work Standards globally
- Lost time incident rate improved by 9 percent

the factors that led to it and the immediate measures and longer-term improvements that are necessary to ensure that it does not recur across our operations. This is part of our occupational safety management system. There are daily exchanges between local Health & Safety experts and team members across all hierarchy levels in our production and operating units. Across the company, we strive to make occupational safety a permanent agenda item – we do this with a safety contact concept. We have a safety mindset road map to drive our Health & Safety management.

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## Our goal is to become an industry leader in employee Health & Safety.

In the current reporting period, we assessed our global progress over the last two years with surveys and external audits. Based on this analysis, we will review the road maps for all business areas and, in a subsequent step, update and adapt them. This year's Perception Survey marks the completion of the current control loop that commenced with the Safety Mindset Initiative, launched in 2021. The increased participation, nearly four times that of 2021, is an explicit indication of the commitment to this cause. The survey clearly shows that the presence of safety as a company value, and the empowerment of individuals to take action on safety concerns, are core strengths of Hilti. However, the survey also shows the need for ongoing efforts.

We are aware that the level of safety in all areas cannot be increased through regulations and training alone. Therefore, we ask all team members to take our safety mindset to heart and to think and act in a safety-conscious manner according to the maxim "safety is caring". Our team leaders have a special responsibility to foster this mindset and are asked to internalize it and to show their team members a better way to handle safety issues.

### Organizational anchoring

We direct our activities through safety steering committees where leadership members serve as safety ambassadors. While safety steering meetings take place on a quarterly basis, the committees meet every month. The steering is responsible for controlling the progress of the work and ensuring the right direction. The **Global H&S Process Manager** coordinates the overarching interaction between the various steering committees.

In addition to their responsibility for compliance with local occupational Health & Safety legislation, the main task of the local H&S teams is to prevent occupational accidents and work-related illnesses. The teams ensure that our internal policies, standards and guidelines, which typically go beyond national legal requirements, are implemented. As in other areas, we work with a community approach to connect colleagues worldwide and manage a knowledge exchange.

➤ Sustainability Management: p. 4

### Management systems and policies

The six occupational Health & Safety principles in our **Health & Safety Policy** apply to the Hilti Group worldwide and are based on recognized standards. The policy discusses the Hilti Code of Conduct section regarding Health & Safety and reflects on the **Occupational Health and Safety Management Systems (OHSMS)** we use to steer our organizations worldwide. Different OHSMS are prevalent in different regions. These include ISO 45001 in Europe and OHSAS in the USA, as well as other national and industry-wide systems. The management systems throughout the Group are therefore similar, but not identical.

We work with industry-leading providers to gain a comprehensive picture of the applicable legal requirements and then provide them in an IT-based management system to our local organizations. The management system is used centrally to list tasks and assign and delegate responsibilities to local colleagues. To ensure that the standards are implemented in compliance with applicable laws, regulations and licenses, internal and external occupational safety specialists conduct on-site visits and safety inspections at our plants, repair centers and in logistics operations. The specialists exchange information and experiences in regular H&S online groups to promote learning from others and sharing of best practices.

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# Building a strong safety mentality begins with reflection



## 2023 implementation examples

Three dimensions are decisive in anchoring the “**Safety is Caring**” mentality as an integral part of our Group’s caring and performing culture: the responsibility of our team leaders (leadership), the processes and habits in daily work (behavior), and the transfer of knowledge and creation of risk awareness (engagement). The result aims at fewer occupational accidents and an ongoing journey towards an accident- and injury-free workplace.

- **Development of an accident safety alert:**  
In the current reporting period, we introduced a safety alert template – which is implemented by the H&S community. The alert is used to share examples and experiences from previous accidents or near misses, the root causes that were identified and the subsequent actions that were taken. This enables us to increase transparency and awareness of accidents within the broader organization. The alert also fosters learning and aims to avoid the recurrence of similar situations and accidents going forward.

- **Introduction of H&S newsletter:**  
In the current reporting period, the Health & Safety community in the company’s aftermarket service (AMS) area introduced an H&S newsletter, which is published monthly. The newsletter consists of different elements, including an overview of accidents, potential prevention measures and mitigation actions that were implemented. It also enables us to spread awareness throughout the organization. In 2023, we saw a significant reduction in accident numbers and a change in the safety behavior in the AMS centers. Increasing safety and decreasing accident levels are two examples that illustrate that the topic is understood and, more importantly, taken to heart.

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- Implementation of corporate safety standards:**  
In the current reporting period, we developed and implemented Corporate Health & Safety Standards in ten high-risk areas. These standards supplement our Hilti Health & Safety Policy, and they extend our Occupational Health & Safety Management System by detailing the basic Health & Safety rules Hilti has established for its team members, visitors and contractors while they are working for Hilti or on Hilti premises. The common, global set of standards creates a baseline and gives life to the goal of creating a harm-free workplace. These standards have set minimum requirements for mitigating a range of occupational risks present at Hilti locations and where Hilti team members do business. These standards also represent our efforts to encourage occupational safety excellence throughout the organization. Additionally, we have developed an implementation guide, a self-assessment and a requirement matrix which is separated into the different functional areas and shows the corresponding requirements that must be met.
- Continued rollout of ENGAGE workshops:**  
In the current reporting year, we continued to reinforce Hilti's safety commitment while strengthening the safety mindset within the company culture. As part of our safety mindset road map, we fully rolled out and conducted evaluate, name, gather, assess, generate, execute (ENGAGE) workshops, which were introduced as pilot projects in 2022. In these workshops, we raise awareness in the organization concerning occupational safety and create or adapt a corresponding action plan.

Measuring our safety progress

Our main indicator for measuring our safety performance is the lost time incident rate (LTIR). It measures the number of accidents that result in more than one day of absence from work per one million working hours. In the reporting year, we further increased the transparency of our data as described below. In 2023, the overall health and safety performance at Hilti improved. The total number of accidents decreased from 227 in 2022 to 214 in 2023. The LTIR came down by 9 percent to 3.55. In 2023, 4 accidents with severe consequences occurred. The main types of work-related injuries and hazards in 2023 were cuts, especially to hands and fingers – we are working hard to reduce these further.

Structured reporting is an integral part of measuring safety progress. For the reporting of work-related hazards and hazardous situations, we have a process with clear steps and responsibilities in place. Incidents or observations must be reported immediately through our online reporting tool, either by someone observing the incident or by the employee involved.

Employee¹ accidents during work

	2021	2022	2023	Change (% vs. 2022)
Total²	261	227	214	-6%
of which with severe consequences³	11	13	4	-69%
of which fatal⁴	0	0	0	-
Lost time incident rate² (based on 1,000,000 hours worked)	4.7	3.9	3.55	-9%
Accident rate with severe consequences (based on 1,000,000 hours worked)	0.2	0.2	0.1	-50%
Fatality rate (based on 1,000,000 hours worked)	0.0	0.0	0.0	-

¹ Internal employees incl. contingent workers (2021, 2022)  
² Employees absent from work for at least one day  
³ Accidents with subsequent work loss > 60 days  
⁴ Fatal traffic accidents

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# For Our Society

~72,000

hours spent within our corporate  
volunteering program Engaged  
Beyond Business

CHF  
47.9 million

spent to continue the impactful  
work of the Hilti Foundation



Anti-trust campaign  
rolled out



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# Create Trust



## BUSINESS ETHICS

Our approach to business ethics is driven by integrity, a core company value of our caring and performance-driven culture. We not only aim to meet existing legal requirements, but also want to make a visible statement 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 as required.

### Organizational anchoring

Our group has a compliance department headed by the Chief Compliance Officer (CCO). The CCO has overall responsibility for compliance management and reports to the General Counsel, who reports to the CEO. In addition, the CCO is in direct contact with the Board of Directors' Audit Committee.

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.

Information on our Corporate Governance can be found in our 2023 Financial Report.

 Financial Report: p. 81

## At a Glance

- Rolled out anti-trust policy campaign
- Launched Company Policy Portal
- Revised Fair Competition Policy and related guidelines
- Revised internal Compliance Management Reporting

### Compliance Management System

The CCO is responsible for our Group-wide **Compliance Management System (CMS)**, which is based on ISO 37301, ISO 37001 and the IDW PS 980 audit standard. It also encompasses our health, safety and environment topics related to ISO 14001 and 45001. The CMS applies to all Group companies, addressing all formal compliance objectives as well as the resolutions of both the Board of Directors and the Executive Board. It includes policies, guidelines, regulations, processes, organizational structures, roles and responsibilities, as well as information on planning and implementing compliance measures.

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

Topics covered in our CMS:

- Antitrust Law
- Corruption Prevention
- Conflict of Interest Management
- Anti-Money Laundering
- Anti-Discrimination and Anti-Harassment
- Product Regulatory Compliance
- Human Rights/Prevention of Forced and Child Labor
- Export Control and Sanctions Law

The extended responsibility of the compliance department also covers:

- Health & Safety and Environmental Protection (HSE)
- Data Privacy

The CMS's internal policies are built upon the Hilti  Code of Conduct for Employees and the  Code of Conduct for Suppliers, further detailed in the  Sustainable Sourcing Policies and process. Accepting and adhering to the Code of Conduct for Suppliers is a mandatory part of all direct supplier contracts and indirect supplier relationships based on a risk matrix. In the reporting year, we significantly enhanced and automated our supplier monitoring procedures, harnessing a range of software tools to comprehensively evaluate and proactively manage supply chain risk data driven from both a top-down and bottom-up perspective. We additionally conduct in-person audits through a third-party service provider.

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The Code of Conduct training for team members, initially introduced in 2021 and 2022, has been followed by an anti-corruption (2022) and anti-trust e-learning campaign (2023), achieving a 90 percent adoption rate. In 2024, we will be moving to an integrated e-learning onboarding experience for new colleagues. We maintain a commitment to continuously review and update our Code of Conduct to ensure its relevance and effectiveness.

We oversee various aspects within the CMS via a new comprehensive dashboard, encompassing reporting metrics such as the overall risk score, protective measures such as training coverage and behavior-influencing initiatives, and our incident reporting. The dashboard is regularly presented to the audit committee.

## How we embed business ethics in our processes

Comprehensive and target group-oriented **compliance training concepts** ensure that we inform our team members about our compliance requirements that are relevant for them. Besides the online component, our on-site training and case studies are an essential part of our compliance training strategy. The training courses provide a general introduction to compliance issues and more in-depth handling of individual aspects. A monthly topic-specific communication by the compliance department in our internal communication platforms, with concise, easy-to-remember content, is intended to increase awareness of current and relevant compliance topics. It also serves as a reminder for completed or optional e-learning courses. Furthermore, all new general managers at our local organizations are trained in compliance issues in their area of responsibility as part of their comprehensive training immediately after taking the position.

In the context of compliance management, we undertake a great effort to **make any conflicts of interest transparent**. New team members must disclose all relevant conflicts during the recruitment and onboarding process and existing team members must participate in a conflict of interest survey at least every three years, or more frequently if required by local regulations.

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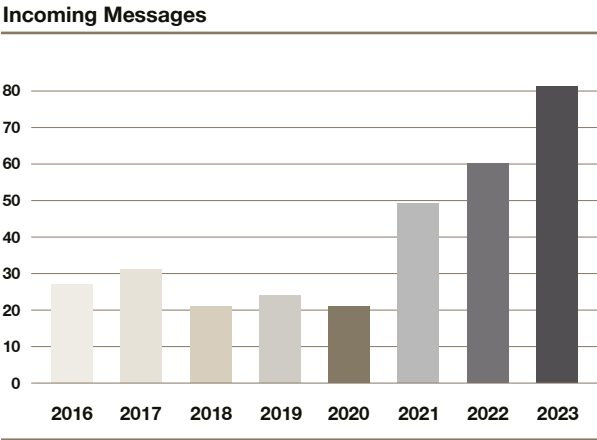
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All team members are encouraged to **prevent and report violations of legal regulations or internal guidelines**. We have numerous options and contact channels for trustworthy and anonymous reporting. Our team members can contact the local and regional compliance officers, the corporate compliance department, the CCO and the anonymous whistleblowing **hotline, “SpeakUp”**. In the reporting year, 81 incidents were reported through our whistleblower procedure (see graphic below). We diligently review all reported incidents to ensure that facts are clarified and systemic problems or patterns are identified. We ensure that the rights of both the whistleblower and the involved person are not compromised (non-retaliation policy).



Including other incoming reports, we handled 222 cases in 2023, of which 167 are completed, 52 are still pending and two are on hold. Of those completed, 84 led to disciplinary measures while 68 have been closed without findings. 37 cases were closed with other measures. More than 60 percent of our case reviews are related to minor inter-company matters.

### Product Regulatory Compliance

We have positioned ourselves as an innovative, premium provider in our industry, fostering fair competition and driving technical progress and digitalization. The Product Regulatory Compliance (PRC) function, reporting to the CCO, acts independently of the business units and supports and monitors the fulfillment of product regulatory requirements across the various areas of the company. In this role, the Compliance Officer also provides legal databases, in addition to those of the technical departments, to ensure timely access to information on regulatory developments.

### Data protection & cybersecurity

In 2022, we obtained approval from the Liechtenstein Data Protection Authority for our  Binding Corporate Rules, following the European Data Protection Board’s favorable opinion and active engagement with all relevant EU supervisory authorities. Upholding the application of these binding corporate rules within Hilti requires a sustained effort, encompassing training, audits, updates and meticulous documentation.

Every Hilti Group subsidiary is firmly committed to upholding the fundamental principles of **data protection** and ensuring the enforceable rights of data subjects. This commitment serves to provide robust safeguards for the transfer of personal data outside the EU within the Hilti Group. Our team members receive data protection training tailored to their specific job roles and the data protection regulations pertinent to their respective countries. For instance, in our South African entity, we’ve introduced specialized training on the Protection of Personal Information Act. Furthermore, within our software development units, we have introduced dedicated face-to-face training sessions that cover data protection.

**Cybersecurity is a top priority within Hilti** and is supported by various technical and organizational measures. The Hilti Cybersecurity Policy follows the latest ISO 27001 standard and provides the baseline for our IT control catalog. This serves the ambition to ensure reliable, maintainable and effective control management. On top of this, regular audit engagements are performed to provide an independent third-party opinion of our control environment, which is reflected in Hilti’s ISAE 3000 attestation. Beyond this, Hilti heavily focuses on capability improvements, such as IT governance, network security and privilege access management, securing more than 1000 privileged users. We additionally invest in ongoing security testing capabilities, ranging from penetration tests and attack simulations to purple/red teaming exercises to further strengthen our cyber-attack resilience. Our Security Operations Center is continuously increasing their detection use cases, ensuring transparency across the company against

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attacks. Moreover, to further strengthen cybersecurity awareness within the company, we regularly update our mandatory cybersecurity training for all team members globally and ensure that our colleagues are aware of current cybersecurity threats. This is additionally supported by ongoing awareness and phishing campaigns, as well as target group-specific training. In 2023, Hilti was not confronted with any major cybersecurity incident. The impact of continuing the active management of our external attack surface is also reflected in our external ratings. In September 2023, we received a BitSight rating that reconfirms Hilti's place in the advanced sector.

### Human rights due diligence

As a globally active company with complex value chains, Hilti is exposed to human rights-related impacts. We strive to avoid adverse human rights impacts throughout our business operations and in the communities in which we engage. 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** on fundamental principles and rights at work. We are committed to protecting these rights. They are reflected in our Code of Conduct for Employees, our internal policies and our Code of Conduct for Suppliers and, from 2023, in our Human Rights Policy.

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During the reporting year, we set up an internal dashboard, creating transparency within our direct supplier network, on the suppliers and their sustainability performance. This allows us to ensure that our business partners respect human rights, which we screen with the support of different IT tools and the stipulations of our Supplier Code of Conduct. We closely monitor supply chain acts around the globe, such as the German Due Diligence in the Supply Chain Act and the Norwegian Supply Chain Transparency Act, preparing for the EU Supply Chain Directive. Moreover, we publish our statement of compliance with modern slavery reporting requirements in Hong Kong, Australia, the United Kingdom and California.

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We carry out comprehensive **due diligence** in the form of background checks and screening of third parties. We screen our direct suppliers with the support of three different IT-supported mechanisms. These screenings include topics such as ethical behavior, health and safety management and compliance with human rights. The related supplier self-assessment has become a required condition to take up or maintain a business relationship with Hilti, as described in our [Sustainable Sourcing Policy](#). We added this policy to our long-standing approach of supplier screening to exclude, for example, sanctioned parties, smelters that are not whitelisted and suppliers with human rights violations. A similar screening process is applied to our customers to comply with export regulations and sanctions laws. The process is fully automated as it includes, for example, automated shipping restrictions in our

logistics operations, particularly in our warehouses. We monitor, evaluate and solve incoming alerts daily. We maintain a specific, stringent policy for business partner onboarding in China. Regarding our own team members, our human resources department carries out personal background checks in countries which have a high-risk exposure when hiring an external candidate for critical management positions.

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### 2023 implementation examples

- **Adoption of Human Rights Policy for Supply Chain Due Diligence on Human Rights and the Environment:**  
We are vigilant in ensuring that our business operations and supply chains worldwide reflect our dedication to ethical practices and respect for human rights and the environment. We adopted the 'Human Rights Policy for Supply Chain Due Diligence on Human Rights and the Environment' that details the Human Rights section of the Hilti Code of Conduct and environmental aspects, amongst others, to address global Supply Chain Acts. Besides our top-down and bottom-up risk assessment procedures, our due diligence framework is established to prevent or remedy any human rights violations in the context of our business operations. Our grievance procedures and reporting, as well as training and capacity building, are also set out in this Policy.

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• **Anti-Trust Campaign Rollout and Policy Revision:**

We train our team members to enable them to comply with competition laws. Our mandatory competition law training is designed to equip team members with the knowledge and skills required for a range of situations, such as market information gathering and engagement with competitors. The training emphasizes the severe consequences of anti-competitive behavior, underscoring that any short-term gains from such practices pale in comparison with the long-term risks they pose. In navigating these complex market conditions, a commitment to ethical and lawful conduct is paramount. Furthermore, to further support our team members in navigating in the complex market conditions, we replaced our Antitrust Directive with the ‘Fair Competition Policy on Anti-Trust and Competition Law’ in 2023. The Policy details the Fair Competition section of the Hilti Code of Conduct by outlining the basic rules on topics such as: general compliance with anti-trust laws, participation in associations, interactions with customers, dominant market position or buy-sell relationships with suppliers.

• **Company Policy Portal:**

During the reporting year, we launched our Company Policy Portal, a user-friendly platform designed to serve as the central repository for all our policies, guidelines and standards, accessible to all team members. This portal offers a host of features aimed at enhancing the user experience and maintaining the integrity of our documentation. One key feature is automated content filtering based on user profiles and geographical locations, ensuring that team members are presented with the most pertinent information up-front. Furthermore, we’ve implemented permanent links to guarantee that users always have access to the latest versions of our documents.

To maintain the relevance and accuracy of our policies, we’ve established a continuous validity workflow. This workflow ensures that both the policy content and its ownership are regularly reviewed and updated, with a streamlined process for managerial escalations and automated removal of unconfirmed or orphaned policies. Additionally, language versions of our policies are linked to the primary English version, making it convenient for users to access different language versions from a single location. This comprehensive approach to our Company Policy Portal reflects our commitment to providing a seamless and up-to-date resource for all our team members.

**Training sessions completed**

**E-learning and workshops**

	2021	2022	2023
E-learning <sup>1</sup> of antitrust law	11,802	13,591	28,288
Face-to-face <sup>2</sup> workshops on compliance, incl. antitrust law and anti-corruption	247	1,159	1,584
Percentage of employees trained in anti-corruption policies	46%	96%	90%
Percentage of board members (EB and BoD) trained in anti-corruption policies	–	100%	100%
Percentage of employees trained in business ethics topics	54%	77%	86%
Cumulated number of supplier audit training participants	312	286	147

<sup>1</sup> 2021 includes numbers of participants who completed general compliance e-learning (incl. antitrust), as well as e-learning focusing on antitrust law  
<sup>2</sup> Number of participants in general compliance workshops (incl. antitrust law and anti-corruption), as well as workshops with focus on antitrust law for specific user groups

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# Helping Sustainably



## SOCIAL IMPACT

### Management approach

Wherever our team members work and live, societal challenges exist. As a group, we want to have a sustainable positive social impact at scale.

Our social engagement is based on two pillars:



### Projects of the Hilti Foundation

We believe that every individual should have the ability to grow and take control of their own lives. To unlock the potential that lies within every human being, the Hilti Foundation strives to empower people in need to become economically independent through their own efforts, allowing them to live better and more self-determined lives. Together with a network of long-standing partners, the Hilti Foundation develops and implements programs in clearly defined focus areas, pursuing sustainable social change for the beneficiaries and the communities they live in. The foundation's work focuses primarily on people living below or just above the poverty line. Investments in charitable projects amounted to CHF 47.9 million, supporting around 89 projects in the year under review. By working with Hilti, our customers contribute to a better world: The Hilti group donates a substantial amount of its annual profit to the Hilti Foundation.

## At a Glance

- 800+ corporate volunteering projects supported by 11,000+ team members within the corporate volunteering program Engaged Beyond Business
- Vocational training program for Kenya's construction sector successfully launched with the first 300 trainees hired by 40 companies
- Launched 'Fire Up,' a streamlined teacher training to amplify our global Music for Social Change programs
- Reached the next level in bamboo construction by introducing its technology to build larger structures

### Corporate Volunteering Program "Engaged Beyond Business"

For decades, Hilti team members have shown great compassion by contributing to the communities they live and work in. As a socially responsible company, Hilti wants to support and encourage team members' social and environmental commitment through the Engaged Beyond Business corporate volunteering program. The program was launched in 2020 together with the Hilti Foundation. The goal is clear: to provide every single Hilti team member worldwide with opportunities to participate in social or environmental initiatives beyond business. Already today there is substantial engagement in many Hilti organizations happening and we want to pool the energy and readiness of our approx. 34,000 team members. We are convinced that every one of us can make a difference, according to our maxim: **"Your engagement is our most powerful tool."**

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By working with Hilti, our customers contribute to a better future: The Hilti Group donates a significant amount of its annual profit to the Hilti Foundation.

Organizational anchoring

The Corporate Sustainability Team is responsible for the Engaged Beyond Business corporate volunteering program. The Corporate Sustainability Team coordinates the social engagement of team members worldwide at the Group level. It makes general recommendations to Hilti organizations, steers local implementation of the targets and facilitates a structured experience exchange within the Engaged Beyond Business community.

The Hilti Foundation is jointly funded by the Martin Hilti Family Trust and the Hilti Group. The Hilti Foundation Board acts as its governing body with representatives from both entities. The responsibility for the operational business lies with the Foundation’s management team, which also performs an advisory function for the Corporate Sustainability Team of the Hilti Group.

Our social engagement in numbers

We want to ensure that our team members’ engagement positively impacts society, and our non-profit engagement drives sustainable systemic change. Therefore, defining the right tools to track and measure any social initiative is an important element.

Engaged Beyond Business¹

	2021	2022	2023
Number of employee projects	> 300	637	854
Number of employees participating	6,000	9,145	11,563
Number of volunteer hours registered in our system	26,000	69,000	71,672
Donations raised through our projects in CHF million	1.3	1.5	1.1
Average volunteer days per employee	0.1	0.27	0.26

¹ More accurate numbers are displayed starting with the year 2022 due to improved data quality

Non-profit engagement of the Hilti Foundation

	2021	2022	2023
Number of projects supported	76	88	89
Monetary value of investments in support projects in CHF million	31.9	47.1	47.9

For our corporate volunteering program, we have set the goal of devoting an average of **one working day a year for each team member** to social or environmental engagement. Overall, this would correspond to an annual engagement of roughly 160 full-time working years. In 2023, the average volunteer days per employee amounted to 0.26 which is a decrease from 0.27 in 2022. The numbers show that, while we were able to increase the absolute number of team members participating in our volunteering program, the hours volunteered per person decreased slightly. With our continued focus on the promotion of the Engaged Beyond Business program with a dedicated global communication campaign, we aim to engage even more employees to participate in the coming years.

We have developed a digital reporting tool that allows us to provide transparency and track the progress of our corporate volunteering program Engaged Beyond Business. The reporting tool is integrated in the community platform project we introduced in 2021. Since its launch, we have focused on the global rollout of the community platform and the reporting tool. This platform is now available in the largest 20 market organizations in our various regions.

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In 2023, we started to integrate the global initiative for tool donation into our Engaged Beyond Business program. This initiative stems from the circularity program as part of giving a second life to returned fleet tools. We donate returned tools for humanitarian and educational purposes. In 2023, we donated tools in 20 countries, for example to support construction education in Sweden or to assist wood workshops for people with special needs in Italy. Going forward, we will focus on expanding the geographical scope of our tool donation program, implementing additional tool donation options and including tracking in our reporting tool for Engaged Beyond Business.

> Circularity: p. 20

Every year we measure team members’ perception in our global employee opinion survey, GEOS, on the question: “Hilti actively supports me to engage in social initiatives beyond business.” In the 2023 reporting year, we increased the positive perception by 5 percentage points, from 77 to 82 percent, at Group level. This marks a significant increase for the third year in a row since we began measuring team members’ perception towards our corporate volunteering program. We see this positive improvement as an indication that we are moving in the right direction, and will focus our efforts on scaling and promoting the Engaged Beyond Business program.


> Our Culture of Engagement: p. 44

**Engaged Beyond Business –  
A chance to volunteer for everyone**

Volunteering at Hilti can be as diverse as our teams are. We support projects on-site through technical or hands-on activities. We encourage skills-based involvement, where team members support projects with their professional know-how and competencies. And we encourage team-led charitable and fundraising activities. Many of our programs are run locally and focus on social commitment for causes directly where our team members live and work. Hilti team members get paid time off to volunteer for their causes of interest. To round it off, the Hilti Foundation has selected partnerships with organizations and offers international projects that our team members may join.




Bed Distribution Drive for Underprivileged Children in India



### Explore our stories

Discover a selection of first-hand stories of our team members’ volunteer engagement in our 2023 Company Report

 Company Report

Installation of Beehives in Bulgaria



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Together with highly competent partners, the Hilti Foundation develops and executes projects in three main strategic areas.

 Learn more about the Hilti Foundation in our 2023 Company Report

### Economic Empowerment

Enabling people in need to become economically independent is what economic empowerment is all about. Special programs provide both the rural population and the young generation in the cities of East African countries with the ability to escape poverty and become part of an emerging middle class.

 Economic Empowerment


- The enterprise development program provides families in rural East Africa with professional training, coaching and microfinancing to create thriving farming enterprises. This enables them to earn a sustainable and growing income, so they can afford a better living standard through their own efforts.
- Since 2022, the vocational training project PropelA provides Kenya’s youth with excellent practical skills for sustainable employment and thus for a self-reliant life. The program’s success requires commitment from the government and from the private sector, with

40 leading plumbing and electrical companies employing the initial 300 apprentices, who will graduate with a national diploma after two years. PropelA aims to transform the vocational education completely in Kenya’s construction sector.



### Music for Social Change

Every young person is entitled to a quality education, a conviction on which the work in the focus area “Music for Social Change” is based on. By making music together, students build skills and mindsets that empower them on their path to adulthood. Strong self-confidence enables them to develop and use their full potential while taking responsibility for themselves and the community.

 Music for Social Change


- By supporting social music programs around the world, the Hilti Foundation offers children and young people development opportunities that enable them to grow beyond themselves and overcome the limits set by their socio-economic background. This requires not only music as such, but also well-trained teachers who focus on the personal development of their young students.



- AIM, the Academy for Impact through Music, provides a platform for these teachers to develop and test innovative and impact-oriented teaching methods. In 2023, AIM has started to develop “Fire up”, a less time intensive course that recognizes the limited time availability of many teachers and therefore condenses the core elements of AIM’s 15-month teacher training program. This allows AIM to also extend the reach of the program.

### Affordable Housing & Technology

By 2030, an estimated 3.0 billion people worldwide are expected to live in substandard housing. This has a significant impact not only on their safety and health but also on their economic and social opportunities. “Affordable Housing & Technology” contributes to creating safer and affordable living spaces for people in need by developing innovative technologies and sustainable building concepts.

 Affordable Housing & Technology



- In 2014, the Hilti Foundation launched the BASE Bahay Foundation to establish bamboo as a standard building material for the Global South. Focusing on housing for low-income families, more than 1500 homes have been built in the Philippines and Nepal using Hilti’s innovative CBFT bamboo technology. Although bamboo is considered resilient, green, and affordable, it is still a niche product in the construction industry.
- To reach the next level in building with bamboo, BASE is now enabling the construction of special structures, such as schools, community centers and market halls, based on the high-level research of its innovation center. Thus, BASE is also helping to create a bamboo industry, including, among others, treatment facilities and prefabrication centers. These also provide exciting business opportunities for local entrepreneurs and communities.

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# ABOUT THIS REPORT

## Basis of reporting

The 2023 Sustainability Report is the fourth sustainability report of the Hilti Group. The report also contains information provided by the Hilti Foundation. The reporting period is the 2023 financial year from January 1 to December 31, 2023. Deviating reporting periods of data or content are shown separately. The editorial deadline was March 8, 2024. We are reporting annually on our progress. The next Sustainability Report will therefore be published in 2025.

The report is based on the internationally recognized reporting framework of the Global Reporting Initiative (GRI). This report has been prepared with reference to the GRI Standards.

➤ GRI Content Index: p. 70

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 English only.

## Material topics and their delimitation

The material topics for Hilti were identified using a materiality analysis based on the principles formulated by the GRI, such as stakeholder engagement, considering impacts in the context of business activities and relationships, materiality and completeness. In addition, general reporting principles were observed: accuracy, balance, clarity, comparability, completeness, sustainability context, timeliness and verifiability.

➤ Sustainability Management: p. 4

The table on page 67 shows the scope of the material topics according to GRI 3-1 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. The management approaches to the topics “Employee Engagement”, “Inclusion & Diversity”, “Learning & Development” and “Work-Life Balance” have been combined and reported jointly in the “Our Culture of Engagement” 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 surveys in the respective departments, globally available information, and estimates. 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 ± one unit (CHF, % etc.) may occur in the tables.

## CO<sub>2</sub> calculations

This Sustainability Report contains data on Scope 1, Scope 2 and Scope 3 CO<sub>2</sub> emissions. These emissions

are accounted for according to the Greenhouse Gas (GHG) Protocol and reported as CO<sub>2</sub> equivalents. Besides CO<sub>2</sub>, this also includes other greenhouse gases defined by the Kyoto protocol.

We have determined Scope 1 emissions for the Group using energy consumption and local emission factors. We use real information on gas and oil consumption in our buildings, as well as vehicle fuel consumption in our market organizations. We included estimates for locations and time intervals where no consumption data were available. For the last two months of the reporting period, we systematically generated estimated data. These estimates are based on, for example, prior period data, average consumption per car (vehicles), per square meter (warehouses), per repair output hour (repair centers), per employee (office buildings) or per building (Hilti stores).

We account for our Scope 2 CO<sub>2</sub> emissions using a market-based approach, assuming that there are zero Scope 2 emissions for green electricity. We source green electricity globally in the form of certificates (RECs or GOOs). Additionally, we generate our own photovoltaic electricity in some of our locations. We included estimates for locations and time intervals where no consumption data were available. For the last two months of the reporting period, we systematically generated estimated data. These estimates are based on, for example, prior period data, average consumption per car (vehicles), per square meter (warehouses), per repair output hour (repair centers), per employee (office buildings) or per building (Hilti stores).

We analyzed and evaluated our Scope 3 emissions in the upstream and downstream stages of our value chain and identified eleven categories which are applicable for Hilti. For the calculation of Scope 3 emissions in every category, different methods are used.

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- For Category 1 (Purchased Goods and Services), for direct materials, an average-data method is used where possible. Cradle-to-gate greenhouse gas (GHG) emission factors were combined with their respective material weights to generate their Scope 3 GHG emissions. For weight categories with no associated emission factor, line items with no associated weight and for indirect procurement spending, a spend-based method is used. If available, data from suppliers were preferred over average data or spend data.
- For Category 2 (Capital Goods), a spend-based method is used to calculate the Scope 3 GHG emissions. The total capital expenditure is used as input for using the spend-based method. The country of the supplier is assumed to be the same as the country of the purchasing Hilti organization.
- For Category 3 (Fuel and Energy Related Activities), an average-data method is used to calculate the Scope 3 emissions. Well-to-Tank (WTT) emissions factors are combined with fuel usage and electricity consumption of our own operations to calculate Scope 3 emissions. Electricity consumption emission factors include both generation and transmission & distribution.
- For Category 4 (Upstream Transportation and Distribution), a distance-based method is used. The weight-distance values are combined with the appropriate weight-distance emission factors to calculate the Scope 3 emissions. The basis for weights used are statements from the deliveries from Hilti's ERP system (inbound, replenishment and last mile).
- For Category 5 (Waste Generated in Operations), a waste-type-specific method is used to calculate the Scope 3 emissions. Emission factors for specific waste types and waste treatment methods

are combined with the relevant waste weights to calculate the Scope 3 emissions.

- For Category 6 (Business Travel), Scope 3 GHG emissions are calculated from the distance traveled by transport method for business-related activities. This primary emissions data is provided by travel agencies. For Hilti organizations with spending for business travel but no data for distance traveled, a spend-based method is used. Spending on passenger transport, hotels and restaurants is excluded from the indirect procurement spending ledger in Category 1 to prevent double counting.
- For Category 7 (Employee Commuting), a distance-based method is used for headquarters locations and an average-data method is used for other locations to calculate the Scope 3 emissions. The analysis of employee commuting is calculated from detailed commuting distance data and the Hilti Mobility Management online survey for the headquarters in Liechtenstein, and from headcount by country for the other locations.
- For Category 8 (Upstream Leased Assets), an asset-specific method is used to calculate the Scope 3 emissions.
- For Category 9 (Downstream Transportation and Distribution), the analysis is calculated from the downstream transport of products and the revenue of retailers attributed to Hilti products. A spend-based method is used for downstream retailers to calculate the Scope 3 emissions. Specifically for the retailer "Motek", the downstream transport Scope 3 emissions are calculated from Motek's Carbon Accounting Report as a proportion of Motek's downstream transport emissions equal to the proportion of revenue attributed to Hilti products. For the rest of the retailers, a spend-based estimate is used.

- For Category 11 (Use of Sold Products), an average-data method is used to calculate the Scope 3 emissions.
- For Category 12 (End-of-Life Treatments of Sold Products), a waste type-specific method is used to calculate the Scope 3 emissions. Emission factors for specific waste types and waste treatment methods are combined with the relevant waste weights to calculate the Scope 3 emissions.

## Waste data

Waste data is collected at our operational sites: in all plants and approximately 90 percent of the logistics centers (by volume) and 78 percent of the repair centers (by repair output). Waste from offices buildings and Hilti Stores is not included, but also considered insignificant compared to the operational sites.

## Water data

Water data is collected at our plants. We have not included water consumption in our logistics and repair centers, office buildings and Hilti stores.

## Data on circularity

The calculation basis of the quantitative circularity score covers various periods from 2022 and 2023. Purchasing and sales volumes were included in the period from 08/22 to 07/23, production data from 07/22 to 06/23 and transport packaging from 07/22 to 06/23.

## Employees

We record data on our employees throughout the Group. Except for employee retention numbers, all data relates to the reporting date of December 31. All data are headcount figures. Apprentices, trainees and interns are included in the total number of employees.

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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 Waste 2020
Waste	x	x	306 Water 2020
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 27–30
Employee Health & Safety	x		403 Occupational Health and Safety 2018
Employee Engagement	x		Page 44–46
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	413 Local Communities 2016
Business Ethics	x	x	2–27 Compliance with Laws and Regulations 2021 202 Market Presence 2016 205 Anti-corruption 2016 206 Anti-competitive Behavior 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 415 Public Policy 2016 417 Marketing and Labeling 2016 418 Customer Privacy 2016

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# INDEPENDENT PRACTITIONER'S LIMITED ASSURANCE REPORT

## on selected indicators in the 2023 Sustainability Report to the Board of Directors of Hilti Aktiengesellschaft, Schaan

We have been engaged by Board of Directors to perform assurance procedures to provide limited assurance on selected indicators in the 2023 Sustainability Report (including the GHG statement) of Hilti Aktiengesellschaft for the period from 1 January 2023 to 31 December 2023. The selected indicators will be published in the Sustainability Report 2023.

The following selected 2023 indicators were subject to our engagement ("selected indicators"):

- Environment (pages 18,19 and 29 of the 2023 Sustainability report)
  - Table "Energy consumption";
  - Total Scope 1, Scope 2 GHG emissions and Total Scope 3 emissions in table "CO<sub>2</sub> emissions"
  - Total Water consumption in plants
- People (page 54 of the 2023 Sustainability report)
  - Employee Health and Safety – table "Employee accidents during work"

The 2023 Sustainability Report was prepared by the Management of Hilti Aktiengesellschaft (the 'Company') based on the guidelines for sustainability reporting of the Global Reporting Initiative, the "GRI Standards" (latest versions) and the Greenhouse Gas (GHG) Protocol Corporate Standard. The Company presents its Basis of reporting in the section "About this Report" in the 2023 Sustainability Report, from page 65 to 67 (the "suitable Criteria").

### Inherent limitations

The accuracy and completeness of the selected indicators (including the GHG statement) are subject to inherent limitations given their nature and methods for determining, calculating and estimating such data. In addition, the quantification of the selected indicators (including the GHG statement) is subject to inherent uncertainty because of incomplete scientific knowledge used to determine factors related to the selected indicators (including the GHG statement) and the values needed to combine e.g. emissions of different gases. Our assurance report will therefore have to be read in connection with the suitable criteria used by Hilti Aktiengesellschaft.

### Board of Directors' responsibility

The Board of Directors of Hilti Aktiengesellschaft is responsible for preparing and presenting the Environment and People in accordance with the suitable criteria. This responsibility includes the design, implementation and maintenance of the internal control system related to the preparation of the selected indicators (including the GHG statement) that are free from material misstatement, whether due to fraud or error. Furthermore, the Board of Directors is responsible for the selection and application of the suitable criteria.

### Independence and quality management

We are independent of the Hilti Aktiengesellschaft in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

PricewaterhouseCoopers AG applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### Practitioner's responsibility

Our responsibility is to perform an assurance limited engagement and to express a conclusion on the Environment and People (including the GHG statement). We conducted our engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised) 'Assurance engagements other than audits or

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reviews of historical financial information’ and the International Standard on Assurance Engagements 3410, Assurance Engagements on Greenhouse Gas Statements (‘ISAE 3410’), issued by the International Auditing and Assurance Standards Board. Those standards require that we plan and perform our procedures to obtain limited assurance whether anything has come to our attention that causes us to believe that the Environment and People (including the GHG statement) was not be prepared, in all material aspects, in accordance with the suitable criteria.

Based on risk and materiality considerations, we performed our procedures to obtain sufficient and appropriate assurance evidence. The procedures selected depend on the assurance practitioner’s judgement. A limited assurance engagement under ISAE 3000 (Revised) and ISAE 3410 is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks. Consequently, the nature, timing and extent of procedures for gathering sufficient appropriate evidence are deliberately limited relative to a reasonable assurance engagement and therefore less assurance is obtained with a limited assurance engagement than for a reasonable assurance engagement.

We performed the following procedures, among others:

- Assessing the suitability in the circumstances of Company’s use of the suitable criteria, applied as explained in the Basis of reporting in the section “About this Report” on the pages 65 to 67 in the 2023 Sustainability Report (including the GHG statement) to the selected indicators in the 2023 Sustainability Report (including the GHG statement);

- Inquiries and detailed walkthroughs with relevant stakeholders for the selected indicators 2023 in the 2023 Sustainability Report (including the GHG statement);
- Inspection of process and control descriptions and other internal guidelines and relevant documents;
- Analytical procedures;
- Reperformance of relevant calculations (including the GHG statement);
- Additional assurance procedures as deemed necessary (e.g. sample based source tracing);
- Local level procedures (site visits to inspect local processes and reconcile source evidence).

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

**Conclusion**

Based on the work we performed, nothing has come to our attention that causes us to believe that selected indicators (including the GHG statement) of Hilti Aktiengesellschaft for the period from 1 January 2023 to 31 December 2023 are not prepared, in all material respects, in accordance with the suitable criteria.

**Intended users and purpose of the report**

This report is prepared for, and only for, the Board of Directors of Hilti Aktiengesellschaft, and solely for the purpose of reporting to them on the selected criteria (including the GHG statement) and no other purpose. We do not, in giving our conclusion, accept or assume

responsibility (legal or otherwise) or accept liability for, or in connection with, any other purpose for which our report including the conclusion may be used, or to any other person to whom our report is shown or into whose hands it may come, and no other persons shall be entitled to rely on our conclusion.

We permit the disclosure of our report, in full only and in combination with the suitable Criteria, to enable the Board of Directors to demonstrate that they have discharged their governance responsibilities by commissioning an independent assurance report over selected indicators in the 2023 Sustainability Report (including the GHG statement), without assuming or accepting any responsibility or liability to any third parties on our part. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Board of Directors of Hilti Aktiengesellschaft for our work or this report.

PricewaterhouseCoopers AG

Stefan Räbsamen                      Petar Lesic

Zürich, 14 March 2024

‘The maintenance and integrity of Hilti Aktiengesellschaft’s website and its content are the responsibility of the Board of Directors; the work carried out by the assurance provider does not involve consideration of the maintenance and integrity of the Hilti Aktiengesellschaft’s website, accordingly, the assurance providers accept no responsibility for any changes that may have occurred to the reported Environment and People (including the GHG statement) or suitable Criteria since they were initially presented on the website.

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## GRI 1: Foundation 2021

Hilti Group has reported the information cited in this GRI content index for the period January 1, 2023 and December 31, 2023 with reference to the GRI Standards.

GRI Standard	Disclosure	Location	UNGC <sup>1</sup>
GRI 2	General Disclosures 2021		
GRI 2-1	Organizational details	p. 3; Financial Report 2023: Chapter “Group at a Glance”	
GRI 2-2	Entities included in the organization’s sustainability reporting	Financial Report 2023: p. 19	
GRI 2-3	Reporting period, frequency and contact point	p. 65, 75	
GRI 2-4	Restatements of information	p. 19, p. 30	
GRI 2-5	External assurance	p. 68	
GRI 2-6	Activities, value chain and other business relationships	www.hilti.group Company Report 2023: “Get to Know Hilti”	
GRI 2-7	Employees	p. 4ff., 49 ff.	
GRI 2-8	Workers who are not employees	p. 50	
GRI 2-9	Governance structure and composition	Financial Report 2023: Chapter “Corporate Governance”; Company Report 2023: “Board of Directors” and “Executive Board”	
GRI 2-10	Nomination and selection of the highest governance body	Financial Report 2023: Chapter “Corporate Governance”; Company Report 2023: “Board of Directors” and “Executive Board”	
GRI 2-11	Chair of the highest governance body	Company Report 2023: “Board of Directors”	
GRI 2-12	Role of the highest governance body in overseeing the management of impacts	The Corporate Sustainability Team regularly presents relevant sustainable development topics from within the organization and outside the organization to the Board of Directors	
GRI 2-13	Delegation of responsibility for managing impacts	p. 9 ff.	
GRI 2-14	Role of the highest governance body in sustainability reporting	p. 10 ff.	
GRI 2-15	Conflicts of interest	p. 57	
GRI 2-16	Communication of critical concerns	Financial Report 2023: Chapter “Corporate Governance”	
GRI 2-17	Collective knowledge of the highest governance body	The Corporate Sustainability Team regularly presents relevant sustainable development topics from within the organization and outside the organization to the Board of Directors	
GRI 2-18	Evaluation of the performance of the highest governance body	Financial Report 2023: Chapter “Corporate Governance” and Note “Related Parties”	
GRI 2-19	Remuneration policies	Financial Report 2023: Note “Related Parties”	

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



GRI Standard	Disclosure	Location	UNGC <sup>1</sup>
GRI 2-20	Process to determine remuneration	Hilti uses standardized salary group structures for all functions and in all countries and regularly reviews them. This includes a reasonable compensation range for each position, to ensure compensation is set based on the position and free from any discriminatory factors, as well as in compliance with local minimum wage regulations. A gender pay equity review is performed every two years.  For more information, refer to Financial Report 2023: Note “Personnel expenses”	
GRI 2-22	Statement on sustainable development strategy	p. 3, 4 ff.; Financial Report 2023: Chapter “Management Report”	
GRI 2-23	Policy commitments	p. 57	
GRI 2-24	Embedding policy commitments	p. 31 ff., 45, 56 ff.	
GRI 2-25	Processes to remediate negative impacts	p. 56 ff.	1, 2
GRI 2-26	Mechanisms for seeking advice and raising concerns	p. 58	
GRI 2-27	Compliance with laws and regulations	See Company Report: “Business Ethics”  There were no major incidents reported in accounting or tax fraud, corruption, bribery, competition, the provision of products and services, or labor issues.	
GRI 2-28	Membership associations	Swissmem EPTA – European Power Tool Association ZVEI – Zentralverband Elektrotechnik- und Elektronikindustrie e.V. European Committee for Standardization European Organization of Technical Assessment International Code Council UNGC	
GRI 2-29	Approach to stakeholder engagement	p. 10 ff.	
GRI 2-30	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
<b>GRI 3</b>	<b>Material Topics 2021</b>		
GRI 3-1	Process to determine material topics	p. 7 ff.	
GRI 3-2	List of material topics	p. 7, 67	
GRI 3-3	Management of material topics	p. 7	
<b>GRI 201</b>	<b>Economic Performance 2016</b>		
GRI 201-2	Financial implications and other risks and opportunities due to climate change	p. 13 ff.	
<b>GRI 202</b>	<b>Market Presence 2016</b>		
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 and regularly reviews them. This includes a reasonable compensation range for each position, to ensure compensation is set based on the position and free from any discriminatory factors, as well as in compliance with local minimum wage regulations. A gender pay equity review is performed every two years.	

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



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<b>GRI 204</b>	<b>Procurement Practices 2016</b>		
GRI 204-1	Proportion of spending on local suppliers	p. 31	
<b>GRI 205</b>	<b>Anti-corruption 2016</b>		
GRI 205-1	Operations assessed for risks related to corruption	Corruption risk assessment conducted for all entities globally	10
GRI 205-2	Communication and training about anti-corruption policies and procedures	p. 32, 57, 60	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
<b>GRI 206</b>	<b>Anti-competitive Behavior 2016</b>		
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 301-1	Materials used by weight or volume	p. 23	8
GRI 301-2	Recycled input materials used	p. 23 ff.	8, 9
GRI 301-3	Reclaimed products and their packaging materials	p. 26	8, 9
<b>GRI 302</b>	<b>Energy 2016</b>		
GRI 302-1	Energy consumption within the organization	p. 18 ff.	8
GRI 302-3	Energy intensity	p. 18	
GRI 302-4	Reduction of energy consumption	p. 18, 27 ff.	8, 9
<b>GRI 303</b>	<b>Water &amp; Effluents 2018</b>		7, 8
GRI 303-1	Interactions with water as a shared resource	p. 27 ff.	7, 8
GRI 303-2	Management of water discharge-related impacts	p. 27 ff.	
GRI 303-5	Water consumption	p. 29	
<b>GRI 305</b>	<b>Emissions 2016</b>		
GRI 305-1	Direct (Scope 1) GHG emissions	p. 14, 15, 17 ff.	8
GRI 305-2	Energy indirect (Scope 2) GHG emissions	p. 14, 15, 17 ff.	8
GRI 305-3	Other indirect (Scope 3) GHG emissions	p. 14, 17 ff.	8
GRI 305-4	GHG emissions intensity	p. 19	8
GRI 305-5	Reduction of GHG emissions	p. 13 ff.	8, 9
<b>GRI 306</b>	<b>Waste 2020</b>		
GRI 306-1	Waste generation and significant waste-related impacts	p. 28 ff.	
GRI 306-2	Management of significant waste-related impacts	p. 27 ff.	
GRI 306-3	Waste generated	p. 19, 30	8
GRI 306-4	Waste diverted from disposal	p. 23, 26, 28	
GRI 306-5	Waste directed to disposal	p. 25, 28	

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



GRI Standard	Disclosure	Location	UNGC <sup>1</sup>
<b>GRI 308</b>	<b>Supplier Environmental Assessment 2016</b>		
GRI 308-1	New suppliers that were screened using environmental criteria	p. 31 ff.	
<b>GRI 401</b>	<b>Employment 2016</b>		
GRI 401-1	New employee hires and employee turnover	p. 49	
<b>GRI 403</b>	<b>Occupational Health and Safety 2018</b>		
GRI 403-1	Occupational health and safety management system	p. 51 ff.	
GRI 403-2	Hazard identification, risk assessment, and incident investigation	p. 52, 54	
GRI 403-3	Occupational health services	p. 52	
GRI 403-4	Worker participation, consultation, and communication on occupational health and safety	p. 54	
GRI 403-5	Worker training on occupational health and safety	p. 53	
GRI 403-6	Promotion of worker health	p. 48	
GRI 403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	p. 54	
GRI 403-8	Workers covered by an occupational health and safety management system	p. 51	
GRI 403-9	Work-related injuries	p. 54	
<b>GRI 404</b>	<b>Training and Education 2016</b>		
GRI 404-2	Programs for upgrading employee skills and transition assistance programs	p. 47	
GRI 404-3	Percentage of employees receiving regular performance and career development reviews	p. 47	
<b>GRI 405</b>	<b>Diversity and Equal Opportunity 2016</b>		
GRI 405-1	Diversity of governance bodies and employees	p. 49	6
GRI 405-2	Ratio of basic salary and remuneration of women to men	p. 47	6
<b>GRI 406</b>	<b>Non-discrimination 2016</b>		
GRI 406-1	Incidents of discrimination and corrective action 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 407-1	Operations and suppliers at which the right to freedom of association and collective bargaining may be at risk	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 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

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





GRI Standard	Disclosure	Location	UNGC <sup>1</sup>
<b>GRI 409</b>	<b>Forced or Compulsory Labor 2016</b>		
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 413</b>	<b>Local Communities 2016</b>		
GRI 413-1	Operations with local community engagement, impact assessments, and development programs	p. 7, 16, 62 ff.	
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 414-1	New suppliers that were screened using social criteria	p. 31 ff.	
<b>GRI 415</b>	<b>Public Policy 2016</b>		
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 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.	
<b>GRI 417</b>	<b>Marketing and Labeling 2016</b>		
GRI 417-2	Incidents of non-compliance concerning product and service information and labeling	We are not aware of incidents in the reporting year.	
GRI 417-3	Incidents of non-compliance concerning marketing communications	We are not aware of incidents in the reporting year.	
<b>GRI 418</b>	<b>Customer Privacy 2016</b>		
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.	

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

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# PUBLICATION DETAILS

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We would like to thank our customers, employees and partners for their support. The sustainability report is published in 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).

Our Communication on Progress (CoP) 2023 for the UN Global Compact is fully integrated into this sustainability report.



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