

HILTI

**Environmental
management
at Hilti**



Yes, we care!

Hilti. Outperform. Outlast.

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Yes, we care!

Environmental management at Hilti



“Hilti’s financial success can only be pursued if we consider the needs of all our significant stakeholders, including society and the environment. This is something we have been convinced of for years. And this is also why responsible action towards the society and environment is formally anchored in our Mission Statement. When we talk about “building a better future” we take this statement literally.

We invest a great deal of significance into principles of the United Nations Global Compact that we signed at the beginning of 2006. We pay strict attention to implementing the Compact’s principles, with growing emphasis on our suppliers. As is the case with the development of our corporate culture, we view the development of social and environmental sustainability as a journey. This journey affords us the chance to progressively improve ourselves and to further strengthen the interaction between economic, social and ecological aspects.”



Pius Baschera,
Chairman of the Board
of Directors



Bo Risberg,
Chief Executive Officer

Corporate responsibility

Corporate responsibility at Hilti is deeply anchored throughout the Hilti organization, and is a cornerstone of how we do business. Seeing corporate responsibility as an integral part of the Hilti business philosophy, we are committed to ensuring that the direct or indirect impact of all Hilti activities carefully considers aspects related to our team members, our partners, the society and the natural and business environment. We believe that a responsible approach to corporate responsibility is indispensable in order to ensure sustainable long term growth.

Hilti's core purpose to "passionately create enthusiastic customers and build a better future" implies a long term focus and commitment that is also reflected in the way we approach corporate responsibility. Following a long Hilti tradition of taking corporate responsibility seriously, global standards are established and lived – often beyond legally valid standards – within 5 core areas:

- Hilti Team Members
- User Health and Safety
- Society
- Environment
- Business Ethics

Environment

We have a responsibility toward future generations and are aware of the impact that our business activities, products and services have on the environment. One of our major concerns is the counteraction of climatic changes. In 2007 we decided to sign the "Caring for Climate" convention.

"Caring for Climate" is a platform for companies who participate in the UN Global Compact and are committed to counteract climatic changes. We see it as our task to improve our energy efficiency and reduce CO₂ emissions. Apart from CO₂ emission reduction, the Hilti Group is dedicated to reduce its waste production & disposal and the usage of critical substances.

Our commitment in the environmental sector pays off not only from an ecological, but also an economical viewpoint. We will apply the knowledge acquired in this field to be even more innovative and develop new business segments. Sustainable growth can only be achieved if we systematically integrate environmental protection into our daily activities.

Dedicated to people and the environment

Acting responsibly towards society and the environment is part of Hilti's corporate culture. This is why membership in the UN Global Compact is consistent with wanting to have our societal commitment reflected more strongly to the external world.

The principles of the UN Global Compact touch on a worldwide consensus derived from:

- The general declaration of human rights,
- The International Labor Organization declaration on fundamental principles and rights at work,
- The Rio declaration on environment and development and
- The United Nations convention against corruption.

The UN Global Compact requires that companies acknowledge, support and implement a catalog of basic values focusing on human rights, labor standards, environmental protection and anti-corruption in their respective areas of influence. We are facing up to future generations in this responsibility and are aware that our business activities, products and services have an influence on the environment.

It is particularly important that we counter climate change. We therefore decided to sign the Caring for Climate initiative in 2007 and to become more involved in climate protection.



UN Global Compact: the environment

Principle 7: Business should support a precautionary approach to environmental challenges

Principle 8: Undertake initiatives to promote greater environmental responsibility, and

Principle 9: Encourage the development and diffusion of environmentally friendly technologies

Our response:

- Hilti has committed to introducing systematic sustainability management with corresponding responsibilities.
- Hilti has a substantial supplier-audit management system. This ensures that ecological and social standards defined in a code of conduct are rigorously observed by our suppliers.
- Hilti promotes environmentally-friendly technologies. For example, Hilti's German headquarters has shifted to renewable resources to generate heat, thereby reducing annual CO₂ emissions by 6,000 tons.

Systematic responsibility



A company can only experience sustainable profitable growth if it takes its responsibilities towards society and the environment seriously. This conviction has a tradition at Hilti and has been supported for years via sustainability management that is consistently being expanded and organizationally systematized.

In its corporate Mission Statement Hilti claims “we build a better future.” This is a sentiment expressing a traditionally high amount of responsibility for society and the environment. Our management system focusses on sustainability, both through our environmental protection activities in production and product development as well as our strong corporate culture and various social projects.

Parts of the project portfolio of our sustainability roadmap focus on the development and introduction of suitable processes and management instruments.

- A new environmental management process applies to plants, product development and for sales organizations in individual respective countries.
- Hilti management’s central supervision instrument was supplemented by indicators that track the progress of sustainability.

Hilti’s global process management system, GPMS, covers all core aspects of the company, including quality and environmental management, according to ISO 9001 and ISO 14001.

Environmental management @ Hilti

All business processes are stored in GPMS. This system has also given us a framework for environmental topics through which we can do great justice to our societal responsibility. We also want our company’s further improvements in the quality of products, services and processes to benefit the environment.

This includes meeting international quality and environmental standards such as ISO 9001 and ISO 14001. We are trying to further systemize and optimize the quality, environment and process decisions that we make on a daily basis. In doing so we can further pursue the continuous improvement process and consistently develop our performance in all areas.

Our commitment in the area of the environment has an economic as well as an ecological perspective. The knowledge that we acquire here will be used to tap into innovative new business fields. We are convinced that sustainable growth can only be achieved if we systematically integrate environmental protection into our daily business.

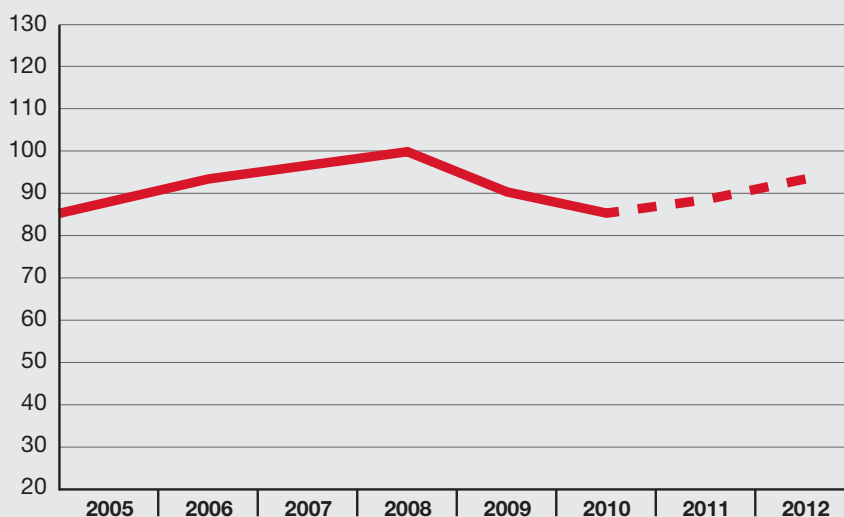
CO₂ reduction by 2010

The measures taken by the Hilti Group to reduce CO₂ emissions will lead to a measurable reduction in pollutants in the coming years.

Among other things, we have noted that the purchase of electricity holds significant potential for reducing CO₂. We will therefore purchase electricity at our locations in Germany and Austria largely from renewable sources in the future (greater than 80%).

Through this and other measures we will reduce our CO₂ emissions to 85,000 tons by 2010, lowering them to the levels of 2005. We continue to analyze and look for additional potential to lower CO₂ levels.

CO₂ emissions 2005 - 2012



Significant trend reversal for pollutant emissions:

Hilti will achieve the CO₂ values of 2005 by 2010. Beginning in 2011 one can expect a slight increase in CO₂ emissions as the effects of the foreseen increase in sales cannot completely be compensated for through reduction measures.

Using the power of the sun



The worldwide market for solar energy systems has been growing at an annual rate of about 40 percent since 2000, stronger than any other energy branch. Hilti is an internationally acknowledged provider of services for photovoltaic assembly systems.

In conforming with the corporate goal of “we create enthusiastic customers and build a better future,” Hilti offers solar customers innovative assembly solutions with superior added value. In Spain alone, a leading worldwide producer of solar energy, some 600 solar customers install their photovoltaic modules on Hilti channel systems. The three largest solar parks on the Iberian peninsula were built with Hilti channel installation systems. Together they generate more than 50 megawatts of solar electricity.

Leading by Example

Hilti supports environmentally-friendly photovoltaic technology not only by providing channel assembly systems. We also make direct investments in photovoltaic facilities by increasingly deploying photovoltaic solutions at the company’s own production and logistic locations.

Dealing with energy responsibly

A careful philosophy toward fossil-fuel-based energy sources is particularly important for Hilti in light of increasing evidence of disruptive climate change. For Hilti, corporate responsibility means increased investments in renewable energy in order to sustainably ensure the basis of life for future generations. Hilti has successfully reduced energy consumption over the past few years through numerous initiatives and projects.

Examples of how to handle resources in an energy-saving way

- Agreements with electricity providers for our production facility in **Thüringen, Austria**, ensure that 80 % of the energy requirement is generated from renewable resources: hydroelectric, wind and biomass facilities.
- We have also decided to primarily purchase electricity (greater than 80 %) from renewable sources for our production facilities in **Germany**. This step will allow us to reduce our CO₂ emissions in Europe by 12,583 tons a year!
- Hilti Germany has installed 60 solar panels atop its staff restaurant in Kaufering. They will generate some 21,000 kwh of renewable energy and reduce CO₂ emissions by 15 tons per year.
- Together with Liechtenstein Kraftwerke, a local power generator, Hilti has installed the country's largest photovoltaic facility on top of the new Logistics Center in **Nendeln**. The panels provide about 40 % of the energy produced by solar power in all of Liechtenstein.
- Both the Logistics Center in **Nendeln** and the office building constructed at Hilti headquarters in 2006 utilize geothermal energy for heating and cooling purposes. Additionally, some 70 % of waste heat from ventilation systems is recaptured, saving natural gas and reducing our CO₂ emissions.
- Hilti Germany has switched from energy gained by burning fossil fuel to renewable resource energy. The country headquarters in Kaufering draws all of its heating from a communal biomass power plant that was constructed nearby.
- Facilities and offices at the **Kaufering** production plant are cooled with groundwater from a decommissioned well. This curtails energy consumption and maintenance. The water is then rerouted back into the nearby Lech River.
- In **Thüringen** Hilti is using an environmentally friendly system to regulate temperature at the production facility. A total of 163 pipes, each of which is 63 meters in length, have been placed under the main plant building. The building is cooled in summer by air that circulates in the pipes. Conversely, cool air is inducted from outdoors and warmed to ground temperature in winter.



Solar panels at the Kaufering, Germany canteen



Facilities cooled with ground water in Kaufering



Temperature regulation using air exchange in Thüringen, Austria

Environmentally friendly disposal



Most of the materials used in manufacturing Hilti products are recyclable. But it is equally important to correctly separate the various materials before they are transferred for recycling purposes. In EU countries a person may return an old Hilti tool to a Hilti Center, to be recycled, at no charge. Hilti is responsible for the environmentally friendly disposal.

According to the European guideline on waste of electrical and electronic equipment (WEEE) at least 70 % of the weight volume of electric or electronic tools or appliances must be able to be recycled in the future. The reuse and recycling share must not be lower than 50 % of the weight volume. Together with our recycling partners, suppliers and manufacturers of plastic components we continue to work on new approaches for recycling plastic.

Hilti and external specialists have completely dismantled all our tools and analyzed how to dispose of the various parts. This analysis allows us to observe the European restriction of hazardous substances guideline (RoHS) that limit the usage of dangerous materials such as lead or cadmium. Hilti tries to combine highest ergonomic standards for the customer with the usage of the most suitable environmentally friendly resources in the production and disposal of its tools.

The recyclable tool: the Hilti GX 120 gas-driven fastening system

The Hilti GX 120 gas-driven fastening system not only sets new benchmarks for direct fastening in drywall applications, but up to 96 % of the materials used in its manufacture can either be reused or recycled. A residual amount of approximately 4 % has to be disposed of.

As opposed to earlier models, the Hilti GX 120 gas canister has no dosage valve. In purely mathematical terms if we produce one million canisters this represents a reduction of 22.4 tons of plastic, once again showing the significant effect small innovations can have.



Hilti packaging is recyclable

This is why one can also find the green point recycling symbol on all Hilti packaging. It is found on sales packaging in Germany and in 23 other European countries where the material is disposed of in a controlled process or recycled. Hilti places a great deal of emphasis on handling existing resources with care. In line with this, it goes without saying that we would ensure the recyclability of packaging.

Hilti North America recycles 55,000 kilograms of material

What happens to old tools when they are replaced by a new generation as part of Hilti's Fleet Management* program?

To meet its obligation to nature and the environment, Hilti's North American marketing organization found partners that recycle the older tools, reducing the level of waste.

"We don't want our customers to have to concern themselves with the disposal of tools. At the same time, we want them to know that we are doing what we can to protect the environment", says Harry Bucher, who helps market Fleet Management with Hilti North America. Beginning with electric cords, toolboxes and battery packs and now encompassing all tools, each individual component is carefully sorted in Hilti's American and Canadian repair centers. The collected materials are then sent to various recycling companies. This includes batteries, which require particularly sensitive handling.

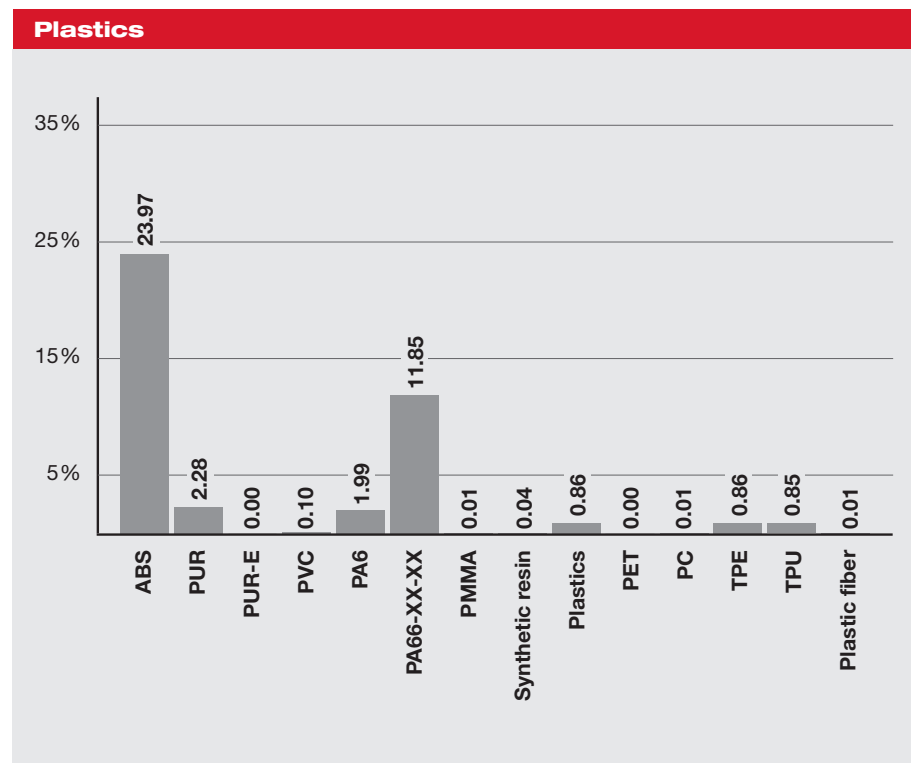
These actions helped Hilti North America to recycle roughly 55,000 kilograms of material by the end of 2008. In terms of weight this corresponds to roughly 23 pickup trucks, or 67 passenger vehicles. Estimates for 2009 see the volume growing to some 125,000 kilograms. But the recycling program is only in the beginning stages according to Harry Bucher. "We plan on launching additional activities aimed at protecting our environment."

* Hilti provides customers with a complete fleet of tools for a fixed monthly price. During the contracted period customers receive a single monthly invoice that covers all costs for all tools, including those for standard repairs. At the end of the period the fleet is replaced with the latest generation of Hilti tools. One of the advantages of Fleet Management is that the customers' tools always meet the most up-to-date safety standards.

Life Cycle Assessment and recycling based on the Hilti TE 70-ATC

The weight and material information for the TE 70-ATC is based on internal documentation that discusses the components used (parts list, drawings). The following illustration shows the composition of the materials for the Hilti combihammer based on an additional analysis of dismantled parts that were used to verify the EU's waste of electrical and electronic equipment (WEEE) guideline and to determine the product-related CO₂ emissions.

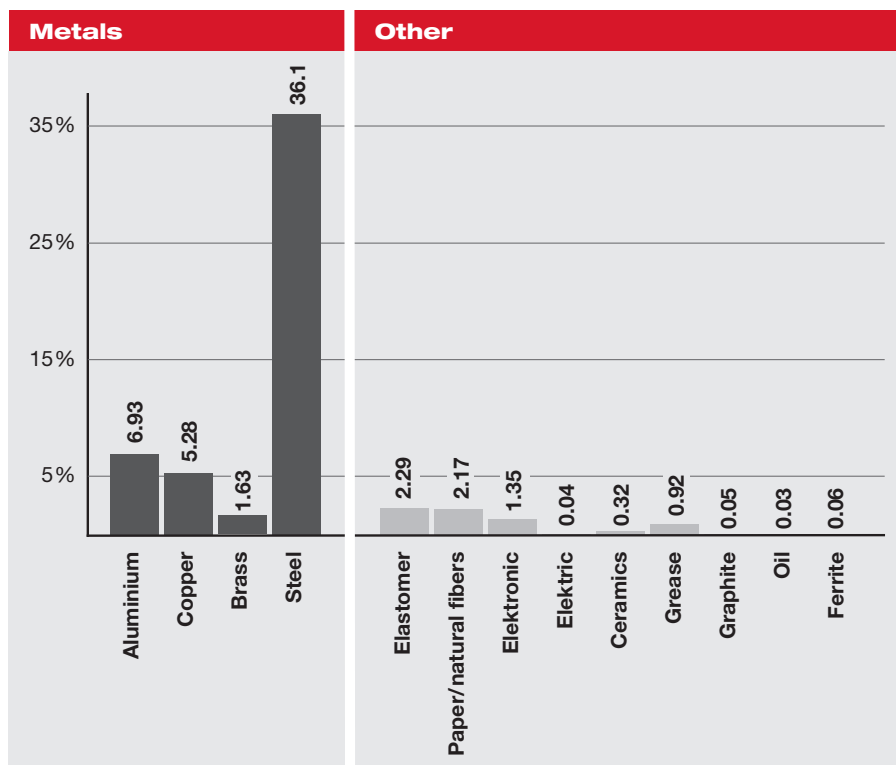
- Steel accounts for slightly more than 36 % of the total weight of the new TE 70-ATC. The share of light metals is relatively high, at approximately 7 %, due to the light manufacturing measures used to improve ergonomics.
- The share of plastics is roughly 46 %. The largest share of plastics consist of thermoplastics (largely acrylnitril-butadien-styrol-copolymerisat, abbreviated as ABS, having approximately 24 % of the total tool weight).
- The remaining weight consists of oils, grease and electronic components.



In recycling, the tool components are separated into material recycling, energetic recycling and waste categories.

- 100 % of the tool's metals can be utilized. This results in an energy and CO₂ credit because of the savings on primary materials.
- The thermoplastic materials ABS, PA6-GF30 and TPE are also categorized as material recycling. This also results in additional energy and CO₂ credits.
- The remaining polymer materials (thermoplasts, duroplasts, elastomers) are categorized as energetic recycling. This results in an energy credit but also produces CO₂ emissions.

The various recycling processes lead to a reduction in CO₂ emissions for the TE 70-ATC of approximately 17 %.



Environment and safety: partner and supplier requirements



Hilti has more than qualitative and economic criteria for production and sourcing. Suppliers are constantly monitored to see whether they observe our strict social and ecological standards.

It goes without saying that Hilti production facilities and their suppliers have to maintain all relevant national and international regulations. Bribery and payoffs are not tolerated under any circumstances. Human rights must be respected and working conditions must be safe.

In observing this code of conduct Hilti corresponds to the guidelines of the United Nations, the International Labor Organization, the International Chamber of Commerce, the World Economic Forum and the UN Global Compact.

The Hilti code of conduct for suppliers also represents our responsibilities towards the environment and prescribes certain guidelines, such as the handling of chemicals. Additionally, our suppliers are obligated to contribute to reducing waste and pollutant emissions into the air, ground and water. They must also ensure that they increase the degree of material and product recycling and to continue to improve the energy efficiency both in their production processes and in the handling and transport of goods.

Each supplier must pledge, in writing, to observe our code of conduct. This helps to achieve a standard of behavior that is valid worldwide and meets, and sometimes exceeds, legal regulations. Hilti suppliers are regularly audited to ensure they meet these standards. If the audit results are negative Hilti declines to work with the particular supplier.

Hilti code of conduct for suppliers

Purpose and values

“We passionately create enthusiastic customers and build a better future” is the core purpose of the Hilti Group.

“Build a better future” means:

- We develop win-win relationships with our partners and suppliers.
- We carefully select our suppliers, and we support their development in order to build a win-win relationship.
- We embrace our responsibility towards society and the environment.
- We are convinced that sustainable growth can only be achieved by systematically incorporating environmental and social aspects in our business activities.

Integrity, courage, teamwork, commitment are the core values of our corporate culture. The way we do things at Hilti is based on our strong value. We act with integrity in all we do; we demonstrate courage to go beyond the circle of habits; we outperform through teamwork; and we have commitment to personal and company growth.

We measure ourselves by these core values. Therefore we expect our partners – contractors, suppliers, sub-suppliers and others – to conduct themselves with the utmost fairness and responsibility in all aspects of their business.

The purpose of this code of conduct is to make our position clear and explain what we expect from our suppliers with regard to their environmental and social performance. This code of conduct is the minimum requirement we make on all of our suppliers and their sub-suppliers. In terms of social issues it is based on

- The United Nations Universal Declaration of Human Rights
- The United Nations Convention on the Rights of the Child
- The ILO (International Labor Organization) Fundamental Principles and Rights at Work
- The UN Global Compact

and in terms of environmental issues is based on

- The International Chamber of Commerce (ICC) Business Charter for Sustainable Development
- The UN Global Compact

and in terms of fighting corruption is based on

- The World Economic Forum “Partnering Against Anti-Corruption Initiative (PACI)”
- The UN Global Compact

What the supplier can expect of Hilti

- To be reliable.
- To respect mutually-agreed commercial terms.
- To pursue a zero-tolerance policy toward bribery and corruption in any form in line with the PACI principles.
- To take a clear stand on working conditions.
- To respect different cultures.

- To embrace our responsibility towards society and the environment.
- To comply with the same requirements imposed upon suppliers.
- To clearly communicate the result of the assessment of suppliers and Hilti's respective valuation.

What Hilti expects of the supplier

Supplying Hilti includes the following requirements concerning social and environmental responsibility and anti-corruption. They are to be followed without exception and include full responsibility for own suppliers, sub-suppliers, as well as their own employees, including freelancers and home workers.

Legal requirements

The supplier shall fully comply with all international and national legal requirements relevant to the conduct of its business.

Commitment to anti-corruption

The supplier shall commit to countering bribery and corruption. This means zero tolerance on bribery and corruption in any form, in particular the elimination of facilitation payments.

Social responsibility

Hilti will do its best to ensure that no one working for Hilti in any form is deprived of his or her human rights, or suffers mental or bodily harm. Therefore Hilti expects the supplier to respect fundamental human rights and to treat its workforce fairly and with respect. More specifically,

The supplier must:

- Provide healthy and safe working conditions including fire safety.
- Pay at least the minimum legal wage and compensate for overtime as per legal requirements.
- If housing is provided, ensure reasonable privacy, fire safety, quietness and facilities for personal hygiene.

The supplier must not:

- Make use of child labor.
- Make use of forced or bonded labor.
- Discriminate.
- Exceed the maximum legal working time.
- Prevent workers from associating freely with any workers' association or group of their choosing or collective bargaining.
- Make use of any form of mental or physical disciplinary action including harassment.

Environmental responsibility

Hilti manages environmental issues with the same rigor they do other aspects of the company. We strive to minimize any possible damaging effects to the environment which may result as a consequence of our own or our suppliers' activities. Therefore, Hilti and its suppliers shall continuously reduce the negative environmental impact of operations. More specifically,

The supplier must:

- Strive to minimize waste and emissions to air, ground and water
- Handle chemicals in an environmentally-safe way

- Handle, store and dispose of hazardous waste in an environmentally-safe manner
- Contribute to the recycling and reuse of materials and products
- Continuously improve energy efficiency in their production process, and in handling and transportation of goods
- Fulfill the European Union Council Directive 76/769/EEC of July 27, 1976 relating to restrictions on the marketing and use of certain dangerous substances and preparations and their amendments. Further substance prohibitions and regulations are listed on www.hilti.com/suppliers.

Implementing and monitoring

The supplier must:

- Adhere to the Hilti code of conduct for suppliers.
- Ensure that all measures required are implemented accordingly.
- Effectively communicate and enforce the contents to all of their suppliers and sub-suppliers, as well as to their own employees, including freelancers and home workers. In case of non-acceptance by a supplier or a sub-supplier the Hilti supplier must immediately notify Hilti in writing.
- Inform Hilti about where the production facilities are located that are relevant for Hilti. Hilti reserves the right to make visits and audit sites where people work directly or indirectly for Hilti.

Hilti will:

- Assess all current and new suppliers regarding the requirements of the Hilti code of conduct for suppliers.
- Clearly communicate the results of the assessment to the supplier.
- Monitor compliance to the code of conduct through regular audits by Hilti itself or an independent organization authorized by Hilti.
- Always reserve the right to check the current status of suppliers in order to ensure compliance with these requirements.

Non-compliance

Believing in long-term relationships, Hilti does not break off relations due to non-compliance, as long as there is a willingness to improve based on an agreed-to plan of action to comply with our requirements within an acceptable time frame. Repeated violations of these requirements will result in the termination of cooperation. Hilti is also prepared to take country or cultural differences and other relevant factors into consideration, but will not compromise on the fundamental requirements described in this code of conduct for suppliers.

Hilti in brief



Hilti provides leading-edge technology to the global construction industry. Hilti products, systems and services offer the construction professional innovative solutions with outstanding added value. The headquarters of the Hilti Group are in Schaan in the Principality of Liechtenstein.

Almost 21,000 employees, in more than 120 countries around the world, enthuse their customers and build a better future. The corporate culture is founded on integrity, courage, teamwork and commitment.

Hilti excels through outstanding innovation, top quality, direct customer relations and effective marketing. Two-thirds of the employees work directly for the customer in sales organizations and in engineering, which means a total of more than 200,000 customer contacts every day. Hilti has its own production plants as well as research and development centers in Europe and Asia.

Founded in 1941, the worldwide Hilti Group evolved from a small family company. Since 2000, the Martin Hilti Family Trust holds all shares and, since January 2008, all participation certificates of the Hilti Corporation. This safeguards the long-term subsequent development of company founder Martin Hilti's life's work.

Hilti upholds a clear value orientation and pursues a policy of stakeholder value. Integrating the interests of all the company's partners – customers, suppliers and employees – into its strategy and actively honoring its social and ecological responsibility creates the foundation of trust that makes possible the long-term success of the company.

Hilti. Outperform. Outlast.

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