

# Thinking ahead. Acting today.

## Sustainability Report 2012

According to the GRI 3.1 guidelines



**Schindler**

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## Introduction

The Sustainability Report (the Report) describes the economic, environmental, and social impacts of Schindler's activities. It also provides details of Schindler's corporate values and governance, and shows the link between its strategy and its commitment to sustainable urban mobility.

Schindler has adopted the Global Reporting Initiative (GRI) guidelines – a widely recognized global framework for sustainability reporting. This framework ensures greater organizational transparency and accountability and enables the company to effectively communicate information on its sustainability performance to its stakeholders. When developing the Report, Schindler took account of the GRI G3.1 guidelines and adopted the same structure to allow comparability.

Schindler established a Corporate Sustainability Office (CSO) in 2012. One of its first tasks was the implementation of a more comprehensive sustainability reporting structure according to GRI. Its other activities have since included setting up a Sustainability Network within the company, developing a Sustainability Framework and a Corporate Sustainability Policy, and enhancing communication activities on sustainability topics.

Schindler's sustainability reporting has continued to evolve and now not only informs stakeholders about the company's economic and environmental performance but also provides information on Schindler's social performance. This approach brings Schindler's reporting into line with GRI requirements. The Sustainability Framework is designed to allow for triple bottom line reporting, i.e. it encompasses the economic, environmental, and social dimensions of Schindler's activities. The goal of this Report is to focus on material indicators relating to Schindler's business rather than covering all performance indicators. Certain indicators are immaterial, as confirmed by the materiality process.

The information provided on Schindler's sustainability performance in 2012 incorporates the GRI framework while also ensuring continuity with regard to the content on the Corporate Citizenship website (CCRep). In the past, the CCRep focused more on environmental performance and less on social initiatives. This Report already provides information on a number of social indicators; this content will be extended in the future where appropriate.

Schindler's communication activities on sustainability topics are based on three documents: the Corporate Sustainability Policy, the Sustainability Brochure, and this Report. The Corporate Sustainability Policy focuses on Schindler's future challenges and sets out the main issues it faces in this context as well as its approach to addressing them. The Sustainability Brochure expands on these core topics by providing more specific information about the company's ambitions, initiatives, achievements, and targets. The Brochure also outlines the commitment to sustainability of both the Chairman of the Board of Directors and the Chief Executive Officer (CEO). This Report contains standard disclosures, details of Schindler's management approach, and data on sustainability performance indicators.

The information contained in this Report relates to the period from January 1, 2012, to December, 31, 2012, unless otherwise stated.

## 1 Strategy and analysis

### 1.1 Statement from the most senior decision-maker of the organization

Chairman's statement:

Mobility is an essential requirement in the world in which we live and work. Schindler is renowned as a global provider of smart, sustainable mobility solutions. Quality and safety are the hallmarks of our business: every day, one billion people across five continents place their trust in our products and services. At Schindler, we believe that mobility is about more than just reaching a destination: mobility begins in the mind. We are committed to continuously improving the environmental footprint of our products and processes as well as our social conduct.

CEO's statement:

Sustainability is rooted in our past and is an integral part of our culture. It shapes the way we conduct our business and interact with our colleagues and stakeholders each day. It also ensures that we take a responsible, long-term view and motivates us to improve both the environmental and economic performance of our company in order to achieve lasting success.

The full statements of the Chairman and CEO are provided in the [Sustainability Brochure](#), pages 3 and 9.

Additional information on Schindler's overall vision and strategy for the next three to five years is available in:

- Milestones ([Group Review 2012](#), first booklet in the Annual Report (GR 2012), flip cover)
- Schindler in Brief ([GR 2012](#), pages 2-3)
- Statement of the Board of Directors ([GR 2012](#), pages 15-21)

### 1.2 Key impacts, risks, and opportunities

#### Safety

Schindler's key social impacts include: ensuring the safety of its customers and employees, providing customers with the products and services they expect from a leading market participant, and investing in the professional training and development of employees. Schindler does not compromise on safety in any aspect of its work. As well as striving to systematically guarantee customer safety, Schindler wants to continue to improve employee safety following its success in this area over the last six years.

#### Customer Excellence

As part of its commitment to offering high-quality products and services to existing and potential customers, Schindler launched its Customer Excellence program in 2012. The program is designed to provide additional training for Schindler's teams of service technicians as well as survey tools to ensure the company can realize its value proposition.

## People development

People development is essential to ensure that all employees possess the necessary skills and expertise to perform their roles. Schindler's People Strategy includes a leadership framework, a performance management initiative, a recruiting strategy, a global technical training and certification scheme, and a career development program to ensure a pipeline of potential leaders within the company.

## Key environmental impacts

Schindler's key environmental impacts include: the energy efficiency of its products, its global service fleet of around 20 000 vehicles, the environmental footprint of production facilities, and supply chain activities.

- Schindler can reduce the energy needs of buildings by providing mobility solutions featuring elevators and escalators that are best-in-class in terms of energy efficiency. Enhancing the energy efficiency of buildings is becoming increasingly important in view of global urbanization: it is estimated that by 2050, over 70% of the world's population will live in urban areas. Schindler's objective when developing new elevators and escalators is therefore to achieve continued advances in energy efficiency.
- Schindler operates a global fleet of service vehicles. This is essential in order for it to effectively maintain its product portfolio and deliver a swift and reliable service to its customers. The service fleet has a significant environmental impact in the form of CO<sub>2</sub> emissions. Schindler therefore strives to reduce the amount of CO<sub>2</sub> emissions by replacing vehicles in its service fleet with more environmentally friendly models and through route optimization.

Schindler measures the environmental footprint of its production facilities in order to monitor the reduction of energy and waste, and it sets targets to improve their footprint and adheres to the ISO 14001 standard. By 2012, Schindler had obtained ISO 14001 certification for 70% of its production sites worldwide. Its next goal is to measure the environmental effect of its supply chain in order to set targets to reduce its impact on the environment.

## Key economic impacts

Schindler's key economic impacts include: strengthening its global presence and the related expansion of its service network in individual markets. Today, seven out of ten elevators are sold in the Mumbai – Seoul – Hong Kong triangle and only three in the rest of the world. To preserve its long-term competitiveness, Schindler is therefore assigning priority to strengthening its market position in growth markets. This expansion entails large investments in new production facilities, the costs of launching the new Schindler 5500 and Schindler 3600 elevator lines, and charges for the expansion of market and research capabilities. Schindler observes the highest ethical standards when conducting its business activities. Its information policy is based on the honest, accurate, prompt, and consistent communication of information to its stakeholders.

## Code of Conduct

The Schindler Code of Conduct (CoC) was introduced in 1997. All Schindler employees pledge to observe the highest ethical standards of professional and personal conduct in their interaction with customers, colleagues, business partners, competitors, regulators, and the communities in which they work. Schindler's state-of-the-art compliance program helps to ensure Group-wide adherence to integrity and compliance standards.

Further information is available at: [www.schindler.com/corporatecompliance](http://www.schindler.com/corporatecompliance)

## Sustainability reporting

As part of Schindler’s commitment to providing transparency about its financial performance and corporate governance, its sustainability reporting has been extended to give stakeholders in general – and investors in particular – key information on its performance and future goals in the area of sustainability.

The following table provides a summary of Schindler’s key sustainability performance indicators and goals:

Sustainability indicators	Goals 2013-2016
<b>People</b>	
Employee safety	Lost time injury frequency rate (LTIFR) to be improved by a further 25% by 2016 compared to the 2012 rate.
Customer Excellence	Introduction of the Net Promoter system in 2013. Complete training on Customer Excellence (CE) at IMD for all target groups by end-2013. Enhancement of CE program based on results from Net Promoter Score (NPS) and percentage detractors. Further information is available in PR5, page 31.
People development	Rollout of an enhanced People Strategy to further improve performance, employee engagement, and leadership capabilities in 2013 to 2015.
<b>Planet</b>	
Energy-efficient elevators	Schindler 3300, Schindler 5500 and Schindler 7000 achieved VDI A rating by 2012.
Service fleet	CO <sub>2</sub> emissions to be reduced by 30% by 2016 compared to 2012 levels.
Production facilities	All production facilities to comply with ISO 14001 standard by 2015.
Supply chain	Introduction of a system to capture key environmental data for all outbound deliveries by 2015.
<b>Profit</b>	
Economic targets	Further information is available in the <a href="#">GR 2012</a> , pages 15-20.
Ethical business behavior	To ensure that all employees observe the principles of the Code of Conduct (CoC), all Schindler managers (including those with market-focused functions such as sales, procurement, etc.) will continue to receive refresher training on the CoC; this will be extended to include technicians.
Transparent reporting	Introduction of the Sustainability Report in-line with GRI 3.1 application level B and the Sustainability Brochure.

## 2 Organizational profile

### 2.1 Name of the organization

The name of the reporting organization is Schindler Holding Ltd.

### 2.2 Primary brands, products, and/or services

The company was founded in 1874 in Lucerne, Switzerland. Today, the Schindler Group is one of the world's leading providers of elevators, escalators, and moving walks, and is active in the areas of production, installation, maintenance, and modernization. It has operations in more than 100 countries.

The Group employed 45 246 people as at end-2012. Around 59% of employees worked in the areas of installation and maintenance, 8% at production plants in the USA, Brazil, Europe, China, and India, and 33% in engineering, sales, and administration. The company reported revenue of CHF 8 258 million for 2012.

Schindler is a global provider of mobility solutions. Each day, its elevators and escalators transport one billion people to their destination – rapidly, efficiently, and in accordance with their diverse needs. Its offering ranges from cost-effective solutions for low-rise residential buildings to sophisticated access and transport management concepts for multifunctional high-rise buildings. Schindler moves people and materials and connects vertical and horizontal transport systems through its smart mobility solutions, which are driven by energy efficient and user-friendly technologies.

**Products:** Its range of passenger elevators cover the entire spectrum of customer needs – from affordable solutions that meet basic transportation requirements in low-rise buildings through to mid-rise solutions for the residential and commercial market segments and, finally, advanced solutions that are targeted at the high-rise segment.

Schindler's freight elevators are designed to move small or large volumes of light or heavy-duty freight.

Schindler produces escalators and moving walks for a wide range of applications, from shopping malls, offices, hotels, and entertainment centers to airports, subways, and railway stations. Moving walks – whether inclined or horizontal – provide an efficient means of transportation in public spaces.

**Modernization:** Specific modernization solutions ensure the safety, reliability, and comfort of existing installations and also serve to protect long-term building infrastructure investments. Schindler can replace entire systems or modernize them on a gradual basis by replacing individual parts. It can upgrade any installation to meet changing passenger needs and to comply with official regulations.

**Services:** Schindler provides a swift and reliable service thanks to its extensive network of service technicians, which ensures its close proximity to customers. Its maintenance offering is transparent and can be tailored to individual customer needs.

**Production:** Schindler has its own production plants in the USA, Brazil, Spain, Switzerland, Slovakia, and China. In total, 80% of production is outsourced.

Research and Development: Schindler invests over CHF 100 million in research and development each year in order to develop smart and innovative mobility solutions that feature state-of-the-art and user-friendly energy efficient technology.

Technology: Schindler is committed to developing leading products based on innovative new technology. Its offering ranges from cost-effective solutions for low-rise residential buildings to sophisticated access and transport management concepts for multifunctional high-rise buildings. Examples of innovations include: the first patent for elevators without a machine room, the Miconic 10 hall call destination system; its successor, Schindler ID, incorporating personalized access control, and PORT technology, which is already the third-generation hall call destination system.

**2.3 Operational structure of the organization**



Further information on the company’s organizational structure is available in the Financial Statements and Corporate Governance, the second booklet in the Annual Report ([FSCG 2012](#)), pages 118-132.

A list of principal investments is provided in the [FSCG 2012](#), page 106.

**2.4 Location of organization’s headquarters**

Schindler Holding Ltd. is located in Hergiswil, Canton of Nidwalden, Switzerland.



## 2.5 Number of countries and location of operations

Schindler has subsidiaries in the following countries:

- Europe: Andorra, Austria, Belgium, Bosnia and Herzegovina, Bulgaria, Croatia, Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Latvia, Liechtenstein, Lithuania, Luxembourg, Malta, Monaco, Netherlands, Norway, Poland, Portugal, Romania, Russia, Serbia, Slovakia, Slovenia, Spain, Sweden, Switzerland, Turkey, UK, and Ukraine.
- Americas: Argentina, Brazil, British Virgin Islands, Canada, Chile, Colombia, Costa Rica, Mexico, Peru, Uruguay, USA, and Venezuela.
- Asia, Australia, Africa: Australia, Bahrain, Botswana, Brunei, Cambodia, China, Egypt, Ghana, India, Indonesia, Israel, Japan, Kenya, Malaysia, Morocco, Myanmar, Namibia, New Zealand, Philippines, Qatar, Saudi Arabia, Singapore, South Africa, South Korea, Taiwan, Thailand, United Arab Emirates, and Vietnam.

This Report contains information on all of Schindler's subsidiaries, including details of its production facilities.

## 2.6 Nature of ownership and legal form

Schindler Holding Ltd. is a public company listed on the SIX Swiss Exchange. Information on its capital structure is available in the [FSCG 2012](#), pages 115-116, sections 2.1- 2.6.2. Information on its registered shares and participation certificates is available in the [GR 2012](#), pages 68-69.

## 2.7 Markets served

Schindler is a leading global provider of elevators, escalators, and moving walks. It is active in the areas of production, installation, maintenance, and modernization. Schindler develops, plans, produces, and installs mobility solutions in accordance with customer requirements. Its offering ranges from cost-effective solutions for low-rise residential buildings to sophisticated access and transport management concepts for multifunctional high-rise buildings. Its comprehensive service offering is designed to ensure the smooth functioning of its products throughout their service life. Additionally, Schindler provides customized solutions for the modernization and replacement of existing installations.

Schindler creates value by supplying energy-efficient products, providing services that meet customer expectations, and offering modernization solutions. This enables architects to design buildings that comply with green building practices.

Schindler has more than 1 000 branch offices in more than 100 countries worldwide.

## 2.8 Scale of the organization

Number of employees at end-2012	45 246
Number of operations	Information on principal investments is available in the <a href="#">FSCG 2012</a> , page 106.
Revenue in 2012	CHF 8 258 million
Total capitalization (debt and equity)	Further information is available in the <a href="#">FSCG 2012</a>
Products or services provided	Further information is available in the <a href="#">GR 2012</a> , flip cover Our products and services.
Total assets at end-2012	CHF 7 822 million
Beneficial ownership (including identity and ownership interest of largest shareholders)	At end-2012, registered shares of Schindler Holding Ltd. were held by 4 619 shareholders (previous year: 4 622). On the same date, the Schindler and Bonnard families, together with parties related to these families, held within the scope of a shareholders' agreement 50 077 828 registered shares (previous year: 50 073 638) of Schindler Holding Ltd., corresponding to 70.1% (previous year: 69.8%) of the voting rights of the share capital entered in the Commercial Register.

## 2.9 Significant changes during the reporting period

None.

## 2.10 Awards received in the reporting period

This section contains a selection of awards and is not an exhaustive list.

### - Red Dot Design Award:

A 30-member jury selected Schindler's PORT Office Trim door lock for the 2012 Red Dot Award in Product Design. Jointly developed by Schindler and Interflex Datensysteme GmbH, the innovative door locking system combines robust access control functionality with an attractive design. Further information is available at: [Schindler Red Dot Design Award](#).

### - Forbes 100 Most Innovative Companies:

In 2012, the US business magazine Forbes included Schindler on its list of the world's 100 most innovative companies for the second year in succession. Further information is available at: [Forbes Innovative Companies List](#).

## **3 Report parameters**

### **3.1 Reporting period**

The information contained in this Report, the GR, and the FSCG relates to the period from January 1, 2012, to December, 31, 2012, unless otherwise stated.

### **3.2 Date of most recent report**

This is the first report which has been compiled by Schindler according to the GRI 3.1 guidelines.

### **3.3 Reporting cycle**

The report is published annually.

### **3.4 Contact point for questions regarding the report**

The contact point for the Report is Schindler's Corporate Communications department.

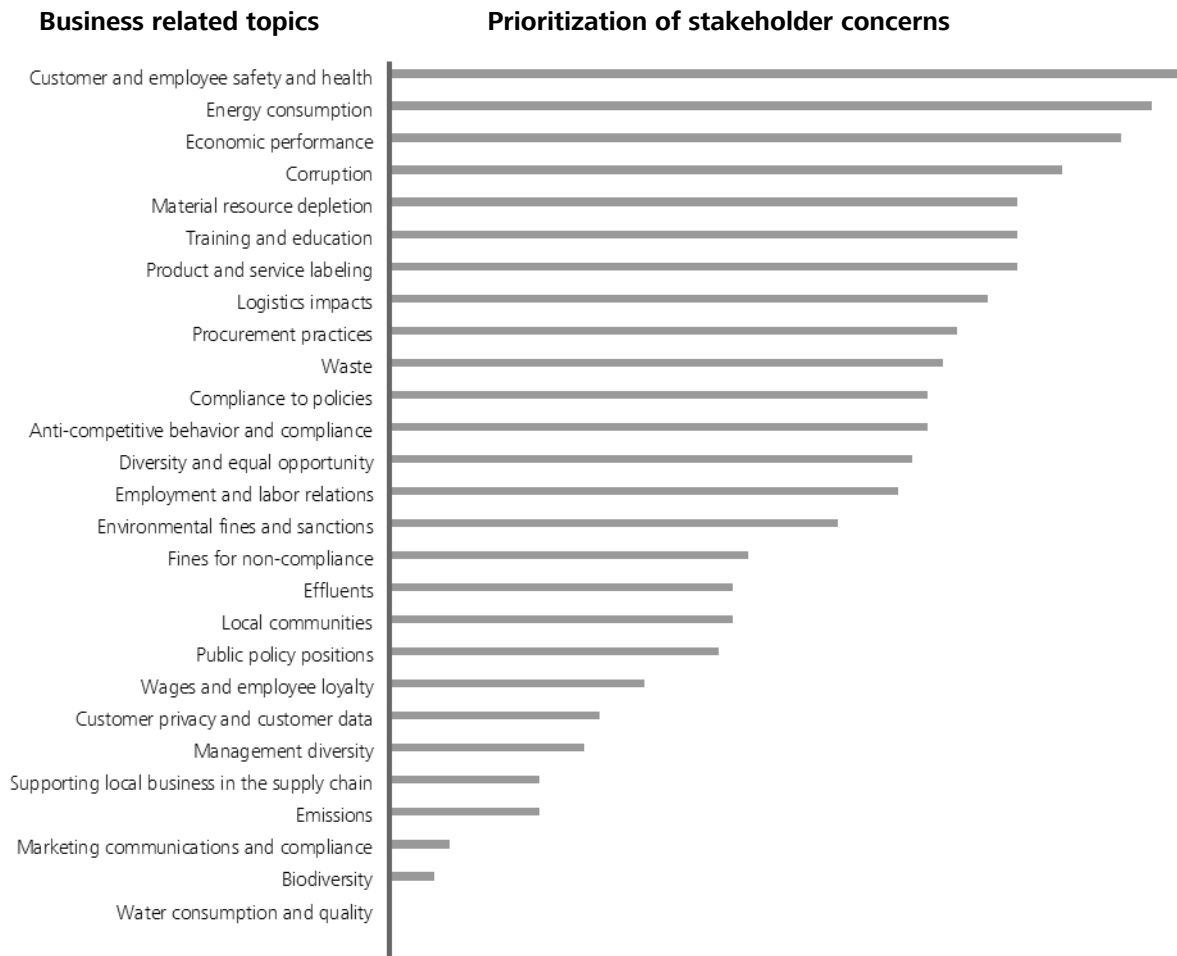
Telephone: +41 41 445 31 31; e-mail: [corporate.citizenship@schindler.com](mailto:corporate.citizenship@schindler.com)

Further information is available at: [www.schindler.com/corporatecitizenship](http://www.schindler.com/corporatecitizenship)

### **3.5 Process for defining report content**

The global Sustainability Council (SC), which represents all relevant corporate functions, determined the materiality of the sustainability topics for the purpose of this Report. All the GRI performance indicators were grouped into 27 main topics. The internal evaluation resulted in the production of the materiality index, in which topics were prioritized according to stakeholder concerns (a list of stakeholder groups is provided in 4.14). The materiality index serves as the basis for the definition of Schindler's sustainability strategy.

## Materiality index



Sustainability topics are dynamic and the materiality index will be reviewed periodically to ensure it remains relevant to both Schindler and its stakeholders.

### 3.6 Boundary of the report

This Report includes all Schindler companies and subsidiaries. Further information is available in section 2.5.

### 3.7 Limitations on the report's scope or boundary

There are no specific limitations on the scope of the Report.

### 3.8 Comparability due to reporting on other entities

Almost all logistics processes are outsourced. A system is currently being designed for implementation during 2014-2015. It will allow the inclusion of CO<sub>2</sub> data and other sustainability data relating to logistics processes.

### 3.9 Data measurement techniques

Data have been collected from various internal information platforms, including SAP modules, ISO 9001 and ISO 14001 management systems, procurement systems, and financial and legal databases. Environmental data have been compiled according to Schindler's guidelines. Social data are mainly based on GRI definitions. In a few isolated cases, existing Schindler definitions were used and the corresponding references were included in the GRI Index.

The Schindler Group's consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and are compliant with Swiss company law. The Financial Statements have been prepared using the accrual basis of accounting and the historical cost approach.

A standard and well-recognized reporting tool for collecting and managing sustainability data was configured in 2012 and introduced in 2013. This has enabled comprehensive data gathering and analysis, as well as the reporting of consolidated results.

### **3.10 Explanation of restatements**

There are no restatements.

### **3.11 Significant changes**

There has been an increase in scope and data coverage compared to the previous reporting period (the CCRRep mainly focused on environmental performance). The reporting has now been extended to include additional environmental as well as social performance data.

### **3.12 Table identifying the location of the standard disclosures**

Standard disclosures are included in the Report and – for easy reference – in the GRI Index, which provides the status of each disclosure. Management disclosures are set out at the beginning of sections 5, 6, and 7.

### **3.13 Policy and current practice with regard to seeking external assurance for the report**

External assurance was not sought for the Report.

## **4 Governance, commitments, and engagement**

### **Governance**

The Corporate Governance Report contains the information required by the Directive on Information Relating to Corporate Governance issued by the SIX Swiss Exchange, effective December 31, 2012, and is structured in accordance with the Directive. Governance is covered in detail in the FSCG 2012 as well as at: [www.schindler.com/corporategovernance](http://www.schindler.com/corporategovernance).

#### **4.1 Governance structure**

Further information is available in the Corporate Governance Report in the FSCG 2012, pages 112-146.

#### **4.2 Position of the Chairman of the Board**

Alfred N. Schindler (1949, Switzerland), Chairman, joined the Board of Directors in July 1977 and has been Chairman of the Board of Directors since 1985. From 1985 until September 30, 2011, Mr. Schindler was CEO of the Group and Chairman of the Supervisory and Nomination Committee. After handing over the function of CEO, he remains Chairman of the Supervisory and Nomination Committee.

#### **4.3 Independence of Board members**

The Board of Directors consists of at least five – but no more than ten – members, as stipulated in the Articles of Association (March 2010 version). As of December 31, 2012, four members are executive members of the Board of Directors, three of whom form the Supervisory and Nomination Committee. The six remaining members are non-executive members of the Board of Directors.

Further information is available at: [www.schindler.com/corporategovernance](http://www.schindler.com/corporategovernance).

#### **4.4 Mechanisms for shareholder consultation**

The General Meeting of shareholders is the supreme body of the Corporation. Both the registered shares and the participation certificates are traded on the SIX Swiss Exchange. Holders of participation certificates have the same rights as holders of registered shares with the exception of attendance at the Annual General Meeting and voting rights.

Further information is available in the Articles of Association of Schindler Holding Ltd. at: [www.schindler.com/investorrelations](http://www.schindler.com/investorrelations) as well as in the [FSCG 2012](#), pages 141-142, and the [Organizational Regulations – Schindler Holding Ltd.](#)

#### **4.5 Linkage between compensation for members of the highest governance body, senior managers, and executives and the organization's performance**

The success of the Schindler Group depends to a large extent on the quality and commitment of its employees. The aim of the compensation policy is to attract, motivate and retain qualified employees. Performance-related compensation has the additional objective of promoting an entrepreneurial mindset and approach.

The most important principles are:

- Performance-related compensation consistent with the market
- Participation in the company's success
- Fairness and transparency in compensation decisions
- A balance between short-term and long-term compensation.

Further information is available in the Compensation Report in the [FSCG 2012](#), pages 132-141.

#### **4.6 Processes in place for the highest governance body to ensure conflicts of interests are avoided**

Each board member and member of the Group Executive Committee shall arrange his personal and business affairs so as to avoid a conflict of interest. Where the possibility of a conflict of interest arises, the person in question shall declare that possible conflict to the Chairman or to the CEO (or in the case of the Chairman to the Vice-Chairman).

Further information is available in the [FSCG 2012](#), Corporate Governance Report, pages 112-146, and the [Organizational Regulations – Schindler Holding Ltd.](#), section 2.3.

#### **4.7 Process for determining the qualifications and expertise of the members of the highest governance body**

Further information is available in the [FSCG 2012](#), pages 123-124, and the [Organizational Regulations – Schindler Holding Ltd.](#)

#### **4.8 Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation**

The Schindler Navigator Book defines the company's strategic direction to achieve success in the elevator and escalator market. It sets out Schindler's vision of "Leadership through Customer Service", as well as Schindler's corporate values, goals and objectives, and details of how it executes its strategy.

The Schindler Code of Conduct defines how employees shall maintain the highest standards of professional and personal conduct in their relationships with customers, fellow employees, suppliers, competitors, governments and communities and includes five principles for Schindler employees to adhere to.

The following policies support Schindler's commitment to sustainability and can be found in the Fundamentals section (including the Navigator Book) at: [www.schindler.com/corporateculture](http://www.schindler.com/corporateculture):

- Corporate Sustainability Policy
- Employee Safety and Health Policy
- Schindler Group Human Resources Policy (HR Policy)
- Corporate Quality Policy

#### **4.9 Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance**

Sustainability falls within the remit of Corporate Human Resources and is reviewed by the Group Executive Committee (governance body). The member of the Group Executive Committee with responsibility for Corporate Human Resources is assisted by the Corporate Vice President Safety and Sustainability.

The global Sustainability Council (SC) consists of representatives of different departments within Schindler, including relevant corporate functions as well as the production and service organization. The SC identifies sustainability initiatives for Schindler, which are subsequently presented to the CEO and the Group Executive Committee for evaluation and approval.

#### **Commitments to external initiatives**

##### **4.10 Processes for evaluating the highest governance body's own performance**

The General Meeting of Shareholders is the supreme body of the Corporation. Further information is available in the Articles of Association of Schindler Holding Ltd., specifically section V on the General Meeting, at: [www.schindler.com/investorrelations](http://www.schindler.com/investorrelations).

##### **4.11 Explanation of whether and how the precautionary approach or principle is addressed**

Schindler's commitment to sustainability is enshrined in its Corporate Sustainability Policy. This Policy outlines Schindler's approach to sustainability, which is based on three pillars – people, planet, and profit – and defines the direction that it should take regarding key sustainability challenges. The Policy is available at: [www.schindler.com/corporateculture](http://www.schindler.com/corporateculture).

Schindler defines and evaluates the most important risks facing the Group in a four-phase process based on a detailed risk catalog. These risks are divided into the categories of product, market, and business risks; financial, operational and organizational risks; as well as safety, health, and environmental risks. In all risk categories, the legal aspects are also evaluated. The four phases of the process are as follows:

- Each Group company creates a risk matrix as part of its budget process
- The risks are combined within the Group matrix and evaluated in detail by an interdisciplinary Risk Committee comprising the responsible heads of the product groups and Group staff offices. Based on the evaluation, a detailed catalog of measures to address the most important risks is presented to the Group Executive Committee
- The Group Executive Committee evaluates the risk matrix and the proposed catalog of measures and proposes any additions
- The most important risks, along with possible measures to prevent and minimize potential harm arising from them, are presented to the Board of Directors for approval

Internal Audit, the auditing body, and the Compliance department support the Board of Directors in exercising its supervisory and control functions.

#### **4.12 Externally developed economic, environmental, and social charters, principles, or other initiatives**

Schindler is a member of the Partnering Against Corruption Initiative (PACI). PACI is a global platform allowing companies and business leaders to maximize their collective impact in the fight against corruption. It is historically focused on improving compliance practices and fosters a high-level dialogue between businesses and governments on key corruption challenges. Further information is available at: [PACI](#).

#### **4.13 Memberships in associations and/or national/international advocacy organizations**

Schindler participates in various local industry and trade associations. For example, it is a member of the European Lift Association, the National Elevator Industry Inc. (NEII) in the USA, and the Lift and Escalator Contractors Association in Hong Kong.

Schindler is a member of various councils of The Conference Board – a global, independent business membership and research association that works in the public interest. They include the Council on Corporate Responsibility and Sustainability, the Council on Environment and Product Stewardship, and the Council on Health and Safety, as well as the Global Advisory Council.

### **Stakeholder engagement**

#### **4.14 List of stakeholder groups**

Schindler's stakeholder groups include employees, customers, shareholders, suppliers, trade unions, governmental authorities and non-governmental organizations, as well as other groups within society such as lobby groups, local communities, and special interest groups.

Schindler's operations have a limited direct impact on the vast majority of its stakeholder groups. This was demonstrated by an evaluation performed by the global Sustainability Committee when determining the materiality of issues such as stakeholder engagement. The findings of this evaluation fall within a group of issues that will be managed on a case-by-case basis until circumstances demand a different approach.



#### **4.15 Basis for identification and selection of stakeholders with whom to engage**

Schindler is willing to engage in a dialogue with all of its stakeholders.

The contact point for this Report is Schindler's Corporate Communications department.

Telephone: +41 41 445 31 31; e-mail: [corporate.citizenship@schindler.com](mailto:corporate.citizenship@schindler.com)

#### **4.16 Approaches to stakeholder engagement**

See 4.14.

#### **4.17 Key topics and concerns from stakeholders**

In principle, stakeholder interests are addressed on a case-by-case basis.

### **5 Economic dimension**

In the statement of the Board of Directors, Schindler declared that in order to preserve its long-term competitiveness, it is assigning priority to strengthening its market position in growth markets.

This expansion entails large investments in new production facilities, the costs of launching the new Schindler 5500 and Schindler 3600 elevator lines, and charges for the expansion of market and research capabilities.

"Leadership through Customer Service" is Schindler's vision. One billion people around the world use Schindler products every day, and Schindler wants to ensure that its customers and passengers can rely on high-quality mobility solutions and services at all times. Two factors are essential in order to achieve this. The first is the strengthening of Schindler's global presence and the related expansion of its service network in individual markets. The company is thus able to exploit different global growth cycles, to smooth out currency risks, to reduce response times thanks to its close proximity to customers, and, at the same time, to increase the effectiveness of its services. The second prerequisite is a clear focus on core competencies in order to pursue a cost leadership strategy aimed at outperforming the competition in an increasingly price-sensitive market.

At the same time, Schindler is committed to developing leading products that feature the latest technology. Its offering ranges from cost-effective solutions for low-rise residential buildings to sophisticated access and transit management systems for multifunctional high-rise buildings.

Schindler is systematically pursuing the above strategic direction in order to further expand its leading position, provide secure long-term employment, and generate added value for its shareholders.

## EC1 Direct economic value generated and distributed

2012	in CHF million
<b>Direct economic value generated</b>	
Revenue	8 258
<b>Economic value distributed</b>	
Operating costs	4 194
Employee wages and benefits	3 074
Payments to providers of capital	274
Payments to government (taxes)	253
Community investments	0
<b>Economic value retained</b>	<b>463</b>

## EC2 Financial implications and other risks and opportunities due to climate change

Schindler takes account of environmental factors by designing its products to be energy efficient. Climate change poses no direct risk to the company's activities.

## EC3 Coverage of the organization's defined benefit plan obligations

Schindler has a number of defined benefit plans. Individual defined benefit plans are managed by legally autonomous institutions. The governing bodies of these institutions have an obligation to act in the interests of the plan participants and are also responsible for the investment strategy. The largest plans are in Switzerland and the USA. Together they accounted for 80% (previous year: 79%) of the Group's total defined benefit obligations and 91% (previous year: 91%) of its plan assets.

Further information is available in the [FSCG 2012](#), pages 47-57.

## EC6 Policy, practices, spending on local suppliers

Corporate Purchasing is managed by a network of category and country teams, which work together closely to achieve the best possible results. The organization is extended to production-, and non-production suppliers. When purchasing production materials, Schindler relies on a network of more than 20 000 suppliers. Schindler assesses the performance of these key suppliers in areas such as compliance with the Schindler Vendor Policy, system quality, environmental management practices, and certifications.

Total purchasing volume rate for production materials (%)	2012	2011
Top suppliers	63.2	59.0
Certified according to ISO14001 or an equivalent standard	38.0	31.8
Alternative environmental management systems	8.6	8.2
Total purchasing volume rate for non-production materials and services (%)	2012	2011
Top suppliers	48.5	37.4
Certified according to ISO14001 or an equivalent standard	18.8	13.8
Alternative environmental management systems	15.8	15.5

Schindler has seven strategic sourcing offices to support its global operations:



### **EC9 Significant indirect economic impacts**

Schindler's most significant indirect economic impacts<sup>1</sup> will occur as it completes the construction of its new production facilities globally.

Once completed, the campus in Jiading, Shanghai – which covers an area of 315 000 m<sup>2</sup> – will comprise an escalator plant, an elevator plant, a 200-meter test tower, a training center, a show room, a research center, and Schindler's regional headquarters.

Once completed, the campus in Pune, India – which covers an area of 200 000 m<sup>2</sup> – will comprise an escalator plant, an elevator plant, a test tower, and a research center.

Schindler's other new production facilities include an elevator plant with a logistics center close to the Dunajská Streda escalator plant in Slovakia, as well as an elevator plant in Hanover, Pennsylvania.

## **6 Environmental dimension**

Schindler's environmental impacts are caused by three main factors: the energy consumption of its products, its service fleet, and its production facilities.

### **Environmentally efficient products and materials**

During the product design phase, environmental aspects are taken into account with regard to the preparation of materials, manufacturing, installation, operation, maintenance, and disposal.

<sup>1</sup> Indirect economic impacts include additional impacts generated as money circulates through the economy. This compares with direct economic impacts, which tend to consist of the immediate consequences of monetary flows to shareholders.

By designing products that use less energy while in operation, Schindler helps to reduce overall energy consumption in the buildings in which they are installed – thus creating value for its customers. A particular emphasis is placed on energy efficiency when designing the elevator and door drives, car lighting, and the control and ventilation systems.

### Service fleet

Schindler has a service fleet of around 20 000 vehicles globally. This service fleet accounts for around two-thirds of Schindler’s direct environmental impacts. Schindler therefore strives to reduce these impacts by replacing vehicles in the fleet with more environmentally friendly models that feature new technology – allowing for reductions in fuel consumption and emissions. Route optimization also allows it to improve its environmental performance in this area.

### Production sites

By end-2012, Schindler had obtained ISO 14001 certification for 70% of its production facilities worldwide. The implementation of ISO 14001 is accompanied by the periodic definition of targets for key indicators. As part of the implementation process, Schindler is executing initiatives to reduce waste generation and water consumption. Another area of focus is the reduced usage of volatile organic compounds (VOCs) through the gradual transition from solvent-based paints to water-soluble paints.

### EN3 Direct energy consumption

The service fleet accounts for the largest proportion of direct energy consumption, followed by the use of electricity and natural gas.

Direct energy consumption 2012	In gigawatt hours
Intermediate energy – buildings and processes	
Electricity	89
District heat	8
<b>Total intermediate energy</b>	<b>97</b>
Primary energy <sup>2</sup>	
Natural gas	63
Fuel oil	9
Others	1
Vehicles:	
Diesel	216
Gasoline	223
Others (gasoline/alcohol, LPG, CNG)	12
<b>Total primary energy</b>	<b>524</b>
<b>Total direct energy</b>	<b>621</b>

<sup>2</sup> Fossil fuel consumption figures were converted into gigawatt hours using standard conversion factors.

Schindler's electricity mix reflects a gradual move away from nuclear power and towards renewable resources.

Electricity mix in %	2012	2011	2010	2009	2008
Coal-fired power stations	31	33	30	30	29
Oil-fired power stations	6	4	4	5	6
Gas-fired power stations	10	9	10	10	9
Nuclear power stations	20	25	29	28	28
Hydropower stations	27	26	23	23	26
Other renewable resources	6	3	4	3	2

The size of Schindler's global service fleet increased in 2012, mainly reflecting the growth of the business. The reported increase in the proportion of petrol/gasoline-powered cars is attributable to the widening of the scope of consolidation. For every ten additional cars reported, seven used petrol/gasoline. It should also be noted that the diesel-powered cars used in the additional reporting units tend to be fitted with a particulate filter.

An increase in the use of particulate filters was also evident in the case of delivery vans. The ratio of petrol/gasoline-powered vehicles to diesel-powered vehicles is 37:63, reflecting the continuing trend towards the use of more diesel-powered vehicles.

Fuel performance of the service fleet 2012	Share of total distance travelled (%)	Fuel performance l/100km
Petrol/gasoline-powered cars	19.4	9.6
Petrol/gasoline-powered vans < 3.5 t	16.9	15.6
Diesel-powered cars with particulate filters	26.2	7.5
Diesel-powered cars without particulate filters	14.4	7.4
Diesel-powered vans < 3.5 t with particulate filters	15.4	7.7
Diesel-powered vans < 3.5 t without particulate filters	5.1	7.8
Gasoline/bioethanol-powered cars	2.6	11.8

#### EN4 Indirect energy consumption

Schindler's indirect energy consumption<sup>3</sup> originates mainly from purchased electricity.

Indirect energy consumption 2012	In gigawatt hours
Electricity	232
District heat	8
<b>Total indirect intermediate energy</b>	<b>240</b>

<sup>3</sup> Indirect energy consumption refers to the amount of electricity and steam purchased and consumed that originates from upstream generating activities to Schindler's reporting boundary according to Scope 2 of the WRI/WBCSD GHG Protocol. The latter refers to the Greenhouse Gas Protocol (GHG) initiative, which is a corporate accounting and reporting standard of the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD).

## **EN6 Initiatives to provide energy-efficient or renewable energy-based products and services**

Schindler's main focus is on improving the energy efficiency of its products and its service fleet.

### **Energy-efficient products**

Urban centers around the world account for approximately 80% of global pollution, and buildings consume 40% of the world's energy. Reductions in energy consumption therefore not only make it possible to preserve non-renewable energy sources for the future but to also lower pollution levels. Schindler is helping to make urban centers more sustainable by developing and supplying energy-efficient and resource-efficient mobility solutions.

To measure its progress in reducing the environmental impacts of its products, Schindler developed an ecological product comparison tool known as PEcoPIT to gather the information needed to perform life cycle assessments (LCA). It evaluates the consumption of energy and raw materials over the life cycle of products and enables the environmental load of new products to be compared with older models. The potential environmental impact is assessed using the Swiss Agency for the Environment, Forests and Landscape (SAEFL) method to determine ecological scarcity, which is measured based on environmental load units, as well as using the eco-indicator method based on eco-indicator points.

The daily energy requirements of buildings have a significant impact on the environment. The amount of energy used by elevators while in operation is a key factor determining their environmental impact. Schindler applies the VDI 4707 guidelines to obtain an accurate assessment of the energy efficiency of its elevators. Schindler has an A rating – the highest energy efficiency class according to VDI 4707 – for the Schindler 3300, Schindler 5500, and Schindler 7000 (high-rise) elevator lines. Environmental fact sheets for all products are available under Product Ecology at: [www.schindler.com/corporatecitizenship](http://www.schindler.com/corporatecitizenship).

### **Global Fleet Policy (GFP)**

The service fleet is mainly used by Schindler employees in connection with the maintenance of elevators and escalators. There is significant potential to reduce Schindler's carbon footprint in this area.

Since 2005, a number of local initiatives have been carried out to reduce the environmental impacts of the service fleet. They include replacing petrol/gasoline-powered vehicles with diesel-powered vehicles, fitting older vehicles with particulate filters, fitting new diesel-powered vehicles with particulate filters, and providing employees with eco-driving training. Further measures include the introduction of the Global Fleet Policy (GFP), a standardized procurement strategy, as well as a strict policy governing car brands. Further information on Schindler's service fleet is available under Site Ecology at: [www.schindler.com/corporatecitizenship](http://www.schindler.com/corporatecitizenship).

In 2012, further enhancements were made to the GFP. They not only include additional safety requirements for the fleet but also the definition of lower CO<sub>2</sub> emissions targets. Schindler aims to reduce the CO<sub>2</sub> emissions of the service fleet by 30% by 2016 compared to the level in 2012. The revised policy will enable Schindler to benefit from improved technology and will simultaneously reduce its overall carbon footprint.

## Green building standards

It is essential to take account of green building standards such as BREEAM, LEED, Minergie®, and Green Star when planning, constructing and operating sustainable buildings. Schindler complies with the specifications of the relevant international codes and assists architects and designers in obtaining green building certifications.

Schindler supplies mobility solutions for a range of buildings that have been constructed in accordance with green building standards in order to obtain the relevant certifications. Examples include:

- Brookfield Place in Perth, Australia: Green Star certification
- Heron Tower in London, UK: BREEAM certification
- Prime Tower in Zurich, Switzerland: Minergie® certification
- Kalpatara Square in Mumbai, India: LEED certification
- Schindler's own new buildings, e.g. Schindler's regional headquarters in Morristown, USA: LEED certification

Further information on ecological leverage and product and site ecology is available at: [www.schindler.com/corporatecitizenship](http://www.schindler.com/corporatecitizenship).

## EN7 Initiatives to reduce indirect energy consumption

Around 80% of a building's total environmental impacts occur while it is in use. Schindler supports the reduction of these impacts through the regular maintenance of elevators and escalators – thus ensuring that they remain clean, reliable, and energy-efficient.

Schindler also offers modernization solutions for older elevators or escalators, thus improving energy efficiency, and the safety and comfort of passengers. Modernization measures include the installation of new LED lighting systems, PF1 energy-recovery drives, and controls enabling elevators or escalators to switch to stand-by mode when not in use. The installation of the Miconic 10 hall call destination system and PORT technology when modernizing elevators can potentially increase the volume of passengers they transport by 30%.

## EN8 Total water withdrawal

A total of 544 000 m<sup>3</sup> of water was consumed during the 2012 reporting period. 96% of this water originated from municipal sources. The measurement of consumption excludes water charges included in rental agreements for administrative functions. Schindler does not pay directly for this water; it is estimated that it represents less than 5% of total consumption. Water consumption is not a business critical indicator for Schindler. However, it monitors this indicator based on the average consumption per employee.

## EN11-EN15 Biodiversity

Biodiversity is not reported as it is not a material indicator for Schindler's business. The company has limited direct impacts on local biodiversity through its operations, and no protected areas are affected.

## EN16 Total direct and indirect greenhouse gas emissions

Direct and indirect greenhouse gas emissions 2012	In kilotons of CO <sub>2</sub>
Fossil fuels for buildings owned by Schindler and processes	13
Fossil fuels for buildings leased by Schindler and processes	2
Fossil fuels for service fleet	116
Electricity	50
District heat	0
<b>Total CO<sub>2</sub> emissions</b>	<b>181</b>

Direct and indirect greenhouse gas emissions 2012	In kilotons of CO <sub>2</sub> equivalents
Fossil fuels for buildings and processes	62
Service fleet	175
Waste disposal	11
<b>Total CO<sub>2</sub> equivalents</b>	<b>248</b>

## EN20 NO<sub>x</sub>, SO<sub>x</sub>, and other significant air emissions by type and weight

The only noteworthy air emissions to result from Schindler's activities originate from solvents used during maintenance work on elevators and escalators.

Volatile organic compounds (VOC) 2012	In tons
Non-chlorinated	128
Chlorinated	0
<b>Total volatile organic compounds</b>	<b>128</b>



## EN22 Total amount of waste by type and disposal method

Almost three-quarters of Schindler's total amount of waste is recycled. Hazardous waste represents around 5% of the total amount of waste generated.

Waste 2012	In tons	% recycled	% incinerated	% sent to landfill
<b>Hazardous/special waste</b>				
Used oils and oil emulsions	1 356	63	31	6
Electric and electronic scrap	621	90	5	5
Other hazardous waste	289	40	36	24
<b>Total hazardous and special waste</b>	<b>2 266</b>	<b>67</b>	<b>25</b>	<b>8</b>
<b>Non-hazardous waste</b>				
Scrap metal	13 365	97	1	2
Paper and cardboard	3 990	94	6	0
Municipal waste	4 877	30	32	38
Other non-hazardous waste	14 661	62	35	3
<b>Total non-hazardous waste</b>	<b>36 893</b>	<b>74</b>	<b>19</b>	<b>7</b>
<b>Total waste</b>	<b>39 159</b>	<b>74</b>	<b>19</b>	<b>7</b>

## EN26 Mitigating environmental impacts of products and services

Schindler performs life cycle assessments (LCA) based on ISO 14040 and ISO 14044 to identify ways of improving the environmental performance of a product throughout its life cycle – from the development phase and procurement of raw materials to production, packaging and transportation, utilization, maintenance, and disposal:

- 30% of energy can be recovered<sup>4</sup> by feeding unused elevator energy back into a building's electricity network, resulting in a reduction in waste heat and elevator cooling requirements.
- The PORT transit management system optimizes the flow of traffic through buildings and offers highly customized levels of service.
- The Schindler 3300, Schindler 5500, and Schindler 7000 elevators achieved an A rating according to VDI 4707.
- ISO 14001 certification has already been obtained for 70% of Schindler's existing production facilities.
- One-third less energy is consumed by Schindler 9300 escalators with adjustable speeds, lightweight drive technology, and LED lighting compared to former product lines.

Further information, including details of the innovative features of selected products, is available in the [Sustainability Brochure](#), page 18.

## EN28 Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations

No significant fines were paid during the 2012 reporting period. Mandatory disclosures of non-compliance issues are provided in the [FSCG 2012](#), page 61.

<sup>4</sup> Energy recovery depends on the configuration of the elevator and inverter model as well as the building system.

## **EN29 Significant environmental impacts of transporting products and other goods and materials**

The two main transport-related causes of Schindler's environmental impacts are its service fleet and its logistics operations.

Further information on Schindler's service fleet is available in chapter 6, as well as GRI indicators EN3, EN6, and EN16.

The implementation of the Transport Order Management Solution (TOMS) will provide valuable data on the carbon footprint of logistics operations. A full set of data for both inbound and outbound logistics is expected to be gathered by 2015-2016. This is a complex project as it will not only combine data on different types of trucks and loads, distances travelled, fuel consumption and CO<sub>2</sub> emissions, but will also require close collaboration between Schindler and its network of suppliers. This network consists of suppliers of materials as well as providers of non-logistics services. TOMS will initially be implemented only in Europe; its geographical scope may be extended in the future. A major benefit of TOMS is that it will streamline processes between the various network partners, resulting in a net benefit for the environment in terms of CO<sub>2</sub> emissions as well as cost reductions.

## **7 Social dimension**

### **Human resources**

The Schindler Corporate Human Resources Policy defines the strategic content of Schindler's people initiatives. It is based on Schindler's corporate values and mission – as set out in the Navigator Book – and is targeted at all of Schindler's HR professionals as well as at all other employees who interact with people in their daily work. The Corporate Human Resources Policy also defines Schindler's leadership principles.

It is the skill, expertise, and professionalism of Schindler's employees that ultimately determines its success in the marketplace. It is therefore vital for Schindler to attract and retain the right people, who share its corporate values and objectives. Schindler treats all employees with respect and offers them a stimulating working environment in which they can thrive. To help achieve these goals, Schindler introduced a global People Strategy that provides managers and HR professionals with clear guidance on areas such as employee safety and health, people development, employment and motivation, work-life balance, and compensation.

### **Safety**

Safety is one of Schindler's core values. The company does not compromise on the safety of its passengers and employees.

- Passenger safety: from the design and production phases through to on-site installation, servicing, and inspections, Schindler's teams of professionals focus on providing safe and reliable mobility 24 hours a day.
- Employee safety: Schindler strives to offer a safe, stimulating, and innovative working environment for all its employees.

## Ethics

All managers and employees worldwide pledge to uphold the values and rules set out in the Schindler Code of Conduct: they shall act in an ethical manner and in compliance with all applicable laws and regulations. The implementation of the Code of Conduct is based on three pillars: Educate – Examine – Enforce. A global network of Compliance Officers support these efforts and monitor compliance with the Code of Conduct by conducting regular audits. The Group Compliance Officer has a direct reporting line to the Audit Committee appointed by the Board of Directors.

## Customer Excellence

Schindler launched a Customer Excellence program in 2012 to support its vision of “Leadership through Customer Service”.

## 7.1 Labor

### LA1 Total workforce by employment type, employment contract, and region

Schindler’s global headcount increased by 1.9% in 2012. Its headcount by business area remained constant in percentage terms.

Headcount by business area	2012		2011	
	Number	%	Number	%
Installation and maintenance	26 559	59	26 316	59
Production	3 587	8	3 450	8
Engineering, sales and administration	15 100	33	14 621	33
<b>Total</b>	<b>45 246</b>	<b>100</b>	<b>44 387</b>	<b>100</b>

Headcount by region	2012		2011	
	Number	%	Number	%
Europe	19 446	43	19 963	45
Americas	12 626	28	12 573	28
Asia, Australia, Africa	13 174	29	11 851	27
<b>Total</b>	<b>45 246</b>	<b>100</b>	<b>44 387</b>	<b>100</b>

### LA4 Percentage of employees covered by collective bargaining agreements

In principle, Schindler’s local management teams take care of all industrial relations at the appropriate level. Schindler communicates with all its employees – regardless of whether they have trade union representation – on a regular basis.

At Schindler, 64% of employees are covered by collective bargaining agreements. Schindler acknowledges the freedom of association of its employees and the right to collective bargaining within the framework of local laws in its [HR Policy](#), page 13.

#### **LA5 Minimum notice periods regarding significant operational changes**

Schindler complies with the employment laws and regulations – including rules governing minimum notice periods for significant operations changes – in the individual markets in which it operates. These laws and regulations may differ significantly from country to country. In certain markets, the minimum notice periods are specified in collective bargaining agreements, while in others, they are specified on a case-by-case basis. Notice periods range from no requirement to one year. Some countries specify different notice periods based on the length of service of affected employees and/or the seniority within the company. Alternative arrangements may also be put in place. In such cases, the terms set out in these collective agreements exceed the minimum statutory requirements.

#### **LA6 Workforce represented in formal joint management–worker health and safety committees**

Safety and Health (S&H) Committees have been established for all operations. Depending on the size of the operations concerned, these S&H Committees operate either at a local company level (small operations) or at both company level and regional level (larger operations) in order to cover the entire geographic breadth of that operation. The composition of these Committees complies with local legislation governing employee and management representation. The Committees meet as often as required by local legislation. A corporate S&H team provides further support to the operational committees in areas such as the rollout of corporate initiatives, safety leadership training, and assessments. Schindler holds a Global Safety Convention once every two years.

#### **LA7 Rates of injury, occupational diseases, lost days, fatalities and absenteeism**

In 2012, Schindler reduced its LTIFR by 22% compared to the previous year, resulting in an improvement of over 80% since the start of its behavior-based safety (BBS) initiative. The BBS was launched in 2007 and applies to all employees worldwide. It is continuously being adapted to address the most important aspects identified during internal assessments. In 2012, the initiative mainly comprised the following measures:

- Safety leadership training
- Special training on fall protection, hoistway access and accident investigations
- Safety walks by Group, regional, and local management
- Specific safety awareness videos developed by Schindler

#### **LA8 Education, training, counseling, prevention, and risk-control programs for serious diseases**

Schindler is committed to providing employees with a safe and healthy working environment. It therefore plans and implements a range of education, training, counseling, prevention, and risk control programs relating to serious diseases at a local level. This Report provides a few examples of local employee assistance programs. They are part of the vast range of initiatives run by Schindler that are tailored to the specific needs of its employees in individual countries.

In Switzerland, Schindler has a process in place to help identify cases of serious diseases among employees. These cases are treated with the consent of the employees, managers, and the relevant Human Resources department. The program also provides anonymous support on a broader range of issues such as burnout, mobbing, sexual harassment, general stress in the workplace, financial problems, addictions, dealings with public authorities, anxiety, and family conflicts or relationships problems.

In Australia, Schindler has introduced a financial program – the Employee Assistance Program – to support employees who have had a serious accident or have contracted a serious (non-work related) disease that prevents them from working and have used up their entire sick leave entitlement. Work-related accidents and diseases are covered through workers' compensation schemes. All employees have access to the Employee Assistance Program. This service, which is funded by the company, is a private arrangement between employees and the counseling service and is used in the case of serious diseases or family-related issues (e.g. where an employee requires marriage or family counseling). A separate health and wellbeing program focuses on the prevention of disease, as well as on education and training, and consists of newsletters, exercise programs, and health presentations by medical and nutritional experts. In addition to these programs, fundraising by employees provides further support for them to manage cases of serious disease.

In the USA, Schindler offers on-site education and training programs on various health topics and provides health coaches for employees and their families to help address serious medical conditions. Biometric screening, mammographies, flu vaccinations and health fairs are provided, and medical treatment is covered by the health care plan.

In Mexico, employees are offered monthly medical checks with an on-site doctor, as well as a range of external healthcare services. Additionally, first aid courses are provided twice a year for all employees and subcontractors. Health campaigns targeted at parasite control, vaccinations, and the detection of prostate cancer are conducted periodically. Employees can also benefit from a range of tests (including cholesterol, glucose, and yellow fever testing, as well as electro cardiograms, and densitometry analyses).

In South Africa, Schindler provides access to professional counseling for its employees and members of their families through its Employee Assistance Program. Its purpose is to provide constructive assistance in the form of confidential counseling and support (including assistance in goal setting, work/life balance and parenting skills). A financial assistance program assists employees with financial matters, offering them access to products such as personal loans, home improvement loans, educational loans, funeral assistance, and insurance. By providing debt counseling and legal advice, it relieves the burden on employees and their families. Through its HIV policy, Schindler promotes a non-discriminatory workplace in which people living with HIV and AIDS are able to be open about their HIV status without fear of discrimination. Schindler is committed to promoting appropriate and effective ways of managing HIV in the workplace to enable employees to continue working as long as they are medically fit to do so.

In China, an on-site doctor is available to provide first aid and medical support. All employees are offered an annual health check, which may include a routine blood and urine test, X-rays, an electrocardiogram (ECG), as well as an ultrasound test. Each year, all employees are educated about different seasonal or infectious diseases, including preventive actions to reduce the risk of transmission. These training sessions also give them an opportunity to consult with medical experts about other health-related matters.

### **LA10 Average hours of training per year per employee**

The average number of technical training days<sup>5</sup> provided per employee in 2012 was 5.50. This compares to Schindler's target of 5 days of training for installation and service technicians.

<sup>5</sup> One training day equals eight hours.

## **Global technical training and certification**

Around 60% of Schindler's workforce consists of installation and service technicians, who make a vital contribution to the success of the business. Reflecting its focus on the quality and safety of products, Schindler assigns the utmost importance to ensuring that employees have the necessary skills and expertise to perform their roles effectively. As a first step, Schindler assesses the core capabilities of its employees, offers appropriate training, and conducts a certification process to confirm that they have the skills needed for their work – thus guaranteeing that all technicians worldwide have a comparable level of expertise. Based on this global standard, Schindler provides any additional training on a targeted basis to meet the specific needs of a region or a subsidiary. Schindler's employee certification program provides at least five days of training per year, including technical training and frequent updates to ensure that employees are informed of mandatory regulatory changes.

## **LA11 Programs for skills management and lifelong learning**

Non-technical (behavioral) training at Schindler is based on a multi-channel approach – ranging from traditional classroom teaching to multimedia training courses that employees can complete on their laptops or mobile devices. Schindler offers a broad spectrum of courses to build skills, knowledge, and experience in all areas of the business, from new installations, service, and modernization to sales, finance and others. Schindler encourages cross-functional training to allow employees to broaden their career options.

Leadership is important within an organization because it is the leaders who drive and implement the new processes and ideas that help the company to evolve and become more sustainable. Consequently, the business training that Schindler provides has a specific focus on leadership development. Schindler offers a full range of business leadership training (BLT) courses, in addition to which employees can participate in group projects and job rotations to enhance their career development. Schindler runs a Leadership Academy to prepare employees in senior positions for the challenges of leadership and management in a complex global organization.

In addition, Schindler supports young talent through the Schindler Career Development Program (SCDP). The SCDP is an on-the-job management training program designed to develop a pipeline of future leaders and to prepare them to assume key management positions. This six-year program includes a functional rotation, an international assignment and professional leadership opportunities.

## **LA12 Employees receiving regular performance and career development reviews**

More than 75% of Schindler's employees receive a formal annual performance review with their manager, during which their skills and capabilities are assessed. Schindler provides training and development opportunities for all employees to promote high levels of motivation and performance and to help them realize their full potential.

## **7.2 Human rights**

### **HR4 Total number of incidents of discrimination and corrective actions taken**

The annual compliance assessment did not identify any significant incidents of non-compliance with Schindler's global policy on equal opportunities. Schindler does not tolerate discrimination in any form – particularly on the basis of ethnic origin, nationality, gender, sexual orientation, gender identity, religion, age, marital status, pregnancy, or disability.

### **HR6 Operations identified as having significant risk for child labor**

Schindler's rejection of the use of child labor is set out in the Schindler Code of Conduct and the Schindler Vendor Policy. It is also prescribed in country-specific labor laws. The annual compliance assessment did not identify any cases involving significant child labor risks.

### **HR11 Number of grievances related to human rights**

The Schindler Code of Conduct (Principle 2) states that Schindler adheres to high ethical standards by respecting the rights and dignity of all persons with whom employees deal. This corporate principle is supported by operational regulations and procedures, which go further in defining how Schindler addresses any grievances related to human rights. These procedures take account of local legislation – especially in countries with specific requirements in this area.

## **7.3 Society**

### **SO2 Number of business units analyzed for risks related to corruption**

All Schindler entities and all Schindler employees are covered by the Schindler compliance program. A core component of the program is the mandatory completion of a six-monthly online questionnaire by all employees with a corporate e-mail account. In addition to conducting this compliance questionnaire, Schindler performs regular corporate compliance audits. These audits include compliance briefings, reviews of accounts, spot checks on branch offices, and reviews of the local implementation of the compliance program.

Further information is available at: [www.schindler.com/corporatecompliance](http://www.schindler.com/corporatecompliance).

### **SO3 Employees trained in organization's anti-corruption policies and procedures**

The Schindler Code of Conduct states that Schindler employees around the world shall maintain the highest standards of professional and personal conduct in their relationships with customers, fellow employees, suppliers, competitors, governments and communities.

Schindler runs a comprehensive training program on anti-corruption efforts, including a dedicated eLearning module for all Schindler employees with a corporate e-mail account, and additional class room training for employees in a market-focused function, e.g. sales or procurement.

Schindler's framework of compliance rules is designed to promote awareness of the Code of Conduct and to support its implementation. It is structured in the form of a pyramid. The top level of the pyramid comprises the Code of Conduct, which encompasses five core principles. The next level of the pyramid comprises the guidelines that accompany the Code of Conduct; they explain the five principles in detail and are adapted to local legal requirements and translated into local languages. Dos and Don'ts form the base of the pyramid: they specify the correct behavior in risk areas such as: anti-trust, anti-bribery, corporate hospitality, insider trading, etc.

Further information is available at: [www.schindler.com/corporatecompliance](http://www.schindler.com/corporatecompliance).

### **SO4 Actions taken in response to incidents of corruption**

Schindler's Internal Compliance team investigates any potential signs of corruption. The Internal Compliance team is supported by external specialists in this area.

## **S05 Public policy positions and participation in public policy development and lobbying**

Public policy positions are primarily limited to trade associations in the elevator and/or escalator industry. Examples of countries in which Schindler is a member of trade associations include: Switzerland, Spain, South Africa, USA, Hong Kong and Taiwan.

## **S07 Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes**

As an internationally active group, Schindler is exposed to a multitude of legal risks. In particular, they may include risks associated with employment law, product liability, patent law, tax law, and competition law. Several of the Group companies are involved in legal proceedings. The result of pending or future proceedings cannot be accurately forecast, which means that decisions by courts or other authorities can give rise to expenses that are not covered fully, or at all, by insurance policies. Further information regarding the reporting period 2012 is available in the [FSCG 2012](#), page 61.

## **S08 Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations**

No significant fines were paid during the 2012 reporting period. Mandatory disclosures of significant non-compliance issues are provided in the [FSCG 2012](#).

## **7.4 Product responsibility**

### **PR1 Life cycle stages in which health and safety impacts of products and services are assessed**

The health and safety impacts of products are fully integrated into every phase of their life cycle, from the design phase to disposal, reuse or recycling.

The Product Cycle Process (PCP) is one of Schindler's key research and development processes and underscores its commitment to product safety. The PCP is a four-stage process. In the first stage, safety considerations are incorporated into the research and development phase (e.g. elevator safety codes are used to determine internal research and development requirements). In the second stage – once the elevators have been manufactured – they undergo rigorous on-site safety testing before being approved for use by the customer. In the third stage, Schindler carries out regular inspections as well as the CPSI (Confirmation of Periodic Safety Inspection) processes to ensure the safe use of its elevators. The CPSI ensures that all elevators in Schindler's portfolio operate safely and satisfy all applicable safety codes, requirements and regulations. In the fourth and final stage, the internal PEcoPIT process provides Schindler with an overview of energy consumption, restricts the use of hazardous materials, and enables the safe disposal of the product at the end of its life cycle.



**PR5 Practices related to customer satisfaction, including results of surveys**

Schindler has launched Customer Excellence – a program designed to deliver the solutions and services that customers expect globally. It defines the basic business processes needed to serve Schindler’s customers effectively and describes Schindler's value proposition. The Customer Excellence program incorporates a new Customer Survey System that measures and improves customer loyalty using a state of the art survey tool known as Net Promoter System.

Further information is available in the Sustainability [Brochure](#), page 12.

**PR9 Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services**

No significant fines were paid during the 2012 reporting period. Mandatory disclosures of significant non-compliance issues are provided in the [FSCG 2012](#), page 61.

## 8 List of definitions and abbreviations

ABBY	America's Best Building of the Year Award
AIA	American Institute of Architects
BBS	Behavior-based safety
BLT	Business and Leadership Training
BOMA NJ	Building Owners and Managers Association New Jersey, US
BREEAM	Building Research Establishment Environmental Assessment Method is a British method used to assess, rate and certify the sustainability of buildings.
CCRep	Corporate Citizenship website - this is an online section on Schindler's Group website
CE	Customer Excellence
CNG	Compressed Natural Gas
CoC	Code of Conduct
CPSI	Confirmation of Periodic Safety Inspection
CRF	Corporate Research Foundation, now known as the Top Employers Institute, Amsterdam, the Netherlands
CSO	Corporate Sustainability Office
EAP	Employee Assistance Programme
FSCG	Financial Statements and Corporate Governance – the second booklet in Schindler's Annual Report
GFP	Global Fleet Policy
GR	Group Review – the first booklet in Schindler's Annual Report
Green Star	A voluntary sustainability rating system for buildings in Australia launched in 2003 by the Green Building Council of Australia.
GRI	The Global Reporting Initiative is a leading organization promoting the use of its Sustainability Reporting Framework as a way for organizations to report on their economic, environmental, social, and governance performance. The reporting framework enables all companies and organizations to measure, understand, and communicate information on its sustainability impacts, performance and practices. Further information is available at: <a href="http://www.globalreporting.org">www.globalreporting.org</a> .
HIV	Human Immunodeficiency Virus
IFRS	International Financial Reporting Standards
IMD	Institute for Management Development, a leading business school in Lausanne, Switzerland
ISO	International Organization for Standardization
LCA	Life Cycle Assessment
LEED	Leadership in Energy and Environmental Design – United States standard (see BREEAM)
LPG	Liquid Petroleum Gas
LTIFR	Lost Time Injury Frequency Rate
Minergie®	A Swiss registered quality label for new and refurbished low-energy-consumption buildings that is mutually supported by the Swiss Confederation, the Swiss Cantons and the Principality of Liechtenstein, as well as trade and industry.
NPS	Net Promoter Score
Org. Reg.	Organizational Regulation – Schindler Holding Ltd.
PCP	Product Cycle Process

PEcoPIT	Product Eco-Performance Improvement Table/Tracking
PORT	Personal Occupant Requirements Terminal
SAEFL	Swiss Agency for the Environment, Forests and Landscape
SB	Sustainability Brochure
SC	Sustainability Council
SCDP	Schindler Career Development Program
S&H	Safety and Health
SLF	Schindler Loyalty Factor is a Schindler metric that is defined as the difference in percentage points between customers who would recommend Schindler to a business partner and those that would not.
SR	Sustainability Report, this Report
TOMS	Transport Order Management Solution – a database tracking the logistics footprint
VDI 4707	A guideline published by the Association of German Engineers (VDI). It measures and classifies elevators according to their energy performance. It defines an energy label and provides a figure for a yearly nominal energy demand. Seven energy efficiency classes provide a transparent and factual overview when rating elevators according to their energy performance. They range from A to G with A being the best-in-class system. Assessments are carried out using actual elevator installations, not theoretical models. Depending on the usage of the elevator, from the assessments relating to both standby and travel mode may need to be considered separately to form a common class: the Energy Efficiency Class of the elevator.
VOC	Volatile Organic Compound

## 9 GRI Content Index

G 3.1	GRI Content	Report 2012	References	Status
<b>Strategy and analysis</b>				
1.1	Statement from the most senior decision-maker of the organization	2	SB p. 3, 9 GR p. 2-3; 15-21	●
1.2	Key impacts, risks, and opportunities	2		●
<b>Profile</b>				
2.1	Name of the organization	5		●
2.2	Primary brands, products, and services	5		◐
2.3	Operational structure of the organization	6	FSCG p.106	●
2.4	Location of organization's headquarters	6		●
2.5	Number of countries and location of operations	7		●
2.6	Nature of ownership and legal form	7	FSCG p.115-116 GR p. 68-69	●
2.7	Markets served	7		●
2.8	Scale of the organization	8	FSCG p. 4-9; 106 GR flip cover	●
2.9	Significant changes during the reporting period	8	FSCG p. 60	●
2.10	Awards received in the reporting period	8		●
<b>Report parameters</b>				
3.1	Reporting period	9		●
3.2	Date of most recent report	9		●
3.3	Reporting cycle	9		●
3.4	Contact point for questions regarding the report	9		●
3.5	Process for defining report content	9		●
3.6	Boundary of the report	10		●
3.7	Limitations on the report's scope or boundary	10		●
3.8	Reporting on other entities	10		●
3.9	Data measurement techniques	10	FSCG p. 10	●
3.10	Explanation of restatements	11		●
3.11	Significant changes	11		●
3.12	GRI Content index	11		●
3.13	Assurance policy and practice	11		◐
<b>Governance, commitments, and engagement</b>				
4.1	Governance structure	11	FSCG p.112-146	●
4.2	Position of the Chairman of the Board	11	FSCG p.118	●
4.3	Independence of the Board members	12	FSCG p.118-122	●
4.4	Mechanism for shareholder and employee consultation	12	FSCG p.141-142 Org. Reg.	◐

● Detailed information   ◐ Partial information   ○ No information   ◻ Not relevant for Schindler

4.5	Impact of organization's performance on executive compensation (incl. social and environmental performance)	12	FSCG p.132-141	●
4.6	Processes for avoiding conflicts of interest	12	FSCG p.112 Org. Reg. 2.3	●
4.7	Processes for determining Board members' expertise in strategic management and sustainability	12	FSCG p. 123-124	●
4.8	Implementation of mission and values statements, code of conduct, and other principles	13		●
4.9	Procedures of the Board for overseeing management of sustainability performance, including risk management	13		●
4.10	Processes for evaluating the Boards performance	13		●
4.11	Addressing precautionary approach	13		●
4.12	Voluntary charters and other initiatives	14		●
4.13	Memberships in associations	14		●
4.14	List of stakeholder groups	14		●
4.15	Identification and selection of stakeholders	15		○
4.16	Approaches to stakeholder engagement	15		○
4.17	Key topics and concerns from stakeholders	15		○
<b>Economic</b>				
<b>Economic performance</b>				
EC 1	Direct economic value generated and distributed	16	FSCG p. 4	●
EC 2	Financial implications, risks, and opportunities	16		●
EC 3	Coverage of the organization's defined benefit plan obligations	16	FSCG p. 47-54	●
EC 4	Significant financial assistance received from government	-		○
<b>Market presence</b>				
EC5	Range of ratios of standard entry level wage	-		○
EC6	Policy, practices, and spending on local suppliers	16		●
EC7	Procedures for local hiring, proportion of locally hired senior management	-		○
<b>Indirect economic impacts</b>				
EC 8	Infrastructure investments and services primarily for public benefit			○
EC 9	Significant indirect economic impacts	17		●
<b>Environmental</b>				
<b>Materials</b>				
EN1	Materials used by weight or volume	-		○
EN2	Percentage of materials used that are recycled input materials	-		○

● Detailed information   ● Partial information   ○ No information   □ Not relevant for Schindler

Energy				
EN3	Direct energy consumption	18	CCRep	●
EN4	Indirect energy consumption	19	CCRep	●
EN5	Energy saved due to conservation and efficiency improvements	-		○
EN6	Initiatives to provide energy-efficient or renewable energy based products and services	20	CCRep	●
EN7	Initiatives to reduce indirect energy consumption	21		●
Water				
EN8	Total water withdrawal	21		●
EN9	Water sources significantly affected by withdrawal of water	-		□
EN10	Percentage and total volume of water recycled and reused	-		□
Biodiversity				
EN11	Protected areas and areas of high biodiversity value	-		□
EN12	Impacts on biodiversity in protected areas and areas of high biodiversity	-		□
EN13	Habitats protected or restored	-		□
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity	-		□
EN15	Number of IUCN Red List species	-		□
Emissions, effluents, and waste				
EN16	Total direct and indirect greenhouse gas emissions	22	CCRep	●
EN17	Other relevant indirect greenhouse gas emissions	-		○
EN18	Initiatives to reduce greenhouse gas emissions	-		○
EN19	Emissions of ozone-depleting substances by weight	-		□
EN20	NO <sub>x</sub> , SO <sub>x</sub> , and other significant air emissions by type and weight	22	CCRep	●
EN21	Total water discharge by quality and destination	-		□
EN22	Total amount of waste by type and disposal method	23	CCRep	●
EN23	Total number and volume of significant spills	-		○
EN24	Weight of waste deemed hazardous under Basel Convention Annex I-III, VIII	-		□
EN25	Water bodies and related habitats significantly affected	-		□
Products and services				
EN26	Mitigating environmental impacts of products and services	23	SB p.18	●
EN27	Percentage of products sold and their packaging materials reclaimed	-		○

● Detailed information   ● Partial information   ○ No information   □ Not relevant for Schindler

Compliance, transport, overall				
EN28	Significant fines and sanctions	23		●
EN29	Significant environmental impacts of transporting products and other goods and materials	23		●
EN30	Environmental protection expenditures and investments	-		○
Labor				
Employment				
LA1	Total workforce by employment type, employment contract and region	25		◐
LA2	Total number and rate of employee turnover	-		○
LA3	Benefits only provided to full-time employees	-		○
LA15	Return to work and retention rates after parental leave, by gender	-		○
Labor and management relations				
LA4	Percentage of employees covered by collective bargaining agreements	25		●
LA5	Minimum notice periods regarding operational changes	26		●
Occupational health and safety				
LA6	Joint management-worker health and safety committees	26		●
LA7	Rates of injury, occupational diseases, lost days, fatalities and absenteeism	26		◐
LA8	Education and prevention programs regarding serious diseases	26		●
LA9	Health and safety topics covered in formal agreements with trade unions.	-		○
Training and education				
LA10	Average hours of training per year per employee	27		◐
LA11	Programs for skills management and lifelong learning	28		●
LA12	Employees receiving regular performance and career development reviews	28		●
Diversity and equal opportunity and equal remuneration for women and men				
LA13	Composition of governance bodies and breakdown of employees	-		○
LA14	Ratio of basic salary and remuneration of women to men by category	-		○
Human rights				
Investment and procurement practices				
HR1	Significant investment agreements incorporating human rights concerns	-		○

● Detailed information   ◐ Partial information   ○ No information   □ Not relevant for Schindler

HR2	Significant suppliers, contractors, and others business partners	-		○
HR3	Employee training on policies and procedures concerning human rights	-		○
<b>Non-discrimination and freedom of association and collective bargaining</b>				
HR4	Total number of incidents of discrimination	28		●
HR5	Operations and suppliers where the right might be violated or at risk	-		○
<b>Child, forced and compulsory labor</b>				
HR6	Operations identified as having significant risk for child labor	29		●
HR7	Operations and suppliers with risk of forced or compulsory labor	-		○
<b>Security practices and indigenous rights</b>				
HR8	Security personnel trained in policies and procedures concerning aspects of human rights	-		○
HR9	Incidents of violations involving rights of indigenous people	-		○
<b>Assessment and remediation</b>				
HR10	Operations that have been subjected to human rights reviews and/or assessments	-		○
HR11	Number of grievances related to human rights	29		◐
<b>Society</b>				
<b>Local communities</b>				
SO1	Operations with local community engagements, impact assessments	-		□
SO9	Operations with potential or actual negative impacts on local communities	-		□
SO10	Prevention and mitigation measures when potential or negative impact	-		□
<b>Corruption</b>				
SO2	Number of business units analyzed for risks related to corruption	29		●
SO3	Employees trained in organization's anti-corruption policies and procedures	29		●
SO4	Actions taken in response to incidents of corruption	29		●
<b>Public policy</b>				
SO5	Public policy positions and participation in public policy development and lobbying	30		◐
SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country	-		○

● Detailed information   ◐ Partial information   ○ No information   □ Not relevant for Schindler



Anti-competitive behavior and compliance				
SO7	Number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices	30	FSCG p. 61	●
SO8	Significant fines and number of non-monetary sanctions for non-compliance	30		●
Product responsibility				
Customer and health safety				
PR 1	Life cycle stages in which health and safety impacts of products and services are assessed	30		●
PR2	Incidents of non-compliance concerning health and safety	-		○
Product and service labeling				
PR3	Type of product and service information required by procedures	-		○
PR4	Total number of incidents of non-compliance	-		○
PR5	Practices related to customer satisfaction, including results of surveys	31	SB p. 12	◐
Marketing communications				
PR6	Programs for adherence to laws, standards, and voluntary codes	-		○
PR7	Total number of incidents of non-compliance	-		○
Customer privacy and compliance				
PR8	Total number of substantiated complaints	-		○
PR 9	Significant fines for non-compliance with laws and regulations	31		●
Sector supplement indicators				
Any GRI sector supplement indicators included in the report: no sector specific indicators exist for Schindler's markets.				

● Detailed information   ◐ Partial information   ○ No information   □ Not relevant for Schindler

End of report.