Corporate Responsibility Report 2020
Highlights 2020
From eco-friendly modernization to digitally connected units
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Eco-friendly modernization

Our latest modernization solution, Schindler InTruss, enables the upgrading of escalators and moving walks without the need to change the supporting structure (the truss). This means existing escalators and moving walks can be fitted with the latest energy-efficient technology, providing lower energy consumption and better passenger comfort and safety.

Simplifying building traffic planning

Schindler played a decisive role within ISO in setting the first modern global standard for the planning and selecting of elevators in buildings. Our simulation-based methodology has been recognized by the global norm ISO 8100-32:2020, confirming our leading role in reliable traffic planning.

Boosting hygiene

We brought to market our eight Schindler CleanMobility solutions to support mobility in a post-crisis world marked by a heightened focus on hygiene. This new range includes touchless, sanitization, and physical distancing innovations that boost hygiene and safety in elevators, on escalators, and on moving walks.

Technical/safety training delivered (hours)

1529 829

Safe installations

Our robotic system Schindler R.I.S.E – the world’s first self-climbing, autonomous robotic system able to conduct installation work in an elevator shaft – is now operational, making elevator installations in tall buildings faster, more accurate, and safer for our employees.

All our major Indian sites are certified by the Indian Green Building Council

A holistic data solution for green buildings

BuildingMinds, our Berlin-based start-up, launched its platform providing advanced analytics and easy-to-use dashboards to define net-zero strategies in the real estate sector.

100% of Schindler employees completed at least one Code of Conduct training. We are disclosing sector-specific SASB metrics for the first time.

We joined the UN Global Compact and are committed to its 10 universal principles.

We support Carbon Disclosure Project Rating 2020 A–

Schindler is among the top 4% in our industry (2019: Silver rating)

People moved each day on digitally connected units:

200 million
Paving the way

A conversation with our Chairman and our CEO

“We at Schindler aim to seize the climate crisis challenge, and do our part for our planet, society, and our business.”

Silvio Napoli, Chairman
Executive Chairman of the Board of Directors, Chairman of the Supervisory and Strategy Committee and of the Nomination Committee since 2017.

Thomas Oetterli, CEO
CEO since 2016, member of the Group Executive Committee since 2018.
Paving the way

Schindler Chairman Silvio Napoli and CEO Thomas Oetterli discuss major and the most urgent sustainability challenges – urbanization, the climate crisis, and an aging global population – with engeability founder and Managing Director Barbara Dubach.

Which global trends are influencing Schindler’s strategy and performance the most?

Silvio Napoli, Chairman: The megatrends that mainly influence our business are urbanization, an aging population, and the climate crisis that has been leading to the industrial revolution 5.0. Urban land is a limited resource and cities will continue to grow vertically. At the same time, people are aging and need to be assisted in being transported within those cities. Both increase the demand for vertical mobility solutions. The climate crisis will affect the way we live. We need to seize the challenge and do our part for our planet, society, and our business.

What is the significance of sustainability for Schindler’s business success and how do you integrate the topic in your daily business?

Thomas Oetterli, CEO: Buildings and construction account for as much as 38% of global CO2 emissions, with 80% of all buildings in 2050 already existing today. Our customers are looking for climate-neutral building infrastructure and modernizing solutions. With our range of digital services and energy-efficient equipment, we enable this transformation.

Where do you see the biggest innovation potentials and market opportunities for Schindler to generate significant additional revenue?

T.O.: Schindler is much more than a manufacturer of elevators, escalators, and moving walks. Our products and services not only move people safely and sustainably in and across urban areas, but also minimize waiting time for elevators, for example, and optimize equipment use.

S.N.: Today, with new technology, we can capture energy generated by elevators and send it back into the network. We can also connect an elevator ride with public transportation. We are co-creating new, passenger-centric solutions with partners from science, the construction and facility management industries. For example, we work with EPFL in Switzerland on testing new materials and business models.

“We are co-creating new, sustainable, passenger-centric solutions with our partners in science, facility management, and the construction industry.”

Silvio Napoli
Chairman
How has the pandemic impacted your business as well as your products and services?

S.N.: Schindler showed incredible resilience and I am humbled to see the resolve and solidarity of our employees, who have been going the extra mile to keep all critical infrastructure running and to support communities around the world. Corona has been a catalyst for innovation and leading-edge digital solutions to become mainstream. Already before the pandemic, Schindler had pioneered touchless technology to use an elevator by recognizing your ID via a chip or a mobile phone. Our customers have embraced our CleanMobility solutions using UV light to disinfect escalator handrails or the air in elevator cabins. All these developments prove once more that software is as important as hardware to offer people safe and efficient transportation.

What about employee safety in 2020?

T.O.: The safety and well-being of our employees, their family members, our customers, and the passengers who use Schindler elevators and escalators continues to have the highest priority. Our goal is to have zero fatalities. Regrettably, last year we lost one Schindler employee and five subcontractors. This is unacceptable. To prevent any recurrences and foster a “safety first” culture, we are developing behavioral science-based, awareness campaigns and dedicated safety workshops for our employees in the field. We also analyze each accident and build on the findings for further trainings and measures.

How will you ensure that your vehicle fleet reflects the transformation in mobility and matches the image of a high-tech company?

T.O.: Two thirds of our employees are either working on a job site installing or modernizing elevators and escalators or providing services to our customers. The CO₂ emissions we generate are mainly caused by our vehicle fleet. Therefore, we aim to reduce travel and to improve transportation options. We have tested solutions such as biofuel, electric cars and bikes, and have adapted our infrastructure by offering charging stations. In China, we are currently launching a new solution, where technicians can transform their suitcase with all their tools into a small scooter.

S.N.: We are looking into transforming our fleet policy to a more holistic Global Mobility Policy. With technology we can optimize the routes our technicians use, so they spend less time in cars and more time with our customers. We are also working with mobility partners and exploring collaboration opportunities or even drones dispatching spare parts in the future. It’s all about connectivity and we are confident to reach our goal “Reduce CO₂ intensity of our global vehicle fleet by 25% compared to 2017” by 2022.

What about setting a net-zero strategy for Schindler?

S.N.: We have been actively working on a net-zero strategy since 2020. We are considering both our own company as well as the full product life cycle, from design to manufacturing, installation, and service. Before making a public statement, we want to make sure we understand all the implications, create a comprehensive and actionable plan internationally, test feasibility, and ensure accountability. We are confident that with this thorough approach we will find our appropriate answer to best tackle this important challenge.
Introduction
Towards high-density, low-footprint cities

Prof. Dr Stephen Cairns
Director of the Future Cities Lab (FCL), Singapore
and Principal Investigator of Agropolitan Territories of Monsoon Asia

The radical city-building processes triggered by the Industrial Revolution in nineteenth-century Europe and the United States have impacted all cities ever since. In his account of those processes, the great urban historian and critic Lewis Mumford identified two that proved to be especially significant.

The first related to the integration of diversifying social and economic functions into the city fabric. He called this process “up-building.” The second involved the environmentally destructive mining of raw materials needed to construct the city fabric – a process he described as “un-building.”

Up-building the city and un-building the environment were, for Mumford, two sides of the same coin. They formed such a rational, “natural,” and, above all, profitable logic, that other more deliberative city-building processes, such as planning and design, were relegated to the margins.

Today, some 200 years on, the legacy of this city-building logic has not dimmed but intensified. Processes of imperialism and then globalization, digitalization, and rapid urbanization, especially in Africa and Asia, through the twentieth- and early-twenty-first centuries, escalated urban demand for materials, land, and labor. Environments worldwide were not only mined but completely restructured to meet those demands.

Now, with the threat of climate change looming, a growing multidisciplinary scientific consortium is warning that future cities built following this old logic will generate resource demands that exceed the biophysical limits of the planet several times over.

Accommodating unprecedented urban population growth, while repairing environmental degradation, reducing greenhouse gas emissions, and mitigating climate change, is the fundamental challenge for city builders today. What are the appropriate forms of analysis, planning, and foresight needed? How could contemporary cities be retrofitted and adapted? How should future cities be constructed? How might architects, planners, geographers, policymakers, firms, and communities inject their design, envisioning, restorative, and realization skills? In short, how might we contribute to what UN Secretary-General António Guterres called the emerging “groundswell of climate action.” One approach is to reform unsustainable city-building around a framework for high-density, low-footprint cities.

What does the corresponding SDG say?

Make cities and human settlements inclusive, safe, resilient, and sustainable

Only half the world’s population has convenient access to public transport

Over 90% of COVID-19 cases are in urban areas
Setting the scene: an external perspective

Furthermore, by curbing urban sprawl – or limiting the physical footprint of buildings and roads – high-density cities can reduce development pressure on food-producing hinterlands.

Despite this consensus, realizing the benefits of high-density cities is not so straightforward. In the literal sense, high-density cities are always low-footprint cities because the buildings that constitute them accommodate people and activities by extending vertically and occupying relatively small portions of land. The lens of the ecological footprint, which aims to “document the extent to which human economies stay within the regenerative capacity of the biosphere,” reveals the environmental impacts of buildings more forensically. This perspective generates new pressing questions concerning the life cycle of high-density spaces, how they are constructed, serviced, connected, and occupied over time.

Scientists are increasingly confident that high-density cities can offer environmental advantages. The UNEP International Resource Panel reports, for example, “a general pattern of high population density cities having lower urban DMC per capita” (DMC, or domestic material consumption, refers to the weight of materials used minus materials exported in an economy).

But current data is not definitive, and so many socio-technical factors are not yet well understood. Building up involves assembling sophisticated materials and technologies for heating, cooling, managing waste, and communicating.

These usually implicate high material and emission intensities. How density shapes a city can depend on the kind of jobs and economy that it supports. The way high-density spaces are occupied can depend on the various cultures of living that thrive there.

For example, Singapore, London, Tokyo, and Hong Kong are regarded as high-density/high-liveability cities. Yet, the form of density in each city is quite different, and the social, cultural, and geographical character of liveability – such as tolerance for (and enjoyment of) crowding, life aspirations, place attachments, and forms of social solidarity – also differs markedly across these cities.

Hong Kong is regarded as one of the high-density, high-liveability cities.

The framework for high-density, low-footprint cities necessarily embraces the realities of both physical and environmental footprints of urban fabric. In one respect, it serves as a reminder that most urbanizing populations around the world still need better cities – compact, socially inclusive, functionally mixed, energy-efficient and well-connected. But just as important, it is also a call to creatively reengage those peri-urban, rural, and wilderness territories that have been residualized by the modern project of urbanization.

It has been said that sustainable future cities are likely to be built up around elevators rather than cars. The possibility of high-density, low-footprint cities also depends on how they are connected and interconnected. It has been said that sustainable future cities are likely to be built up around elevators rather than cars. Certainly, without integrated nonmotorized transport choices and efficient mass transit options, cities will continue to rely on high-emissions private-car-based systems. Shared vertical, horizontal, and responsive transport systems within dense urban fabrics are imperative.

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“...This perspective generates new pressing questions concerning the life cycle of high-density spaces, how they are constructed, serviced, connected, and occupied over time...”
About Schindler

What we do

Schindler elevators, escalators, and moving walks transport more than 1.5 billion of us up and down buildings and across transportation hubs every day. Together with our customers, we help organize cities: by moving people and goods, and connecting vertical and horizontal transportation systems.

Schindler values: Creating value for the customer, Committed to our people, Safety, Quality, Integrity and trust

What we depend on

Value we create

Customers
- More than 500,000 customers worldwide

People
- Over 66,000 employees
- 40% Asia-Pacific, 38% EMEA, thereof 7% Switzerland
- 40% Asia-Pacific, 22% Americas, 38% EMEA, thereof 7% Switzerland

Suppliers
- 46,000 suppliers, including 12,000 providing production materials

Intangible assets
- Maintaining a brand as a reliable and responsible partner since 1874
- R&D spending in 2020: CHF 204 million
- Maintenance portfolio
- Expertise of employees and customer relationships
- 1,200 patent families – 20,000 patents and patent applications worldwide

Tangible assets
- Production sites in 8 countries
- Over 1,000 branch offices in over 100 countries
- Global R&D and digital hubs

Collaborators
- Co-innovation partners, NGOs, regulators, specifiers, standard-setters, trainers, universities

Materials & inputs
- Mainly ferrous and nonferrous materials, construction materials
- Energy 2020: 0.2 TWh 447
- Purchased electricity: MWh 99,791
- District heat: MWh 12,091

Finances
- Net liquidity 2020: CHF 2.7 billion

Research & develop
Market & sell
Values & governance
Digitization
Produce
Plan & design
Maintain & modernize
Assemble & install

Environmental footprint
- Carbon emissions 2020: 172,474 t CO₂e
- Reducing carbon footprint of maintenance fleet
- 100% green electricity by 2025
- Waste to landfill 2020: 2,777 tons (target: zero by 2023)
- Water use 2020: 541,395 m³

Intangible assets

Society
- Contributing to safe, sustainable living by improving the quality of life for millions of people in urban areas
- Created added value in 2020: CHF 5,084 million – shared with our stakeholders
- Employing over 66,000 people
- Voluntary turnover rate 2020: 2.8%
- Tax expenses in 2020: CHF 219 million, effective global tax rate: 22.1%

Planet
- Enabling densely populated cities with limited land to develop vertically
- Making the existing building stock more energy-efficient by modernizing
- Up to 30% improved energy efficiency with new modular product lines

Our people
- Offering work opportunities, lifelong training, and promoting diversity & inclusion
- Salaries and social benefits 2020: CHF 4,069 million paid – 80% of 2020 added value

Shareholders
- Dividends 2020: CHF 477 million
- Earnings per share: CHF 6.72

Customers
- Providing efficient and sustainable urban mobility through products recognized as benchmarks for quality and safety
- Innovating digital solutions for smart buildings
- Products installed in office buildings, airports, shopping centers, retail establishments, and specialty buildings
- Order intake: CHF 11,018 million

Planet
- Enabling densely populated cities with limited land to develop vertically
- Making the existing building stock more energy-efficient by modernizing
- Up to 30% improved energy efficiency with new modular product lines

Values & governance

Our people

Customers

Our reporting areas
- Environment
- Society
- Governance

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SCHINDLER CORPORATE RESPONSIBILITY REPORT 2020
A forward-looking perspective

How technology can make cities more sustainable

Christian Studer, Head of New Technologies at Schindler, shares his view on the role of technologies in enabling cities to prosper and our customers to succeed in a low-carbon and inclusive future.

Building on eco-friendly materials

First off, technological advancements will allow for the development not only of greener building materials, but also of new manufacturing processes that have a better ecological footprint. One example is timber, which is increasingly popular as a building material. Timber is a highly sustainable material. Much research has gone into how engineered timber can be designed and manufactured to improve its fire safety performance, robustness, and durability. This has resulted in this technology crossing into the mid-rise building segment. Another example would be traditional concrete – the most widely used man-made material. Its production is highly energy-intensive. Thanks to R&D investment, in recent years, greener alternatives have begun to emerge. This trend of eco-friendliness through technology is set to continue.

The Elevator & Escalator (E&E) industry, too, has been a champion of sustainable innovation. Thanks to its elevator belt technology, which allows for light elevator cars and compact elevator motors, Schindler has one of the most material-efficient systems in the market – and we are continuing to explore ways to further reduce materials use. Among other things, we are looking to improve our use of eco-friendly materials – reducing our use of hazardous materials to a strict minimum, while using recycled materials when possible.

We need to keep people at the heart of the design of these new smart cities and remember that technology is just a means to an end. In that regard, only market offerings that prioritize user experience and put the human in the center will be successful.

Christian Studer
Head of New Technologies at Schindler

Alongside these technological innovations, we are seeing a paradigm shift in the way design and manufacturing is approached. The industry is moving towards a cradle-to-cradle approach, where the environmental impact of the entire product life cycle is taken into consideration in the design process – from sourcing through to production, use, and disposal. That means components are manufactured so that they are easily disassembled, with materials separated for reuse and recycling.

Enhancing the energy efficiency of buildings

The energy efficiency of buildings once in operation is another critical aspect in making cities more sustainable – and there again, technology is key. System providers in sustainable cities will continue to strive for the highest energy efficiency – whether in the area of building insulation, the design of heating and cooling solutions, or the design of highly efficient permanent magnet-driven elevator motors that feed braking energy back into the grid.

The crucial role of urban mobility systems

Urban mobility is, of course, a critical variable in the sustainable city equation, with technology being at its core. Today’s city mobility systems have shown their limitations, whether in terms of pollution, CO₂ emissions, use of space, or capacity. The quest for optimizing the use and interlinkage of existing urban mobility means the use of trains, subways, trams, elevators, moving walks, and cars continues. Mobility providers are also exploring the potential of autonomous driving, micro-mobility, e-mobility, and how to integrate these seamlessly into a single digital platform for a smooth user experience.
A forward-looking perspective

Which technologies are key to enabling sustainable smart cities – and how would you define a smart city? A smart city is a city where subsystems communicate to make intelligent decisions based on the data they share with each other. We think of intelligent decisions as ones that lead to greater user convenience and better overall energy performance – ultimately helping to improve the energy efficiency of a subsystem.

A building’s smart heating and cooling system provides a classic example of smart devices working together for the benefits of users and owners: while incorporating weather data, the heating and cooling system is able to interact autonomously with the building’s exterior blinds to let more or less sunlight and heat into the building. Another example is solar panels, which charge the battery of an electric car when the energy is not used in the building. In general, in a smart city, energy producers and consumers – resulting in a more stable grid and more efficient production and consumption of energy.

Connectivity in smart cities does not just allow for city subsystems to work more efficiently together, it also allows us to live – and work – more sustainably. In the elevator industry, connectivity plays an increasingly important role, with predictive maintenance and connected elevator units being more common. That means some elements of physical maintenance visits can be replaced with virtual checks, reducing the need for field trips – allowing us to reduce the amount of CO2 emissions generated by our service fleet.

What are the key challenges associated with that endeavor and the pitfalls that must be avoided? The hyperconnectivity and digitization of smart cities make them an obvious target for cyber criminals. Indeed, there are several examples in recent years where hackers have broken into critical systems of cities. Due to the interconnectivity of subsystems, a single hack of one such subsystem, such as a freshwater treatment facility or a power plant, can have far-reaching consequences and could potentially destabilize an entire city.

For these reasons, cybersecurity needs to be front and center of the design, governance, and operation of a smart city – it can’t be an afterthought.

More importantly, we need to keep people at the heart of the design of these new smart cities and remember that technology is just a means to an end. In that regard, only market offerings that prioritize user experience and put the human in the center will be successful.

How important is collaboration between planners, architects, constructors, and developers in making digital technology work well for city dwellers? The design of an energy-efficient building is a complex undertaking – and one that involves a lot of different parties. That’s where Building Information Modeling (BIM) and our Digital Twin will make a notable difference.

Used in combination, these technologies provide a centralized, place for providers, planners, architects, and developers to exchange information, doing away with planning inefficiencies while drastically reducing mistakes on construction sites – saving money and time in the process.

With our Digital Twin, it will also soon be possible to simulate at the planning stage the energy consumption of a unit, to provide a breakdown of the material used in its manufacturing, and to estimate its CO2 footprint. This comprehensive overview can inform further design optimizations to increase the sustainability and energy efficiency of a project.

More broadly speaking, city planning is critical in making cities not only sustainable but enjoyable to live in – cities with less traffic and more green spaces. Urban neighborhoods and what is known as “slow traffics” – greener forms of transportation – will come to define the cities of tomorrow, ones where work, leisure, and recreation are more integrated. This is best encapsulated in the 15-minute city concept, whereby most human needs and many desires are all located within a 15-minute radius on foot or bike. Schindler will be able to tap into its wealth of experience in mixed-use buildings and campuses to help shape the cities of tomorrow.
Roadmap 2022

Environmental, social, and governance (ESG) matters are strategically important to us. We have translated our commitment to sustainability into a roadmap defining Schindler’s priority action areas. These represent our most material topics.

The Board of Directors defines our strategic direction, while our Global Sustainability Committee is chaired by our CEO. We have set accountability, time-bound targets, and performance indicators on which we report progress and receive external assurance. In 2020, for the first time, we included our ESG performance in our Annual Report.

Our sustainability priorities were identified through consultations with the Group Executive Committee and a selection of senior managers. A panel of independent experts added their insights to ensure our roadmap is focused on areas where we can make the biggest contribution.

Global trends

Considering our external environment, we took the following megatrends into account as they could impact our strategy and performance:

Urbanization
By 2050, the global proportion of people living in cities is expected to reach 70%. In the face of rapid population growth and limited land supply, cities will need to expand vertically. Super-tall buildings will become ever more common, further fueling demand for vertical mobility solutions.

Climate change
To avoid the worst impacts of climate change, the world needs to build a net-zero global economy by 2050. Cities are on the frontline of the climate battle because they account for about 75% of global CO₂ emissions. Net-zero buildings must become the norm.

Connectivity
The construction industry is being reshaped by new technology: Building Information Modeling (BIM) and Digital Twin technology simplify design and planning processes, while connected elevators and escalators allow for better maintenance and management – ultimately resulting in a more efficient use of resources.

Circular economy
Current consumption and production patterns need to change. Resources should be used and reused in an endless loop. Architects, manufacturers, and those operating in the construction sector will be increasingly expected to apply cradle-to-cradle principles in their projects.

Social impact
Buildings play a role in social care. Infrastructure needs to provide working and living spaces that prioritize people’s comfort, safety, and quality of life, while catering to an aging population. Buildings are more than simply infrastructure. They can offer an inclusive space where communities come together.

Natural infrastructure
Natural ecosystems provide climate benefits. For example, green buildings incorporate vegetation that can capture carbon, retain water, or provide natural cooling in the form of shade. Buildings will be increasingly expected to provide such benefits in the future.

As we progress towards our 2022 goals, we know that learning from our successes and challenges will be central to informing our next steps. To further understand our impact on society and the planet, we are updating our initial 2015 materiality analysis. Results will be available in 2021.

By identifying our impact and dependencies along our entire value chain, we will be able to better manage our business and deliver greater sustainable benefit to all our stakeholders.
Priorities and goals 2018–2022

<table>
<thead>
<tr>
<th>Priorities</th>
<th>Goals</th>
<th>Achievements by end of 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Enhance safety</td>
<td>Reduce the number of employee incidents and injuries expressed as Total Case Rate (TCR) by 20% compared to 2017.</td>
<td>Goal: -20% Goal surpassed</td>
</tr>
<tr>
<td>Attract diverse talents</td>
<td>Increase the number of women in the succession planning for leadership roles to 25% and promote an inclusive work culture.</td>
<td>22% 88% of goal reached</td>
</tr>
<tr>
<td>Create value in communities</td>
<td>Develop our vocational education programs to support communities.</td>
<td>4 000 students in over 40 countries</td>
</tr>
<tr>
<td>Pioneer smart urban mobility</td>
<td>Increase the number of passengers using Schindler’s digitally connected elevators and escalators to over half a billion people per day.</td>
<td>+200 million 40% of goal reached</td>
</tr>
<tr>
<td>Lower vehicle fleet emissions</td>
<td>Reduce CO₂ intensity of our global vehicle fleet by 25% compared to 2017 (t CO₂/CHF million).</td>
<td>-14% 56% of goal reached</td>
</tr>
<tr>
<td>Increase sustainability in the supply chain</td>
<td>Perform independent sustainability assessments of suppliers representing 75% of our manufacturing purchases.</td>
<td>31% 41% of goal reached</td>
</tr>
</tbody>
</table>
How we manage sustainability

Our approach is to integrate sustainability into our business primarily through existing management systems, policies, and ongoing technical, business, and leadership trainings. We look beyond our direct operations and engage with our value chain, while aiming to continually improve our products and services.

Our sustainability goals support the achievement of Schindler’s corporate strategic targets. We have linked executive remuneration to progress on key sustainability targets, drives implementation and actions, and ensures integration across the business.

As the operational owner, the Group ExCo implements the strategy and changes required to do business sustainably. It is in charge of leading and controlling progress on sustainability. It defines operational targets, drives implementation and actions, and ensures integration across the business.

Chairing the CEO, this committee is in charge of leading and controlling progress on sustainability. It defines operational targets, drives implementation and actions, and ensures integration across the business.

Chairing the Board of Directors, the committee sets the strategic direction, shapes the company positions and commitments, and reflects external demands and developments. The Board of Directors endorses the corporate responsibility report.

Chairing the Supervisory and Strategy Committee, the Chairman of the Board of Directors oversees the strategy and changes required to do business sustainably.

The CSO reports to the Chairman of the Board of Directors and engages with the Group ExCo. It advises, recommends, and makes proposals on how to integrate sustainability in the business, including external commitments and target setting. It is in charge of developing strategy, responding to change, and developing the annual corporate responsibility report.

The Corporate Sustainability Office (CSO) has a direct reporting line to the Chairman of the Board of Directors, quarterly updates are provided on projects’ progress, changes in the regulatory landscape, and engagement with the Group Executive Committee (ExCo).

The Group Sustainability Governance includes the Board of Directors, the Group Executive Committee (ExCo), the Global Sustainability Committee, and the Corporate Sustainability Office (CSO). The Global Sustainability Committee, chaired by the CEO, is in charge of leading and controlling progress on sustainability. It defines operational targets, drives implementation and actions, and ensures integration across the business.

Chairing the Global Sustainability Committee, the CEO is in charge of leading and controlling progress on sustainability. It defines operational targets, drives implementation and actions, and ensures integration across the business.

Stakeholder engagement

Feedback from our key stakeholders supports our decisions.

Employees
- Quarterly townhall meetings streamed live to all our locations
- Biannual employee engagement survey
- European Works Council and national trade unions
- Training centers and global online learning solutions
- COVID-19-specific safety, emotional, and financial support measures

Academia
- Council of Tel Buildings and Urban Habitat (CTBHH)
- Innovation labs with EPFL, MIT, and other universities
- IdeaLab with the Institute of Business Sustainability
- Supporting the Swiss TechImpact fund with other industry partners to foster applied research on sustainability
- Multiple partnerships with technical colleges

Customers
- Partners with building designers to find solutions to very specific needs
- Promoting energy-efficient configurations to achieve energy-efficient class A elevators
- More than 85,000 surveys conducted
- Net promoter score increased by six points
- Responding to EcoVadis as demanded by 60+ global customers and achieved Gold rating

Industry associations
- Responsible initiative led by the rail industry supply chain
- European Lift Association
- Other national industry associations
- Green Building Council
- Founding member of the International Building Performance and Data Initiative

Passengers
- Safety collaboration projects worldwide
- Tips and educational material for parents and children on safe use of elevators and escalators
- Hygiene and social distancing solutions

Suppliers
- COVID-19 resilience strategy collaboration
- EcoVadis supplier sustainability assessments
- Discuss sustainability performance with vendor policy and supplier evaluation
- Global Compact Network Switzerland supply chain initiative
- Continuous dialogue including online workshops

Shareholders
- Annual general meetings and quarterly results presentations
- Roadshows and other online engagement
- COP to support investors fiduciary duty to manage climate risks across portfolios
- CDP to support investors fiduciary duty to manage climate risks across portfolios
- Responsible Sourcing Council
- The Conference Board as a founding member of the Responsible Sourcing Council
- UN Global Compact and its Swiss network
- UN Global Compact and its Swiss network
- The Conference Board as a founding member of the Responsible Sourcing Council
- ISO: contributing to new standards
- Task Force on Climate-related Financial Disclosures (TCFD) supporter

Global organizations
- Multiple partnerships with technical colleges
- Supporting the Swiss TechImpact fund with other industry partners to foster applied research on sustainability
- Multiple partnerships with technical colleges

Feedback from our key stakeholders supports our decisions.
Environment

We promote resource efficiency and develop products and services that seek to continually reduce our environmental impacts and those of our customers.

We constantly review and strive to minimize our environmental impact through the use of quality and environmental management systems based on International Standards Organization (ISO) norms. Life Cycle Assessments (LCA) of our products are conducted to improve and create environmental product declarations.

We support our customers in meeting green building standards such as Leadership in Energy and Environmental Design (LEED), Building Research Establishment Environmental Assessment Method (BREEAM), German Green Building Standard (DGNB), Indian Green Building Council (IGBC), and Singapore Green Building Council (SGBC).
Climate

To prevent the worst impacts of climate change, the world needs to build a net-zero global economy by 2050. We believe elevators, escalators, and moving walks can make a positive contribution by enabling efficient mobility and the best use of space within cities. We want to push ourselves to look for ways to do more to tackle climate change.

We support the goals of the Paris Agreement that limit global temperature increases to well below 2 °C. To help achieve this, we are using advanced digital technology to enhance the flow of people in cities and buildings, while constantly improving the energy efficiency of our products, manufacturing processes, and operations. We are transforming how we deliver maintenance services and are engaging with logistics partners to optimize shipping of our components.

In 2020, we started our journey to implement the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). We enhanced our governance and management of climate-related issues by establishing a Global Sustainability Committee. A key decision was to launch a climate scenario analysis to better understand the resilience of our business model under 1.5 °C and “business-as-usual” scenarios. The findings will shape our role in supporting a low-carbon future and help us set ambitious carbon reduction goals aligned with the latest science. Action starts by being aware of our impact. Since 2015, our scope 1 and 2 greenhouse gas (GHG) emissions have been externally assured, and we have extended assurance to our most relevant scope 3 categories since 2019. We are aware of the data quality challenge involved and are working to address this situation through better engagement with our supply chain partners.

In 2020, we started our journey to full TCFD.

We want to support our customers in meeting their climate-related commitments by developing the most sustainable products and services while minimizing our own climate impacts. We have set targets to reduce emissions from our vehicle fleet, to purchase 100% green electricity, and to engage with a group of strategic suppliers on improving their sustainability performance.

Implementing the TCFD recommendations will help us engage effectively with our investors and customers on tackling climate change.

We have responded to the CDP climate questionnaire since 2015 and welcome its alignment with the TCFD recommendations.

“CDP greatly values the support of Schindler. Through its 2020 disclosure to CDP, this company has demonstrated its clear commitment to transparency around its environmental impact, risks, and opportunities, which benefits shareholders, customers, and employees alike.”

Maxfield Weiss Director for Corporate Engagement at CDP Europe
Overview of GHG emissions

We have reported our scope 1 and 2 emissions since 2011. We collect data on emissions through a network of more than 100 sustainability coordinators located across our offices and production sites. Our reporting units represent the Group’s material companies in alignment with our financial reporting structure.

We measure and have our carbon footprint assured in accordance with the GHG Protocol Corporate Accounting and Reporting Standard. We report scope 2 emissions using both the location- and market-based methods as described in the GHG Protocol Scope 2 Guidance. We measure and have our carbon footprint assured in accordance with the GHG Protocol Corporate Accounting and Reporting Standard. We report scope 2 emissions in accordance with the GHG Protocol Scope 2 Guidance.

Overview of GHG emissions trends relative to revenue

Carbon emissions from purchased goods and services account for almost 90% of total scope 3 emissions, followed by upstream transportation and distribution. We are working with transportation partners to develop and optimize the availability of logistics data. We have recently upgraded our teleconferencing capability, and after the lifting of pandemic restrictions, our aim is to continue to travel less for internal meetings and support working from home to reduce commuting.

In 2019, due to a reduction in our purchasing volume (−7.5% compared to 2018), Scope 3 emissions have decreased by 5.3% compared to 2019, following by upstream transportation and distribution. We are working with transportation partners to develop and optimize the availability of logistics data. We have recently upgraded our teleconferencing capability, and after the lifting of pandemic restrictions, our aim is to continue to travel less for internal meetings and support working from home to reduce commuting.

Scope 3 emissions have been decreased by 5.3% compared to 2019, due to a reduction in our purchasing volume (~7.5% compared to 2019). At the same time, we have increased our engagement with suppliers to mutually drive forward improvements in the future.

GHG emissions trends relative to revenue

Scope 3 emissions have been calculated since 2015 using purchasing data to evaluate our value chain and identify our most important scope 3 categories. The calculation methodology (developed by the consulting firm Systain) is based on recognized scientific data sets (for example from the OECD or the World Bank) and complies with current reporting standards such as the Greenhouse Gas Protocol and CDP. We are currently refining the measurement of our consolidated product use phase footprint for future disclosure.

In 2020, we discussed and agreed on measures to significantly reduce the carbon footprint of all our locations. While we reduced our carbon emissions by 12% (compared to 2019), we believe that to a large extent this was driven by global restrictions due to the pandemic. Most of our agreed carbon-reduction measures will come into full effect only in the coming years. However, we will use learnings from this year to sustain some of the reductions, such as travel reductions through improved video conferencing.

In the past years, several of our sites all over the world have expanded their capacity to generate renewable energy, for example by installing solar panels. By the end of 2020, Schindler generated more than 6200 MWh of electricity from these installations, an increase of 42% compared to 2019. More than 93% of this was used directly on-site, with the rest fed directly into the public grid.
Environment

Reducing the emissions of our vehicle fleet

Over 60% of our direct carbon emissions come from the fleet of vehicles that support the installation and servicing of our products. To reduce this impact, we are rethinking the way we move people and goods.

We are continually searching for innovative ways to reduce the carbon intensity of our vehicle fleet. By increasing the use of remote monitoring and adaptive servicing of our products, we will further reduce the need to travel.

And when we have to visit sites, we carefully plan routes to ensure our technicians avoid traffic and maximize their time with customers. Our goal is to reduce the CO₂ intensity of our global vehicle fleet by 25% compared to 2017.

Our approach

Reduce the need to travel

Optimize planning and logistics

Transform the fleet

Mobility strategy in Germany

Schindler Germany, for example, has defined a mobility strategy and roadmap to promote new mobility options and accelerate fleet electrification. Employee participation from the early stages of the project was crucial to correctly assess needs and challenges. As a result, Schindler Germany is not only installing charging points at the company site but is also supporting employees to set up the necessary charging infrastructure at home. This way, technicians can start their customer visits directly from home without first having to go to the headquarters or even gas stations.

The need to speed up

In 2020, the intensity of our fleet carbon footprint decreased by 14% (compared to our 2017 base year), in part due to the economic slowdown. We recognize the need to speed up our transition to a more sustainable vehicle fleet, including tools and spare parts delivery, and to improve product transportation and distribution. During 2020, our global large projects division engaged with transport partners to identify more efficient routes between factories, consolidation hubs, and project sites. We are looking at ways of reducing the carbon footprint of transporting components by sea, air, and road, such as using biofuels to optimize travel routes.
Adaptive service

Our service technicians perform a series of planned activities (maintenance or repair) and unplanned activities (callbacks) throughout the year, which translates into a large number of field trips. These trips are not only costly, they also account for a significant portion of Schindler’s carbon emissions.

For this reason, optimizing field trips is of paramount importance. That’s the thinking behind Schindler’s “Adaptive Service” approach, which allows for a more efficient deployment of service technicians to the field. The end goal: make every field trip count.

At the center of this approach is a proprietary AI-powered field service management software, which processes job orders and generates optimal schedules and travel routes for our service technicians. The software considers variables such as travel time, and travel routes for our service technicians. The process job orders and generates optimal schedules powered field service management software, which

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Service schedules integrate short-, medium- and long-term tasks, combining them into one trip whenever possible. If emergencies arise, service schedules are reshuffled and travel routes updated in real time. Service technicians have access to their schedules on their smartphones, which helps them to perform the tasks on time.

By growing our range of connected units, we will continue to reduce the distance service technicians need to travel. All our connected units, whether elevators, escalators, or moving walks, are monitored remotely. In certain cases, our experts in the Technical Operation Center are also able to solve issues remotely. Substituting physical checks and interventions with remote inspections and maintenance, where regulation permits, allows us to limit our carbon footprint, while ensuring minimum disruption for our customers.

Promoting sustainability in the supply chain

Schindler relies on a global network of suppliers for production materials and services.

Social and environmental responsibility is at the heart of how we do business, and this is reflected in our approach to supply chain management.

In every market we operate at a regional level, helping us to source as locally as possible. The final assembly of our elevators and escalators takes place during installation at the construction site.

We expect our external suppliers to maintain the highest standards of professional conduct and integrity, in alignment with our values and policies. Our supplier requirements are embedded in our vendor policies, and supplier contracts include social and environmental conditions. Schindler’s supplier approval process requires a systematic evaluation of prospective suppliers and frequent requalification of existing partners, which is conducted as part of our supplier consistency audits. Schindler values suppliers with certified management systems such as ISO 9001, ISO 14001, and ISO 45001.

In 2020, suppliers representing 31% of our manufacturing purchases were assessed using EcoVadis. The decrease from the year before is explained by the fact that we adopted a stricter approach regarding suppliers as we were entering year two in our supply chain target timeline. Starting in 2020, we only include production material suppliers that have completed a full EcoVadis assessment in our progress report. Among them, more than 25% were responding for the very first time to an external sustainability assessment such as EcoVadis.

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We have continued to engage externally with peers in 2020 by being an active member of the Responsible Sourcing Council and Railsponsible – initiatives to share best practice and learnings on supply chain ESG risk management and engagement.
Urban life needs to be much more sustainable, as called for by Goal 11 of the UN Sustainable Development Goals (SDGs). This is critical, as cities consume over 75% of natural resources and produce over 50% of global waste. Today, buildings and construction account for as much as 40% of global carbon emissions. As urban mobility partners, we fully support the ongoing commitment of cities to ambitious climate actions aligned with the Paris Agreement.

Elevators and escalators make cities successful by allowing crowded urban areas to develop vertically and offering easy access to large buildings for all. As the future outlook for cities continues to be one of increasing density, Schindler’s main contribution to urban mobility and quality of life will continue to come from pioneering smart, sustainable ways to keep people moving easily and safely, and be part of creating a seamless journey for all city dwellers.

Quality and innovation guide our investments to improve the environmental performance of our products and services as well as to meet the evolving needs of our customers for efficient, reliable vertical mobility.

More recently, modularity and connectivity have been driving major developments in our offering while enabling us to improve efficiency in our own operations. Our modular approach to system development, for example, enables us to use the same components across our product range. This results in better sourcing management with our suppliers and subsuppliers and consolidation of shipments to reduce the environmental impact caused by the transport of material to Schindler’s manufacturing plants. It will also allow us to create innovative solutions and cradle-to-cradle concepts contributing to a circular economy in the future.
Environmental considerations and requirements are an integral part of product development. All our products undergo a strict life cycle assessment in accordance with the ISO 14040 standard. This standard is embedded in our research and development approach, while our overarching environmental management systems are certified according to ISO 14001. LCAs inform our Environmental Product Declarations (EPD), in line with the ISO 14025 standard.

In 2020, we launched new modular elevators in several markets across Asia-Pacific and Europe. This innovative, highly energy-efficient product range offers a seamless user experience and halves the component variety. Our modular elevators offer the highest energy efficiency rating achievable. All our products include features to reduce energy used during their operation.

Elevators and escalators consume 2% to 10% of the total energy demand of an individual building. Schindler’s latest product generation improved energy efficiency up to 30% compared to the previous product generation. This has been achieved thanks to improvements in reduction of standby energy consumption and by applying regenerative drive technology as standard. Both improvements target the energy consumption of the elevator during operation. This, alongside material supply for production and product maintenance, is where the greatest impacts occur.

### Regenerative drives

Regenerative drives return energy back to the building’s power grid to be used for other power needs in the building. When an elevator goes up with a light load and down with a heavy load, the system generates more power than it uses. That power is lost as heat in traditional elevator drives. Regenerative drives capture the excessive energy generated by elevators during use and convert it into reusable energy rather than wasting it as heat. Regenerative drives can reduce the energy consumed by building transportation systems by up to 70%.


### Fast facts

- The energy consumption of our elevators and other products is influenced by many factors, including:
  - Final configuration selected by the customer
  - Frequency of use or number of trips per day
  - Number of passengers or load
  - Travel speed
  - Height of the building
  - Smart power management
  - Regenerative drive technology

Information on our green options is available in our product brochures and provided to our customers during the tendering process. Other information such as LCAs and EPDs is also available for generic products. Schindler can also provide tailored assessment for specific projects and buildings. This can include traffic analysis, energy calculations, and LCAs for specific product configurations that help our customers optimize the installation and make their buildings more efficient. This expert assessment also relates to the contribution of our products to the green certification of the building, for example with LEED or BREEAM certification.

Modernization matters

80% of buildings standing in 2050 have already been built, according to the European Commission. However, 85% of buildings in the EU were built over 20 years ago, and 85% to 95% are expected to still be standing in 2050.

Our products can have a lifespan of more than 30 years. Through maintenance and modernization, we can significantly improve the energy efficiency of the original elevator or escalator while limiting the need for total replacement. Schindler’s modernization solutions include energy-recovery drives, intelligent power management systems, the installation of new LED lighting systems, and energy-efficient dispatch systems optimizing traffic flow, as well as ways to increase the capacity and reduce resource usage.

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Schindler’s latest product generation improved energy efficiency up to 30% compared to the previous product generation.
Schindler is engaged in a ten-year project to modernize the escalators and elevators of the Metropolitan Atlanta Rapid Transit Authority (MARTA), providing eco-friendly transport to around 115 million passengers each year. By using Schindler InTruss, our proprietary innovative solution for escalator upgrades, we disassemble our escalators on-site, while retaining the original framework (truss). We then install our latest energy-efficient technology. By November 2020, we had enabled MARTA to optimize 30% of its escalators and elevators.

ProEleva, a success story

Switzerland’s Federal Office of Energy has renewed its support to ProEleva, a nationwide elevator modernization program.

It is the second consecutive year that the ProEleva program, launched in 2019, has secured funding. The program was originally designed by Schindler and Enerprice in response to the Federal Office of Energy’s call for proposals on how to reduce the country’s energy consumption.

Through the ProEleva program, building owners are encouraged to modernize their elevators to make them more energy-efficient. Elevators using modern technology can reduce electricity consumption by up to 50%. Schindler is proud to be one of the three official technology partners of the initiative.

Because utility costs are usually borne by the tenants, until recently there was little incentive for building owners to invest in energy efficiency measures— but ProEleva is changing this. Building owners agreeing to modernize their elevators are eligible for financial subsidies from the government. Subsidies can cover up to 30% of the modernization costs.

In its capacity of official technology partner, Schindler can apply for subsidies on behalf of building owners. Schindler has also worked with the program operator to develop an online tool that calculates the energy savings resulting from a retrofit. That number is then used to determine the level of financial support granted to building owners.

Schindler Ahead

Our pioneering Internet of Things (IoT) platform remotely monitors the performance of elevators. The automated communication platform gives customers access to relevant information and analysis for personalized insights, while providing responsiveness through real-time support. Our global network of Technical Operation Centers provides the information that enables our technical specialists to offer customers real-time responsiveness to maintain elevators and detect problems before they occur. In 2020, more than 200 million people travelled on these digitally connected units every day.
Environment

Schindler PORT

Schindler PORT technology uses the most advanced algorithms to coordinate all elevators so that passengers reach their desired destination as efficiently as possible. Its ECO mode manages the elevator system to account for current and forecast traffic, balancing passengers across elevators, and removing elevators from operation during periods of low traffic. This reduces energy use by up to 40%.

Driving a positive impact on the planet with a holistic data solution

Besides ongoing efforts to reduce emissions in our core business, we have been extending our traditional product portfolio by offering digital solutions to help the real estate sector shrink its carbon footprint and increase business resilience. Our start-up BuildingMinds is helping real estate decision makers execute data-driven strategies to drive decarbonization, increase people’s well-being and future-proof their buildings against business risks.

BuildingMinds offers a product-agnostic software-as-a-service platform that uses a cutting-edge, AI-based approach to gather, consolidate, and analyze buildings data from multiple sources through a single solution. It empowers the real estate industry to overcome a fragmented data landscape and develop powerful insights for better decision-making.


BuildingMinds was selected as one of only 20 partners globally to be featured in Microsoft’s global campaign #BuildFor2030, which is based on the United Nations’ Sustainable Development Goals.

Cyber resilience as a priority in a connected world

Schindler products are increasingly able to exchange data thanks to embedded connectivity software, sensors, and electronics. We ensure cybersecurity by integrating security principles in our product design and development, with vulnerability assessments performed across the entire product life cycle. Engineers constantly monitor our products to maintain the highest level of security and comply with applicable sector regulations.
Manufacturing and fulfillment

With production sites strategically located in Europe, the Americas, and Asia, Schindler focuses on regional production for local markets.

By focusing on local production for local markets, we reduce environmental impacts from shipping and transport around the world. Our modular packaging concept further reduces CO₂ emissions by decreasing the space needed per package and increasing the truck loading capacity.

More than 80% of our production sites are ISO 14001 certified, including our major production sites. We measure the environmental footprint of our production facilities and monitor reductions in energy consumption and waste. We have set targets to run our offices and production facilities on green electricity by 2025, and are aiming to meet our no-waste-to-landfill target no later than 2023.

Energy consumption

<table>
<thead>
<tr>
<th>MWh</th>
<th>2020</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Natural gas</td>
<td>62 008</td>
<td>63 073</td>
<td>61 041</td>
</tr>
<tr>
<td>Fuel oil</td>
<td>2 059</td>
<td>1 800</td>
<td>5 005</td>
</tr>
<tr>
<td>Other fuels</td>
<td>2 091</td>
<td>2 530</td>
<td>2 080</td>
</tr>
<tr>
<td>Subtotal buildings and processes</td>
<td>66 158</td>
<td>67 403</td>
<td>68 126</td>
</tr>
<tr>
<td>Petrol/gasoline</td>
<td>187 277</td>
<td>216 215</td>
<td>223 502</td>
</tr>
<tr>
<td>Diesel</td>
<td>245 956</td>
<td>265 406</td>
<td>257 879</td>
</tr>
<tr>
<td>Other fuels</td>
<td>13 643</td>
<td>15 055</td>
<td>15 012</td>
</tr>
<tr>
<td>Subtotal vehicles</td>
<td>446 876</td>
<td>496 676</td>
<td>496 393</td>
</tr>
<tr>
<td>Total direct energy</td>
<td>513 034</td>
<td>564 079</td>
<td>564 519</td>
</tr>
<tr>
<td>Electricity purchased</td>
<td>98 791</td>
<td>116 958</td>
<td>105 344</td>
</tr>
<tr>
<td>District heating</td>
<td>12 091</td>
<td>14 027</td>
<td>14 523</td>
</tr>
<tr>
<td>On-site generated solar energy consumed</td>
<td>5 835</td>
<td>4 136</td>
<td>2 400</td>
</tr>
<tr>
<td>Electricity for electric cars</td>
<td>171</td>
<td>67</td>
<td>38</td>
</tr>
<tr>
<td>Total indirect energy</td>
<td>116 888</td>
<td>135 188</td>
<td>122 205</td>
</tr>
<tr>
<td>Total energy consumption</td>
<td>629 922</td>
<td>699 267</td>
<td>686 824</td>
</tr>
</tbody>
</table>

Energy consumption trends relative to revenue

<table>
<thead>
<tr>
<th>MWh/CHF million</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buildings and processes</td>
<td>6.3</td>
<td>6.0</td>
<td>6.2</td>
</tr>
<tr>
<td>Vehicles</td>
<td>46.6</td>
<td>45.6</td>
<td>42.0</td>
</tr>
<tr>
<td>Electricity &amp; district heating</td>
<td>6.1</td>
<td>11.2</td>
<td>12.0</td>
</tr>
<tr>
<td>Total</td>
<td>63.0</td>
<td>62.0</td>
<td>59.2</td>
</tr>
</tbody>
</table>

Sustainability in our installation solutions

INEX (Installation Excellence) describes a scaffold-less assembly method which helps Schindler achieve installation excellence across our business by improving safety, quality, operational efficiency, and environmental impact. It harmonizes different installation procedures from around the globe into a single, standardized method with clearly defined processes, tools, and trainings for our technicians.

INEX provides a standardized process for installing products without scaffolding. This saves time for technicians and avoids the use of a significant amount of scaffolding material, which is often made from wood, bamboo, or steel.

It also standardizes the tools required for installation. Before INEX, our technicians used up to 100 different tools. Now technicians receive one globally used tool set with around 35 tools, helping to optimize workflow, safety, and the quality of installation. Dedicated tool maintenance centers supply, maintain, repair, and recertify these tool kits regularly.

More than 80% of our production sites are ISO 14001 certified.
Environment

Waste
In 2020, more than 82% of the total volume of waste was recycled and 11% was incinerated. Hazardous waste represented around 5.5% of the total waste generated, of which 73% was recycled and 22% incinerated.

Hazardous/non-hazardous waste
- Total non-hazardous waste (tons)
- Total hazardous waste (tons)

Waste disposal

<table>
<thead>
<tr>
<th>Total waste (tons)</th>
<th>41,826</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>41,826</td>
</tr>
<tr>
<td>2019</td>
<td>43,673</td>
</tr>
<tr>
<td>2018</td>
<td>40,816</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Product components</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ferrous metal (steel, cast iron)</td>
<td>66.7</td>
</tr>
<tr>
<td>Non-ferrous metals (aluminum, copper, brass)</td>
<td>2.4</td>
</tr>
<tr>
<td>Plastics and rubbers</td>
<td>1.8</td>
</tr>
<tr>
<td>Inorganic materials (concrete, glass)</td>
<td>24.7</td>
</tr>
<tr>
<td>Organic materials (wood)</td>
<td>3.8</td>
</tr>
<tr>
<td>Lubricants</td>
<td>0.0</td>
</tr>
<tr>
<td>Electric and electronic equipment</td>
<td>0.4</td>
</tr>
<tr>
<td>Batteries and accumulators</td>
<td>0.3</td>
</tr>
</tbody>
</table>

Air emissions
Air emissions mainly result from the use of paint and solvents in our production and maintenance activities, and from refrigerant losses in our cooling systems. Once installed, elevators emit no Volatile Organic Compounds (VOCs) or other harmful substances. Our elevators can optionally be ordered halogen-free – which includes the cabling and wiring. Hazardous substances are avoided as much as possible, in accordance with relevant regulations such as the European Union’s Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH) and others.

Alternatives for packaging
To support our effort to reach zero waste to landfill, we are also looking at our packaging waste. For example, packaging for the Schindler 1000 and Schindler 3000 elevators is now fully recyclable. The packaging is made of polythene (PE) plastic, cardboard, paper, and wood. All the non-plastic materials are FSC-certified materials. This enhanced packaging features a robust and damage-resistant shell to protect our products in transit and on the construction site, while also reducing waste.

Refrigerants

<table>
<thead>
<tr>
<th>Refrigerants</th>
<th>2020</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loss refilled (t)</td>
<td>1.2</td>
<td>2.1</td>
<td>1.6</td>
</tr>
<tr>
<td>ODP* of refrigerants (kg R-11 equivalents)</td>
<td>0.0</td>
<td>0.8</td>
<td>3.3</td>
</tr>
<tr>
<td>GHG emissions from refrigerants (t CO2e)</td>
<td>1.0</td>
<td>2.5</td>
<td>1.7</td>
</tr>
</tbody>
</table>

* Ozone Depletion Potential

Volatile organic compounds (VOCs)

<table>
<thead>
<tr>
<th>VOCs</th>
<th>2020</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-chlorinated</td>
<td>224</td>
<td>125</td>
<td>119</td>
</tr>
<tr>
<td>Chlorinated</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

* Representative unit of a Schindler 3000 elevator

Source: EPD

Our products are made of highly durable materials, most of which can be recycled.
Society

Our purpose is to improve urban mobility for more than 1.5 billion people who rely on our products every day. We strive to reflect the diversity of our markets and are committed to respect the human rights of the people we work with and the communities in which we operate. Keeping our passengers, customers, and employees safe is amongst our fundamental values.

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Creating value in communities 34
Elevators enable access to housing – especially for some of the most vulnerable groups in society, such as the elderly or people with mobility difficulties. Escalators can support inclusive urban development. For example, in Medellín, Colombia, a series of sheltered escalators transformed what used to be a strenuous commute for the 12,000 residents of the San Javier neighborhood into a breezy six-minute trip.

Innovation is key to our success. This demands a strong foundation built on talented employees who bring our ideas to life, supported by our suppliers, contractors, customers, and the people who use our products. We are committed to their safety and well-being.

We strive to reflect the diversity of our markets and are committed to respect the human rights of the people we work with and the communities in which we operate. As a participant in the UN Global Compact, we support its ten universal principles covering the respect for human rights, protection of the environment, and prevention of corruption. Our whistleblowing policy ensures our employees can voice any concerns.

We launched a process to implement human rights due diligence that will help us understand and mitigate any risks in our supply chains. Our process follows the UN Guiding Principles on Business and Human Rights as well as the OECD Guidelines for Multinational Enterprises.

People safety

Safety is a core value at Schindler. Every day more than 1.5 billion passengers trust that our products are safe and reliable.

At our factories and on site, our employees and subcontractors trust us to provide a safe and secure workplace. Our business only succeeds by protecting the safety and health of our users and employees.

As the pandemic gained ground and demand for protective equipment led to shortages worldwide, we refitted some of our production lines in Brazil and China to produce disposable face masks.

The safety and health of our employees remained our top priority from the outset of the pandemic. We quickly put measures in place to keep employees safe in our factories, offices, and on the ground, including providing personal protective equipment.

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To support individual hardship cases resulting from the pandemic, we launched a relief fund for employees. As an initial contribution, members of the Supervisory and Strategy Committee and Group Executive Committee waived 10% of their fixed salary for six months starting in May 2020. Other senior leaders were given the opportunity to participate, with each contribution matched by Schindler.

Our Safety as One Concept integrates safety throughout our value chain.

Our aspiration is zero incidents. We work to make this happen through clear guidance, Group-wide standards, and careful monitoring so that our employees and subcontractors will return home safely after every job.

To support individual hardship cases resulting from the pandemic, we launched a relief fund for employees. As an initial contribution, members of the Supervisory and Strategy Committee and Group Executive Committee waived 10% of their fixed salary for six months starting in May 2020. Other senior leaders were given the opportunity to participate, with each contribution matched by Schindler.

Our Safety as One Concept integrates safety throughout our value chain.

Our aspiration is zero incidents. We work to make this happen through clear guidance, Group-wide standards, and careful monitoring so that our employees and subcontractors will return home safely after every job.
Progress

We measure our progress by tracking our Total Case Rate (TCR). This widely accepted indicator measures the number of all work-related injuries per million working hours.

In 2020, our TCR was 3.8 – a 24% improvement from our 2017 baseline. This was consistent with our results in 2019. Our Lost Time Incident Rate has improved from our baseline year by 30% (1.5 in 2020, compared to 2.2 in 2017).

This result was overshadowed by the loss of one Schindler employee and five subcontracted workers in 2020. Each of these tragic events was analyzed internally in detail to understand the reasons for the accidents and what we must do to prevent recurrence.

We conducted online safety workshops among all entities to further raise awareness and ensure safety is a top priority at all levels in all departments.

Society

Our approach

All Group companies and subcontractors follow our Employee Safety and Health Policy, which focuses on four areas: risk and incident management, tools, behaviors, and product quality.

Regional safety councils provide strong feedback mechanisms by monitoring any incidents and reporting quarterly to our Group Executive Committee-level Safety Committee, chaired by our CEO.

At site level, these councils conduct regular risk analyses, increasing the frequency of these if any changes to procedures are made. Service technicians are encouraged to voice concerns and suggest improvements. Our risk-monitoring policy for production applies to all our manufacturing facilities and component plants, as well as third parties working for Schindler.

Subcontractors must respect our safety standards, and our expectations are communicated in all the major languages spoken by our field staff.

We run behavioral science-based and technical trainings, require auditor certifications and risk assessments, maintain strict compliance procedures, and conduct quarterly unannounced site visits.

We also launched initiatives to keep safety foremost in everyone’s mind. Our new safety awards celebrate sites demonstrating our strict safety culture, and we continued deploying mobile and on- and offline applications that enable employees to report any on-site concerns. A new, dedicated email contact point supports this by offering employees a way to share ideas on incident prevention. Our new on-site sanctions policy reaffirms our zero tolerance of breaches to safety rules.

The COVID-19 pandemic reduced the number of in-person training classes in 2020, with employees receiving an average of 5.4 days of technical training (2019: 8.8 days). We adapted and deployed 1 500 digital micro-learning opportunities so that employees could continue their training and certification.

Our Quality Champions Program

Quality is a core value for Schindler and is essential for delighting our customers and making journeys safe, convenient, and reliable. It is our long-term commitment to deliver genuine Swiss quality in every product, service, and experience to our customers – we want to offer quality that exceeds expectations.

We launched the Schindler Quality Champions Program in 2017. It shows our long-term commitment to fostering quality leadership at every step of the Schindler value chain – from initial customer contact, through to maintenance and modernization – with data feedback at every point to enable continuous improvement. The program places quality at the center of all our company actions, interactions, behavior, and attitudes, encouraging a culture of learning and commitment to quality.

Since 2017, our quality team trained 54,000 employees on key areas for quality improvement as part of the Schindler Quality Champions Program.

As of 2020, more than 95% of our production sites attained ISO 9001 certification for robust quality management systems, with the aim of reaching 100% by 2023 for our offices worldwide.
Nudging safe work habits

Safe working demands clear rules and good working habits. Sometimes it’s more effective to gently suggest a change in behavior – a nudge – rather than only enforcing rules.

That’s why in 2020 we launched our **Behavior LAB.** This unit reinforces our safety-first culture by developing and sharing attention-grabbing nudges to encourage our technicians, fitters, subcontractors, and users to develop habits that promote safety.

The LAB designs nudges to tackle specific hazards and risks – such as working at height, how children use escalators, relieving fatigue, and the dangers of rushing.

Nudges include messages stuck to equipment, wallet cards listing safety essentials, and phone-based quizzes, games, and animations. The nudges are piloted before global rollout.

The LAB’s permanent staff are supported by temporary, rotating members from our different functions. This keeps the messaging fresh, provides insights that improve effectiveness, and ensures the nudges are culturally appropriate.

Passengers and products

We care for the safety of more than 1.5 billion people using our products every day. Our approach to keeping everyone safe focuses on building safety into the design of our products, strict compliance with relevant codes and regulations, and clear guidance for those installing and maintaining our products.

Schindler’s rigorous safety and quality protocol includes stringent requirements applying to the whole product life cycle – from design and installation to maintenance, modernization, and dismantling. Our safety codes require us to complete additional safety tests on the units we maintain, observing and going beyond all external relevant codes and regulations. We share insights from our fitters and service technicians globally with others performing these roles, and with product developers.

Our safety promise does not stop with Schindler products. Our multibrand competence centers and international network of experts ensure that all equipment can benefit from the same professional Schindler service and be maintained to the same quality and safety standards, whatever the brand.

We responded to the COVID-19 pandemic by developing new solutions to keep customers safe. Our Schindler CleanMobility solutions offer touchless elevators that enable users to easily socially distance.

AI for safer escalators

Even though escalators are considered one of the safest means of transportation, accidents can unfortunately happen. To make escalator rides even safer, Schindler China partnered with artificial intelligence (AI) company SenseTime to develop the AI-powered Schindler Escalator Safety Intelligent Response System.

Most accidents on escalators happen due to unsafe passenger behavior or congestion. The new AI-response system spots potentially dangerous conditions or unsafe passenger behavior. It triggers the response needed to try to prevent an accident or resolve an incident – such as audio and visual alerts or an emergency stop.
People development

The dedication of our employees – to quality, our customers, and the development of our expert products – is one of Schindler’s greatest assets. Investing in our people’s development and careers with Schindler matters to our future success. We want to attract and retain the best people.

Our approach

All our employees receive regular feedback on their performance to help them advance in their careers. Alongside annual assessments, employees can undertake development reviews that highlight the actions needed for their progression. Actions are documented and maintained in individual development plans. Employees have access to tools in our online career center to help them meet their goals. Digital learning, cross-functional mentoring programs, job rotations, and on-the-job assignments are all on offer. Schindler encourages employees to put aside 30 minutes a week for professional learning.

We take technical training extremely seriously, using acknowledged, certified expert teachers. Schindler’s Group-wide certification program ensures our technicians including subcontractors receive regular training on the latest skills required to install and maintain our products safely. This includes theoretical and hands-on training in 230 elevator shafts and escalators specially set up for teaching. Coordinated by training centers around the world, the program is supervised by the Group Executive Committee member for Field Quality & Excellence. Employees are encouraged to improve their level of certification, and we provide additional, targeted training to meet specific needs around the world.

We do our best to help our employees strike the right balance between work and home. We consider flexible working options wherever possible, as reflected in our global remote working policy.

State-of-the-art technical training

In 2016, we became the first multinational company to produce elevators and escalators in India. To ensure that our engineers and service technicians were fully trained and certified, we invested in a new state-of-the-art technical training center in Pune. Two years later, in 2018, we opened our very own university to act as a best-in-class learning organization and build competitive advantage through people.

The university now offers interdisciplinary training. Students include engineers as well as sales staff, as we aim to stimulate cross-functional knowledge beyond a particular discipline.

Progress

At year-end 2020, we employed 66,674 people: from service technicians and fitters to specialist engineers and experts from complementary disciplines. All our people – at every level – were fully trained and ready to perform their roles safely and efficiently. In 2020, we increased by 6% the proportion of employees receiving performance reviews at least once a year, compared with 2019.

Performance reviews

<table>
<thead>
<tr>
<th>% completion rate</th>
<th>2020</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employees receiving performance reviews at least once per year</td>
<td>79</td>
<td>73</td>
<td>71</td>
</tr>
</tbody>
</table>

Employee engagement

We measure employee engagement every two years. Despite the COVID-19 pandemic, 85% of our employees participated in the 2020 survey, offering valuable feedback on our company direction, procedures, and customer experiences. Local employee focus groups helped define action plans based on the survey feedback, with sites required to follow up every quarter on progress with implementing these plans.

Voluntary attrition rate 2020

<table>
<thead>
<tr>
<th>% of headcount</th>
<th>Female</th>
<th>Male</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Female attrition rate as a percentage of female employees as of January 1, 2020</td>
<td>3.1</td>
<td>2.8</td>
</tr>
<tr>
<td>2 Male attrition rate as a percentage of male employees as of January 1, 2020</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Inclusion and diversity

Schindler’s global presence gives us access to the full spectrum of human diversity.

By drawing on a pool of talent which reflects the diversity of our customers, partners, and communities where we operate, we increase our collective intelligence and ability to innovate. Our inclusive work culture enables us to better listen to customers and allows our diverse employees to thrive.

Promoting Inclusion and Diversity (I&D) is not simply a business necessity, but a matter of social justice and a reflection of our strong values.

Schindler is committed to being an equal-opportunity employer that treats employees fairly, regardless of their gender, age, race, ethnicity, religion, marital status, sexual orientation, gender identity, experience, or socioeconomic status.

Our people policies, such as our Anti-Discrimination and Harassment Policy or Group Recruitment Policy, promote an inclusive and diverse work culture. Our Group-level Inclusion and Diversity Committee, which includes several Group Executive Committee members, gives a top-level focus to the subject and works to orient and prioritize our efforts globally.

Despite a global pandemic, 2020 marked a significant increase in resources and infrastructure dedicated to progressing our I&D agenda. A Global Head of I&D was hired at our headquarters as well as a full-time director of I&D for our US division. We launched our Global I&D Leads network as the operational arm, which works to implement the I&D strategy set by Schindler’s Board-level Supervisory and Strategy Committee.

Leadership development

In 2020, we redesigned our leadership training programs to offer a virtual and blended learning experience. We collaborated across countries and functions to combine local expertise with market and customer intelligence. We maintained our holistic approach to learning by offering courses throughout the year, such as live webinars, eLearning modules, videos, and opportunities to interact and learn from peers and trainers. All our management positions continued to receive an annual leadership development review to monitor performance and progress.

Early career development

To create a qualified pool of future leaders, we continued to recruit young professionals into our early career development program, which takes six years and provides management training tailored to a person’s career aspirations. We continued investing in apprenticeship programs to help future generations of technicians enter the field.

Read more about creating value in communities, page 34
Promoting gender diversity

We are determined to do our part to change the gender imbalance in our industry. To drive the speed of progress we have made a public commitment — included in our sustainability roadmap — to increase the number of women in our succession planning for leadership roles to 25% by 2022.

In 2020, we made steady progress towards our goal, reaching 22% women in the pool. In the wake of the global pandemic, we adapted the rollout of our Women in Leadership Program, which supports leadership development for women, and greatly involves their managers and other senior leaders, the majority of whom are male. 57 women leaders participated in the program in 2020, which also marked the launch of our Elevate Talent Program to reach an even wider group of women. The Elevate Talent Program offered 300 female employees a year-long series of leadership development and career planning webinars in order to better provide equitable career paths and ultimately a better gender mix in our pipeline.

The principle of equal pay for equal work is embedded in our global Compensation Policy and we reinforced its importance with the launch in 2020 of a Global Equal Pay Analysis, an evaluation tool based on Swiss government guidelines. The analysis will drive our actions to ensure we maintain equitable remuneration.

We are integrating bias mitigation steps in our Group Hiring and Recruitment Policy, offering flexible work arrangements, and setting further internal regional-level targets to promote gender diversity. For example, our recruitment policy requires a gender-mixed panel of interviewers and at least one female candidate in every final selection round. In our communities, we continue working to encourage women and girls to embrace science, technology, engineering, and maths (STEM), as Schindler India is doing with its new technical education program for women.

Progress

In 2020, we created an internal I&D scorecard which combines four elements of diversity (gender, nationality, age, and experience) to help our sites track progress, evaluate priorities for improvement actions, and identify best practices.

At the close of 2020, 12% of our workforce was female. We increased the number of women identified as potential leaders, and expanded the representation of women on our Board of Directors.

In late 2020, we announced the appointment of Sabine Siméon-Aissaoui, Head of Escalator/Supply Chain to our Group Executive Committee, as well as the Global Sustainability Committee.

Gender diversity overview

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Women on the Board of Directors</td>
<td>3</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Women on the Group Executive Committee</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Women in Group Management</td>
<td>73</td>
<td>56</td>
<td>58</td>
</tr>
<tr>
<td>Women in leadership pool (%)</td>
<td>22</td>
<td>21</td>
<td>19</td>
</tr>
</tbody>
</table>

1 Schindler recognizes that gender is not a binary concept.

At present, we are only able to present binary statistics on gender globally due to data constraints in some countries.

Building inclusive workplaces

Mutual respect is a cornerstone of our culture. We reaffirmed our long-standing commitment to provide workplaces free from all harassment and bullying, with the publication of our new Global Policy against Discrimination and Harassment. An innovative “gamification” learning program was launched in 2020 to reinforce the message with all employees.

To develop our future leaders, the Schindler Career Development Program focused on building inclusive leadership skills, including ways to avoid unconscious bias impacts. A particular focus on unconscious bias mitigation is included in the nomination process for the program.

We have created a global framework for Employee Inclusion Networks which will be further rolled out in 2021 to increase the number of employee networks covering gender, LGBTQA+, multicultural/ethnicity, generational, US veterans, and disability inclusion.

As an example of concrete actions by our networks, our Pride and Friends Network helped to obtain the Swiss LGBTQI Label for Schindler Switzerland. Additionally, a global LGBTQA+ inclusion seminar was piloted with Schindler India’s management team and rolled out in an open session for all employees during Pride Month.

In 2020, we joined the Valuable 500 movement, which seeks to promote global inclusion of people living with disabilities. Member companies commit to put disability inclusion on their business leadership agendas.

Gender distribution among the Board of Directors

- **Female members**
  - 27%
- **Male members**
  - 73%
Our Valuable 500 Task Force, led by a Group Executive Committee member, will define strategies for hiring and on-boarding more people with disabilities by gathering internal and external best practices. For example, Schindler Iberia (Portugal and Spain) partners with Down Spain and APPT 21 to recruit candidates with Down syndrome and other disabilities, 70% of employees working at its call center in Spain are people with a disability.

We promote inclusiveness in our supply chain and through the design of our products. For example, Schindler France as well as our Swiss production sites partner with suppliers who specialize in employing people with disabilities. In Poland, we partner with the Accessibility Plus Program to ensure elevators are accessible to everyone. For example, we have improved our touch panel technology in our elevators to make their use easier for visually impaired people.

Our Brazilian entity continued to advance I&D through their five diversity pillars or employee networks covering gender, disabilities, LGBTQA+, generations, and ethnicity. The leadership of our US entity demonstrated inclusion through public recognition of remaining racial inequalities in society and a dedicated plan to accelerate progress with an accompanying increase in I&D resources.

Creating value in communities

With youth unemployment being a global challenge, we are proud to give young people the opportunity to take their first step into the world of work and develop the skills and experience they need to move forward in their careers.

At the end of 2020, over 4,000 students were engaged in vocational education and training programs in over 40 countries. Within the Group, apprenticeships help to prepare the future generation of service technicians and fitters, ensuring a continuity in the skills we need. In 2019, we started working on a Group standard for apprenticeships to support our Group companies in deploying vocational education and training.

Initiatives in Brazil

In Brazil, Atlas Schindler has continued its Newcomers Program offering graduates the opportunity to enter the labor market through specialized training delivered by the company’s instructors. Participants gain knowledge on how to perform preventive and corrective maintenance in elevators with an emphasis on safety and quality. Initiated in 2016, the program expanded across the country in 2018 and today a total of 313 apprentices have been hired.

In 2019, a partnership with the National Industrial Learning Service in São Paulo was launched to scale up the program and offer a 300-hour specialization course on elevator maintenance. Internships offered to successful students ultimately resulted in the recruitment of more than half the participants.

Initiatives in Asia-Pacific

2020 marks the fourth anniversary of the Schindler Apprenticeship program in Indonesia. Schindler Vietnam’s collaboration with the Cao Thang Technical College has led to the recruitment of 30 to 50 graduates from the program each year. Schindler China renewed its School-Enterprise Cooperation with Guangdong Polytechnic College, a collaboration which started back in 2007.

Ranked on top
in the engineering and manufacturing industry as voted by employees through the Financial Times Diversity Leaders survey

Over 4,000 students were engaged in vocational education and training programs in over 40 countries.

313 apprentices have been hired after participating in the Schindler Newcomers Program.
CSR initiatives in India

Under its Fulfill Futures CSR program, Schindler India is running a series of initiatives that contribute to improving access to quality education and promoting gender equality as critical action areas in breaking the poverty cycle. Through its Schindler Igniting Minds initiative, the company aims to stimulate interest and promote careers in STEM among students of all ages by raising awareness and providing scholarship programs. More than 1,600 scholarships have been awarded to date.

Because the construction industry is the single largest employer of migrant workers in urban India, Schindler has rolled out initiatives that are specifically geared to migrant construction workers’ children, with a focus on supporting their health, nutrition, and education needs. More than 5,000 children have benefited from that initiative so far. In 2020, Schindler India joined the NGO Door Step School to support 15 Education Activity Centers for 800 children living near construction sites in Pune. Door Step School uses a school bus converted into a classroom. The organization brings education to street children and pavement dwellers in different districts of Mumbai.

In modest families, older children are often entrusted with looking after their younger siblings. Schindler has teamed up with the NGO Mumbai Mobile Creches to offer day-care services for an average of 1,000 children aged 0–3, allowing their older siblings to attend school.

Supporting communities during the pandemic

Schindler employees supported their communities through monetary donations to contribute to nationwide COVID-19 relief efforts, volunteering initiatives, as well as donations of personal protective equipment. Even in areas with high infection rates, our teams continued to operate to support our communities. In markets like China, teams rotated shifts to provide rapid response time. In Indonesia, our colleagues helped convert an apartment tower in Central Jakarta into an emergency hospital capable of accommodating up to 20,000 COVID-19 patients, with a group of 20 field technicians working around the clock to complete the refurbishment of all equipment in less than four days.

Making lives easier during downtime

Out-of-order elevators are never fun. But they can prove particularly problematic for those living on high floors, or for pregnant women, elderly people, or those with disabilities, who all rely on functioning elevators to get around. Schindler France launched eGroom in 2020, a personalized concierge service. The service delivers meals, groceries, and medicine free of charge to residents unable to use elevators in their buildings – ensuring our end consumers’ essential needs are met at all times.

Making lives easier during downtime – however, these services are not free of charge.
Governance

Our sustainability roadmap is driven by Schindler’s Board of Directors, while its implementation is led by our Group Executive Committee. Our Code of Conduct clearly defines the ethical standards we require from our employees and business partners.

Guidelines to the Code further define these in the context of daily business practice. They comprise rules for fair business conduct including competition and tax laws. Compliance is rigorously monitored by our global compliance network.
Risk management
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 market and business risks; financial, operational, and organizational risks; and safety, health, and environmental risks. 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 a 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 appraisal.
Governance

Ethics and integrity

All our employees globally are committed to the highest ethical standards of professional and personal conduct in all interactions with customers, colleagues, business partners, competitors, regulators, and the communities in which we operate.

Our approach

Our Code of Conduct and anti-corruption policies define our expectations. These are communicated to all employees, suppliers, and other business partners. We monitor compliance with these requirements through regular audits led by our dedicated global compliance team, consisting of 120 employees worldwide who work at area, regional, and local level. Our Group Compliance Officer has a direct reporting line to the Group General Counsel and periodically reports against KPIs to the Audit Committee, the Supervisory and Strategy Committee, and the Chairman.

Internal and third-party compliance are monitored by our dedicated due diligence programs. Partners are vetted before and during business engagements. Suppliers’ compliance risks are addressed during the selection process as part of our supplier qualification audits while compliance evaluation is part of our supplier consistency audits. The distributor compliance support program includes a mandatory annual compliance questionnaire, audits, and training. As of 2020, we include updates to regulatory requirements in our distributor compliance newsletters. Since 2007, compliance clearance processes have been in place for all new intermediaries or agents as well as for invitations to external events. New acquisitions are audited at the latest one year after signing.

Risk assessments for corruption are part of our audit process and are led by the Group Compliance team. Prior to assessment, Schindler companies complete a self-assessment that covers bribery risks. The results are discussed during the audit with the managers of the company’s main functions. Where needed, the resulting audit report from the Group Compliance team includes recommendations on how to better manage and mitigate anti-bribery risks. Any action required following an audit is recorded in compliance upgrade modules.

Our Group Compliance team regularly audits all Schindler companies, and conducts additional checks on our internal finance, technical, and IT security teams. These specific audits include compliance briefings, reviews of accounts, mock dawn raids, spot checks on branch offices, and reviews to monitor the implementation of the compliance program at a local level. In addition, our compliance team investigates any potential signs of corruption and is supported by external specialists in this area.

To support Schindler companies better control risk exposure, Group compliance specifies and regularly updates risk control modules, informed by audit and investigation findings. We are establishing an online portal for every Schindler company, where real-time compliance with our Code of Conduct can be monitored with easy communication between local and Group Compliance teams.

Schindler encourages good-faith reporting of potential violations and protects whistleblowers against discrimination. Concerns can be made known to the Schindler Ombudsman or via local whistleblower hotlines.

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Governance

Progress
The implementation of our Code of Conduct follows three pillars: Educate – Examine – Enforce.

This means that we educate employees regularly on how to address compliance risks, examine cases systematically to discover possible deficiencies, and enforce compliance by taking appropriate corrective action if any breaches occur.

Educate
In 2020, every Schindler employee received at least one Code of Conduct training – in line with our Group-wide target. We offered a Code of Conduct eLearning module on both computers and mobile devices, enabling employees who work in the field to easily access training. Additional classroom training was offered to employees in market-focused functions, such as sales and procurement. Our managers continued to offer their teams periodic training based on real Schindler case studies, such as confidentiality on social media, conflicts of interest, anti-bribery, and fraud.

Examine
An annual compliance audit plan is reviewed and approved by Schindler's Audit Committee, applying clear selection criteria such as evaluation of risk exposure, size of entity, and time since the last audit was performed. In 2020, we planned and conducted 54 audits, despite the travel bans due to COVID-19 pandemic.

Enforce
Based on our Group Compliance audit results and local reports, we investigated 300 compliance-related allegations. Corrective actions were specified for every investigation, with our Group Compliance team monitoring implementation.

“We say NO to illicit requests” campaign
In 2020, we successfully launched this initiative which encourages employees to report illicit demands and rewards them for speaking up. At the end of 2020, 50 reports were submitted globally.

Other compliance considerations
The Group is exposed to a variety of legal risks. These may include risks associated with employment law, product liability, patent law, tax law, and competition law. Several Group companies are involved in legal proceedings. The results of pending or future proceedings cannot be accurately forecast. Consequently, decisions by courts or other authorities can give rise to expenses that are not covered either partly or fully by insurance policies. This may have a significant impact on our business and future results.
Customer and employee privacy and data

Our Global Privacy Policy defines privacy standards for employee and customer personal data and is applicable to all Schindler companies. It requires Schindler employees to treat personal information in accordance with applicable data protection laws and includes our expectations for breach reporting.

To complement this commitment to privacy and data protection, we apply the highest standards to information security and address relevant cyber risks.

Tax approach

As a globally responsible corporate citizen with operations in over 100 countries, Schindler pays taxes in multiple jurisdictions.

Local subsidiaries are responsible for ensuring that their business activities comply with all local tax laws, regulations, and disclosure requirements. They ensure that Schindler acts within the various national jurisdictions as a good citizen as well as making full disclosure in tax returns, reports, and documents submitted. All tax positions and transactions are aligned with our real commercial and economic activity. We aim to identify and to minimize tax risks to safeguard Schindler’s assets and reputation.

Schindler cooperates with all tax authorities and other relevant bodies in a proactive, open, honest, and transparent way. We maintain and follow a strict transfer pricing policy, based on the OECD Transfer Pricing Guidelines and on the Base Erosion and Profit Shifting (BEPS) Project deliverables. We file a country-by-country report to the Swiss Tax Administration, which contains aggregated tax information per country relating to the global allocation of income, taxes paid, and other key indicators.

Globally, Schindler paid CHF 219 million in income taxes in 2020 (2019: CHF 272 million). Our ten largest countries by revenue paid more than 80% of this total. The biggest contributors were Switzerland, Germany, and the United States. In Switzerland, where our headquarters is located, we paid CHF 45 million taxes in 2020 (2019: CHF 47 million).
Appendix

How we report

Aligning with Group financial reporting, our consolidation scope includes the entities covered in the Group consolidated financial statements.

The list of principal consolidated companies is presented in Schindler’s Annual Report 2020. Our sustainability performance data cover the period from January 1, 2020, to December 31, 2020. This report has been prepared in accordance with the GRI Standards: Core option. The content index provides an overview of how we comply to the standards. We have self-declared our reporting to be in accordance with the Core level. We have also introduced SASB metrics to address growing demands from our shareholders. This is our 9th Sustainability Report, the last one was published on June 29, 2020.

Our process for data collection has evolved over the years and now includes:
– Designated coordinators at site level collecting and submitting data through the Sphera Corporate Sustainability software
– Built-in validation rules ensuring the robustness of the reported data, such as a requirement to provide an explanatory comment when a value is out of an expected range or shows a significant deviation from previously reported data
– First quality check conducted by each sustainability coordinator before final submission
– Further plausibility checks performed by the corporate sustainability team at the headquarters in Switzerland

We use the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (revised edition, 2004) to evaluate our carbon footprint performance data. No emission sources have been excluded for scopes 1 and 2. To calculate scope 2 emissions we use the GHG Protocol scope 2 Guidance. Scope 3 emissions cover the following scope 3 upstream categories: “Purchased goods and services,” “Capital goods,” “Fuel- and energy-related activities (not already covered in scope 1 and 2),” “Upstream transportation and distribution,” “Waste,” and “Business travel.” Not yet included are the downstream GHG emissions, e.g. related to the use of products.

The total CO2 emissions scope 1 and 2 are reported based on activity data multiplied by the corresponding emission factors (that get updated through Sphera). Scope 3 emissions are calculated by model “estell 6,” a methodology and tool developed by the consulting firm Systain. The methodology is based on an Environmentally Extended Input Output (EEIO) database based on recognized scientific datasets (e.g. from the OECD and the World Bank) and complies with current reporting standards like the Greenhouse Gas Protocol or CDP.

This year, we restated the 2018 and 2019 scope 2 (purchased electricity) emission values due to updates made to the emission factors.

The report is approved by the Board of Directors. External assurance is delivered by Swiss Climate in accordance with AA1000 Assurance Standard (AA1000AS v3) Type 2 moderate-level assurance on our carbon footprint data (scope 1 to 3) and sustainability roadmap KPIs.

Published on June 17, 2021.

For past reports, visit the website.
Statement of the external assurer

Assurance Statement: CO2: Footprint
Schindler Management Ltd. 2020 (Summary)

SCOPE OF VERIFICATION
Swiss Climate was commissioned by Schindler Management Ltd. to provide assurance on its 2020 carbon footprint data, as well as to provide assurance on its CO2 footprint on fair emissions basis. Swiss Climate is an external assurer in accordance with AS1000AS v3. Type 2 moderate-level assurance. The verification comprised a combination of interviews with relevant employees, documentation and record reviews.

Swiss Climate has verified the following greenhouse gas emissions for the year 2020:

<table>
<thead>
<tr>
<th>Emission Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scope 1 (total)</td>
</tr>
<tr>
<td>Scope 2 (total)</td>
</tr>
<tr>
<td>Scope 3 (total)</td>
</tr>
</tbody>
</table>

SCOPE
Swiss Climate has verified the following greenhouse gas emissions for the year 2020:

- Scope 1: Reducing or eliminating fossil fuel use in Schindler’s own operations (e.g., electricity, gas, fuel, etc.).
- Scope 2: Emissions from Schindler’s own electricity usage. This includes electricity generated on site, where Schindler owns the equipment, as well as purchased electricity.
- Scope 3: Emissions from Schindler’s supply chain and other indirect activities.

SIGNED FOR AND ON BEHALF OF SWISS CLIMATE
Tobias Jung, Senior Consultant
Sarah Klink, Senior Consultant
Bern, 10th May 2021

Assurance Statement: Sustainability KPIs
Schindler Management Ltd. 2020 (Summary)

SCOPE
Swiss Climate was commissioned by Schindler Management Ltd. to provide assurance on its four main sustainability KPIs for 2020. Swiss Climate performed a moderate-level assurance. The verification comprised a combination of interviews with relevant employees, documentation and record reviews.

Swiss Climate has verified the following sustainability KPIs for the year 2020:

1. Attract diverse talents
   - At the end of 2020, Schindler Management Ltd. had 12.3% women in its leadership succession pipeline.

2. Pioneer smart mobility
   - In 2020, Schindler Management Ltd. transported 260 million passengers each day on digitally connected units (elevators and escalators) across the globe.

3. Sustainable supply chain
   - In 2020, Schindler Management Ltd. has access to 5% party sustainability assessments of 70% of its component suppliers in relation to purchase volume (in CHF) of production material.

OPINION
Swiss Climate did not find evidence to indicate that the processes and systems in place to collect the data and to calculate the KPIs are such that the company’s sustainability performance specifically related to these few KPIs would be erroneously described. In general, the data was found to be reliable during audit process. Any identified errors or omissions were addressed and documented.

SIGNATORY FOR AND ON BEHALF OF SWISS CLIMATE
Leading Auditor: Tobias Jung, Senior Consultant
Bern, 5th January 2021

Second Auditor: Sarah Klink, Senior Consultant
Zurich, 5th January 2021

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Our annual compliance assessment did not identify any significant incidents of non-compliance with our global policy on equal opportunities.

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

No incidents of non-compliance with regulations and/or voluntary codes concerning product and service information were reported in 2020.

No significant fines for non-compliance with laws and regulations concerning the provision and use of products and services were paid in the reporting year 2020.
# SASB metrics

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<th>Topic</th>
<th>Accounting metric</th>
<th>2020 results</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Energy management</strong></td>
<td>total energy consumed</td>
<td>Disclosed in the Corporate Responsibility (CR) Report p. 18 and 25</td>
</tr>
<tr>
<td></td>
<td>% grid electricity</td>
<td></td>
</tr>
<tr>
<td></td>
<td>% renewable</td>
<td></td>
</tr>
<tr>
<td><strong>Hazardous waste management</strong></td>
<td>amount hazardous waste generated, % recycled</td>
<td>Disclosed in the CR Report p. 26</td>
</tr>
<tr>
<td></td>
<td>number and aggregate quantity of reportable spills, quantity recovered</td>
<td></td>
</tr>
<tr>
<td></td>
<td>number of recalls issued, total units recalled</td>
<td></td>
</tr>
<tr>
<td></td>
<td>total amount of monetary losses as a result of legal proceedings associated with product safety</td>
<td></td>
</tr>
<tr>
<td><strong>Product safety</strong></td>
<td>% of products in revenue that contain IEC 62474 declarable substances</td>
<td>Schindler does not provide any products within the ENERGY STAR product categories. However, we do manufacture highly energy-efficient products and have documented their environmental impacts, including energy efficiency, through Environmental Product Declarations (see p. 21–22 of CR Report).</td>
</tr>
<tr>
<td></td>
<td>% of eligible products by revenue that meet ENERGY STAR criteria</td>
<td>Schindler does not provide any products within the ENERGY STAR product categories. However, we do manufacture highly energy-efficient products and have documented their environmental impacts, including energy efficiency, through Environmental Product Declarations (see p. 21–22 of CR Report).</td>
</tr>
<tr>
<td></td>
<td>revenue from renewable-energy-related and energy efficiency-related products</td>
<td>Today’s generation of Schindler elevators and escalators is significantly more energy-efficient than their predecessors from 1990s or 2000s. Schindler is committed to increasing energy efficiency of its products and is testing and modeling its products' energy efficiency in accordance with global standards such as ISO 25745 and is performing life cycle assessments in accordance with ISO 14025:2006 and EN 15804:2012+A2:2019, as visible through our public Environmental Product Declarations (EPD). All our latest generation modular elevators can achieve energy class A according to ISO 25745 (see CR Report p. 21–22). In order to provide global information on the specific revenue contribution from energy efficiency-related products in the future we are currently working on an appropriate classification and consolidation scheme. Schindler does not manufacture specifically renewable-energy-related products. However, through our power factor 1 technologies and regenerative drives we enable the reuse of renewable and conventional energy in buildings and lower the net energy demand of groups of elevators, and we are working on smart grid integration (see p. 11-12 of CR Report).</td>
</tr>
<tr>
<td><strong>Product life cycle management</strong></td>
<td>% of products in revenue that contain IEC 62474 declarable substances</td>
<td>Schindler does not provide any products within the ENERGY STAR product categories. However, we do manufacture highly energy-efficient products and have documented their environmental impacts, including energy efficiency, through Environmental Product Declarations (see p. 21–22 of CR Report).</td>
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</tr>
<tr>
<td><strong>Materials sourcing</strong></td>
<td>description of the management of risks associated with the use of critical materials</td>
<td>Due to the use of electrical and electronic components in our products we might be exposed to supply chain risks from the use of critical materials, such as shortage of supply, increased global demand or impacts from natural or geopolitical events. Direct use of specific critical materials can be identified during our product creation process and we are reviewing the product data management to enhance the visibility of critical materials on a global level. Our supplier evaluation and risk management process includes related risks such as potentials for substitution, multiple sourcing, financial and sustainability risk assessments of suppliers and other factors. Find more information about our supplier management in the CR Report, p. 20.</td>
</tr>
<tr>
<td><strong>Business ethics</strong></td>
<td>description of policies and practices for prevention of (1) corruption and bribery, (2) anti-competitive behavior</td>
<td>Schindler reported no material monetary losses as a result of legal proceedings associated with anti-competitive behavior regulations.</td>
</tr>
<tr>
<td></td>
<td>total amount of monetary losses as a result of legal proceedings associated with bribery and corruption</td>
<td>Schindler reported no material monetary losses as a result of legal proceedings associated with anti-competitive behavior regulations.</td>
</tr>
<tr>
<td></td>
<td>total amount of monetary losses as a result of legal proceedings associated with anti-competitive behavior regulations</td>
<td>Schindler reported no material monetary losses as a result of legal proceedings associated with anti-competitive behavior regulations.</td>
</tr>
<tr>
<td><strong>Other</strong></td>
<td>number of units produced by product category</td>
<td>Schindler is one of the world’s leading suppliers of elevators, escalators, and moving walks and offers mobility solutions across the entire life cycle of a unit – from planning and installation to maintenance and modernization. Schindler assembles more than 100 000 new units p.a. of which the vast majority is elevators. We refrain from providing more granular information due to competitive reasons.</td>
</tr>
<tr>
<td></td>
<td>number of employees</td>
<td>Disclosed in the CR Report p. 31</td>
</tr>
</tbody>
</table>

*SCHINDLER CORPORATE RESPONSIBILITY REPORT 2020*
References


