



# Sustainability Report

## 2015

1501 Yamato Road  
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## A Message from our CEO, Naren Gursahaney

The ADT Corporation has one of the most trusted and well-known brands in the security industry. We currently serve nearly seven million residential and business customers, making us the largest company of our kind in both the United States and Canada. We deliver an integrated customer experience by maintaining the industry's largest sales, installation and service field force and most robust monitoring network, all backed by the support of over 17,000 employees. We have a broad and pioneering set of products and services—from interactive home and business solutions to home health services. These are all designed to meet a range of customer needs for today's active and mobile lifestyles.



At ADT, sustainability and corporate social responsibility are fundamental to our success. We believe that this approach to sustainability helps create a long term shared value for our customers, employees, suppliers, shareholders and the communities where we live and work. Through our initiatives and innovations, ADT strives to deliver a positive environmental footprint and work environment. ADT's "Blueprint for Sustainability" includes programs which positively impact customers, employees and the environment. Some of these are described in the pages that follow.

## A Message from our VP of Environmental, Health & Safety, Jay Small



Since becoming a public company in October 2012, we have made significant investments and improvements in our environmental, health and safety (EH&S) programs. In this short period of time, we have committed resources and put in place programs to improve performance. As described in this report, the programs are yielding positive results. We have fewer injuries per hundred employees, we are reducing our impact on the environment.

At ADT, we take the safety of our team members and the environment seriously. In fact, we strive to work in an environment that is free from recognized hazards and at the same time create minimal negative impact on the environment. We believe that all injuries are preventable and that everyone should go home from work in the same condition, or better, then when they came to work. As a company, we've developed and implemented policies and processes that will enable us to reduce our impact on the environment. EH&S goals and objectives have been developed and placed in managers' annual performance reviews. Each employee is expected to follow all EH&S rules and requirements as well as identify or correct unsafe actions, behaviors, or situations. This is necessary if ADT is going to meet its objectives.

I hope you find the information in this report valuable and would welcome any feedback you may have. At ADT, Environment, Health & Safety matters.

## Our Vision and Values

Since our establishment as an independent public company in October 2012, ADT has built a foundation for a strong Environmental, Health & Safety culture. On the forefront of this effort is our EH&S Vision and Values.

Our vision is clear: To build a culture that promotes safe behaviors on each task, every day, and results in:

1. Zero incidents
2. Enhanced employee wellness
3. Minimized environmental impact

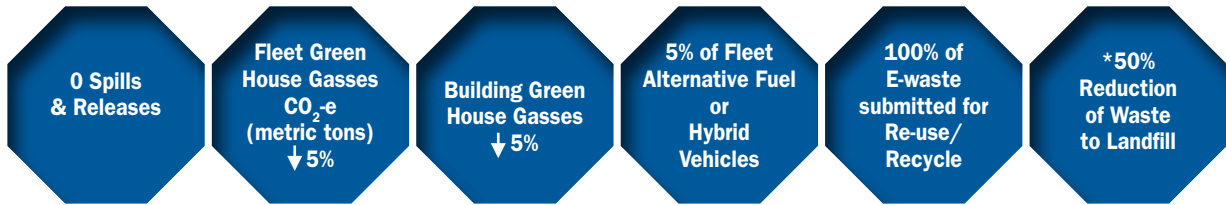
We recognized that for us to achieve this vision, we need to incorporate our EH&S Values focused on People, Prevention and Accountability, into our business and the decisions we make each day. Our EH&S values are:

- **People: We value the health and safety of our team members and customers above all else**
  - We actively champion safe behaviors for our team members
  - We provide our team members with the necessary knowledge, training and tools to model safe behaviors
  - We promote a culture of wellness and encourage healthy habits at work and home
- **Prevention: We believe all occupational injuries and illnesses, as well as environmental incidents are preventable**
  - We design work processes that allow us to perform our jobs in the safest and most sustainable way possible, while delivering the highest quality services to our customers
  - We utilize a comprehensive management system encompassing 15 elements around leadership, training and accountability that will enable us to achieve our goals and objectives
- **Accountability: We comply with all applicable environment, health and safety requirements**
  - We are responsible for our own safety as well as the safety of our team members
  - We empower our team members to intervene to prevent injuries and environmental incidents
  - We are accountable for proactive prevention initiatives as well as performance



# 2015 Goals

## Environmental



Since becoming a stand-alone company in October 2012, ADT has committed significant resources to reduce our impact on the environment. We have not experienced any reportable spills or releases to the environment. In addition, during 2014 ADT allocated approximately \$870,000 US to reduce building greenhouse gasses at our largest locations. These locations, before the efforts, accounted for approximately 54% of our total building greenhouse gases. Efficiency improvements are being made in the lighting, air handling and computer operations at these eight locations. These improvements alone are expected to save 5.6M Kilowatt Hours and 3837 metric tons of CO<sub>2</sub>. We estimate that this will account for about a 4% reduction of our total greenhouse gas production.

ADT has implemented programs to ensure ongoing compliance with environmental regulations and to reduce waste. These include a waste recycling/diversion program at all of our call centers and many of our office locations. Since starting the recycling effort we have seen our waste diversion percentage climb from 5% in 2012 to almost 30% in 2014. We have also developed a plan that will allow us to increase our percentage of alternate fuel and hybrid vehicles in order to achieve our 2015 fleet greenhouse gas goals.

Programs that address our largest waste streams, electronic scrap and batteries have been put in place. Our program requires 100% recycling of all electronic scrap from all of our field offices as well as requiring the return of all used batteries to our field offices. Electronic scrap and battery disposal are managed through the use of ADT-approved vendors.

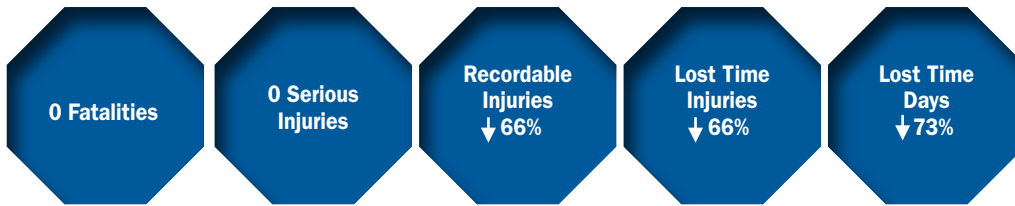
As part of our environmental communications program, ADT has developed and circulated Environmental Absolutes, which communicate four key environmental requirements to all employees. These Absolutes are posted in all field offices.

We have also been investigating and implementing ways to reduce greenhouse gasses from our fleet. Since 2012, we have been purchasing more fuel efficient vehicles and our average fleet miles per gallon have seen an improvement of approximately 5.3%. This is a savings of over 300,000 gallons of fuel annually, or preventing over 3,150 metric tons of carbon dioxide from entering the atmosphere. Also, as of December 2014, approximately 6% of our fleet is capable of running on alternative fuels, or are hybrid vehicles. We currently have plans to order two vans by the end of fiscal year 2015 which will run on compressed natural gas. Additional hybrid vehicles will be purchased as well in an effort to phase out the 74 gas-only powered vehicles used by our Patrol group. Assuming the hybrid vehicles meet our requirements, we will order additional vehicles during the following replacement cycle.





# Safety



ADT has identified three-year safety goals based on the 2012 baseline designed to protect our most valuable resource - our team members. While we are not yet at the end of the three year period, we have seen significant improvements in all of our metrics.



Our proactive prevention programs that have helped us achieve these reductions include the investment of over \$1,000,000 US to ensure our team members have the requisite personal protective equipment (PPE) and training. This included the purchase and distribution of PPE bags to all field and sales employees. Additionally, we have trained our field team to take a few minutes prior to the beginning of each job to identify and control potential hazards. It is these efforts and programs that are changing the safety culture and are helping to yield quantifiable results. We have seen year-over-year improvements in all three safety metrics. As of the end of fiscal year 2014, we have achieved a 14% reduction in our total recordable incident rate from our 2012 baseline, a 21% reduction in our lost time injury rate and a reduction in the number of days which were lost during the same period by 52%. We have reduced our lost day severity rate by 55%. We have not experienced any work related fatalities and our serious injuries have been reduced by 20% from the 2012 baseline.

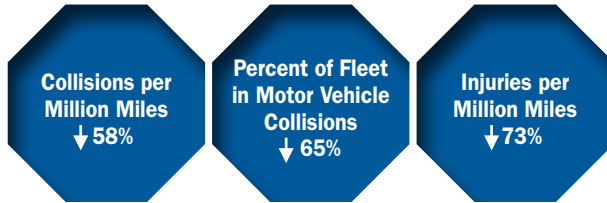


In addition, ADT has developed nine Safety Absolutes which are posted in every office and carried by all ADT field employees as part of their safety equipment. These absolutes are associated with nine safe behaviors that, when followed, reduce the potential of serious injuries or fatalities.

Specific programs have been implemented to address our most common hazards and risks and our most significant types of injuries. These include:

- MoveSmart® training for all field employees. This is an instructor led, interactive training course. MoveSmart transfers high-level mental and physical tools people need to dramatically reduce injuries and to take personal control of their own safety. Approximately 2600 field technicians and managers have been trained to date and we have seen a 20% reduction in our non-motor vehicle sprains & strains.
- Bulli Ray® - dog bite prevention training for field technicians and sales team members
- Implementation of a jobsite observation process for managers, which includes visiting team members while they are on a job and having a conversation about what was observed. This may include such positive items as the appropriate completion of a job hazard analysis, proper use of PPE, or, in some situations, where concerns are identified, providing coaching and corrective feedback to ensure that expectations will be met in the future to prevent them from being injured.
- Pre job planning/hazard identification using Job Hazard Analysis
- Monthly incident review meetings
- Distribution of safety and environmental alerts

## Motor Vehicle/Fleet Operations



ADT operates a fleet of approximately 4500 vehicles in the U.S. and Canada. Programs have been put in place to address both the hazards associated with driving the vehicles and the emissions they produce. As collisions involving motor vehicles are one of our top causes of injuries, special programs have been put in place to address the issues. These programs include mandatory driver safety training and our Motor Vehicle Safety Policy and Standard, which includes signing the ADT Driver Code of Conduct and compliance with our Motor Vehicle Safety Absolutes. Additionally, we are installing reflective tape on the rear of the vehicles to increase visibility and help reduce rear-end collisions. These programs are yielding results as we have seen significant improvements from our 2012 baseline year.

Specifically, our injuries per million miles driven have been reduced by 51%, collisions per million miles have been reduced by 28% and the percent of fleet vehicles involved in a collision are down by 32%. ADT is constantly reviewing our fleet safety initiatives in order to determine if there are other programs that could be implemented to help us prevent motor vehicle incidents and injuries.

The installation of Drive Cam cameras in 126 vehicles in two of our businesses have helped ADT identify unsafe actions and risky behavior. The cameras record triggering events that allow us to analyze these events for at-risk behaviors and address them proactively, rather than reacting after a motor vehicle collision. Plans are underway to expand the program into targeted installation and service vehicles.

ADT is also a member of the Network of Employers for Traffic Safety (NETS). We benchmark our programs and the three fleet metrics mentioned above, to determine if there are programs that have been effective at other companies that could be implemented within ADT.



## Wellness



Recognizing that our employees are our most valuable asset, ADT has implemented a comprehensive wellness program for both employees and their families. This program, known as Healthy Rewards, offers cash rewards, up to \$400 per year for employees and \$200 per year for spouses/domestic partners, upon completion of an initial health assessment and wellness-related activities. These activities include biometric screening and participation in programs which may improve health. We have also implemented a tobacco-free policy at all of our locations. In addition, there are programs to assist in stress management, weight control, sleep issues, and health improvement. Depending on the location and size, some of ADT’s sites have fitness centers, medical clinics, and offer local activities related to wellness.

Participation levels continue to increase in our wellness programs. In 2014, we achieved over 50% of our employees participating in the Health Assessment. Employees were also engaged in a variety of wellness programs including biometric screenings, coaching, challenge, and local activities as part of our Healthy Rewards program. We expect that this will allow us to reach our goal of a 60% participation rate in the health assessment by the end of 2015.



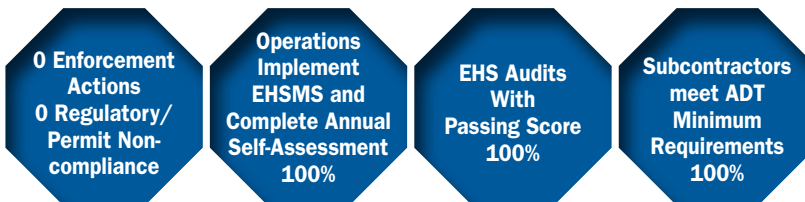


## EH&S Management System and Compliance

ADT's EH&S Management System Policy was published shortly after we became a public company in October 2012. The Policy consists of 15 Elements, which describe requirements necessary to meet our EH&S Vision and Values.

ADT's EH&S Management System provides a framework to put our Vision and Values into practice by clearly stating expectations for compliance, accountability, sustainability and continuous improvement. The success of each of these elements is dependent on the implementation of a comprehensive approach throughout North America. Senior management must clearly communicate what is expected by every manager and employee, and then we empower employees to not only suggest and implement programs, but also to intervene in order to prevent injuries. This helps us to achieve our goals and reach our vision.

The Management System Policy is applied across North America and addresses the specific requirements to prevent injuries to our team members, environmental incidents, and achieve our short-term goals and ultimately, our vision.



Since October 2012, ADT has received only 14 regulatory inspections and reviews in Canada and the United States combined, resulting in fines and penalties totaling just \$800 US. Sites also perform their own EH&S self-assessments as required in the EH&S Management System Policy. These internal audits evaluate the effectiveness of the site's implementation of the ADT EH&S policies, standards and any internally-developed programs to minimize hazards and risks. The results of these self-assessments are entered into the ADT EH&S Reporting System, and compliance gaps are tracked to closure to prevent recurrence and mitigate EH&S impacts at the site. All sites were required to have their self-assessments completed by the end of the first quarter fiscal year 2015.



EH&S Management System and Compliance Audits are also being conducted by a team of two to three trained auditors from the corporate EH&S staff. To date, 16 Area audits have been completed. The auditors have visited over 30 Sales and Service Offices, and interviewed over 300 employees and 150 managers. In addition, over 170 installation and service job sites were visited. The audits evaluate compliance with regulatory and ADT requirements, and compliance with our Management System. Gaps in compliance require managers to develop specific corrective action plans which are tracked to closure in ADT's EH&S Information System (Enablon). In 2015, we will audit another 39 Sales and Services Offices.

The EH&S Department helps individual locations comply with the requirements and prepare for the audits through a comprehensive support program that includes EH&S guidance documents, model programs and procedures, checklists and training.

## Education and Training

Since 2012, the ADT EH&S team joined forces with the operational support group to develop a three year training strategy. The overall focus of the strategy is to assure ADT provides regulatory-required EH&S training, as well as training for non-regulated hazards that our team members may face on a daily bases (e.g. avoiding slips, trips and falls, Dog Bite prevention through Bulli Ray® and MoveSMART®).

**BULLI RAY**  
Occupational Dog Bite Safety



A total of 20 safety-related curriculums were developed and rolled out for new hires to provide a sound foundation when starting their career at ADT. In addition, all team members now have access to a series of courses that can be used as part of their annual EH&S refresher training. Curriculums are specific to the job classification and type of work that is performed rather than a generic training program. For example, the risks and hazards a customer care associate faces on a daily basis are much different than those of an installer or service technician. Our training programs target hazards team members may face daily. Whether ergonomics at a work station, ladder work in the field, or driving to make a sales call, ADT provides safety and awareness training.

The EH&S content is housed on our internal Learning Management System (LMS) and is now available from any ADT workstation. This provides an opportunity for our workers to access any of our EH&S training programs remotely from their PC's or laptops. Our EH&S curriculum contains over 25 courses in the United States and an additional 25 Canada-specific courses. We offer content in English and French Canadian. Plans are in place to update all of our training content over the next twelve months using vendors with expertise in safety training.

Our required EH&S training goes beyond the mandated courses in our LMS system. For our field personnel we offer a weekly "tool box talk" that is available either electronically through our LMS or can be printed out and distributed at the local Sales and Service Office. Our Operation Support team also distributes robust monthly EH&S training and testing collateral. This training targets our installers and service technicians and is specific to the hazards they may face while working for ADT.

Finally, if an ADT team member does sustain a workplace injury, the incident is evaluated. If there is information that can be shared with all of our team members to help assure they don't sustain the same type of incident, the EH&S department will release a "Safety Alert." The alerts are meant to heighten awareness and remind team members of corrective actions they take to help ensure the incident is not repeated.

## Leadership

An EH&S strategy cannot be effective without the proactive support and participation of Executive Leadership. ADT's EH&S Council meets on a monthly basis and is chaired by our chief executive officer. The council also includes key members of the Executive Leadership Team and senior functional leaders. In addition to chairing the EH&S Council, the CEO provides strategic direction, establishes company-wide targets and practices, and ensures implementation of the overall EH&S Program.

The ADT Vice President of EH&S establishes company-wide strategies, policies and standards; oversees company-wide implementation, audits and performance; and report results to the CEO and the Nominating and Governance Committee of the Board of Directors each quarter.

This Council is not unique to the corporate headquarters. Council meetings are conducted monthly within each region and area, and these are typically led by the Regional General Manager and Area Manager. Key members of these Area Councils include employee representatives, field management, and sales managers. All of the councils follow the requirements outlined in the Management System's policy which includes the communication of minutes and tracking of action items.





## Communications



One of the foundations necessary to achieve ADT's EH&S Vision and Values is a strong communications program. We have addressed this by putting in place a multi-faceted communication program which requires the support of management and employees. In addition to developing the EH&S branding that is used for all produced items and correspondence, Safety Alerts are distributed by the Corporate EH&S Team and these are discussed and posted at each location. Many sites have dedicated video screens which routinely post safety information for general dissemination. As mentioned previously, key communications have also been distributed in the form of both Safety and Environmental Absolutes given to all employees. These absolutes are some of the most important requirements which must be complied with in order to reduce the likelihood of serious injury to employees and environmental incidents. The Absolutes have been printed on luggage tags, which have been placed on the Safety PPE bags.