

2019 | 2020

## SUSTAINABILITY PROGRESS REPORT

# TAKING CARE OF A BETTER CLIMATE.

Inside each home and  
the world around it.

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## Greetings from the CEO of the Vaillant Group

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We take care of a better climate. Inside each home and the world around it.

This corporate vision is the motivation and the driving force for more than 14,000 employees. The Vaillant Group offers customers energy-efficient, environmentally friendly and resource-saving solutions for their homes. With a comprehensive sustainability programme, the company also contributes to achieving the global climate protection goals in our own area of responsibility. In our business decisions, ecological and social aspects always play a role alongside economic ones.

Since 2011, Vaillant Group has bundled its global sustainability activities in the strategic SEEDS programme with a main focus on Environment, Employees, Development & Solutions and Society. For this, binding, measurable sustainability targets have been laid down until 2020, measures have been implemented in all areas and the results achieved have been continuously monitored. With significant reductions in CO<sub>2</sub> emissions, energy and water consumption and waste volumes, the company achieved its environmental targets. Significant progress was made also in the other areas over the last ten years.

With the revision of SEEDS, the Vaillant Group is setting itself new ambitious sustainability targets up to the year 2030. The company's complete climate neutrality which we want to achieve as early as 2020 is an important milestone.

The Vaillant Group's involvement in the UN Global Compact – the world's largest and most important sustainability initiative – also forms part of our SEEDS programme. The initiative aims to strengthen the commitment shown by companies in the areas human rights, labour standards, environmental protection and the fight against corruption.

This report contains key sustainability indicators and target attainment levels alongside an annual progress update with an eye to the Global Compact and information on our SEEDS programme.

Remscheid, December 2020



Dr.-Ing. Norbert Schiedeck  
CEO of the Vaillant Group

# THIS REPORT

offers an overview of the progress made by the Vaillant Group with regard to sustainability in 2019/2020. It covers all the essentials in terms of our management approach and defined focus areas, which form the basis of all our sustainability activities, as well as the sustainability targets derived therefrom and the extent to which they have been met. Furthermore, the report presents additional key figures that act as control variables in the field of sustainability. Last but not least it provides the annual progress update, outlining how the ten principles of the UN Global Compact are implemented in the day-to-day operations of our family-owned company.

The reporting period for this progress update covers the ninth year of the Vaillant Group's involvement in the Global Compact, from 11 October 2019 to 31 December 2020.

Further information on our sustainability activities and in particular on the reissue of our SEEDS sustainability programme can be found on our website:

[www.vaillant-group.com](http://www.vaillant-group.com)

## THE TEN PRINCIPLES OF THE UN GLOBAL COMPACT

The United Nations has defined ten principles of socially and environmentally responsible action in its Global Compact. Upon signing up to the Global Compact, the Vaillant Group pledged its commitment to support the implementation of these principles and to publish an annual statement on the progress and milestones we have achieved in this regard.

### HUMAN RIGHTS

**Principle 1:** Businesses should support and respect the protection of internationally proclaimed human rights.

**Principle 2:** Businesses should make sure that they are not complicit in human rights abuses.

### LABOUR STANDARDS

**Principle 3:** Businesses should uphold the freedom of association and effective recognition of the right to collective bargaining.

**Principle 4:** Businesses should uphold the elimination of all forms of forced and compulsory labour.

**Principle 5:** Businesses should uphold the effective abolition of child labour.

**Principle 6:** Businesses should uphold the elimination of discrimination in respect of employment and occupation.

### ENVIRONMENTAL PROTECTION

**Principle 7:** Businesses should support a precautionary approach to environmental challenges.

**Principle 8:** Businesses should undertake initiatives to promote greater environmental responsibility.

**Principle 9:** Businesses should encourage the development and diffusion of environmentally friendly technologies.

### FIGHT AGAINST CORRUPTION

**Principle 10:** Businesses should work against corruption in all its forms, including extortion and bribery.



## The Vaillant Group's Sustainability Programme

The Vaillant Group has combined all its sustainability activities into one strategic programme. Under the name SEEDS, binding, quantifiable targets have been set in the following fields of focus: Environment, Employees, Development & Solutions and Society. We develop specific measures based on these targets and continuously monitor the results.

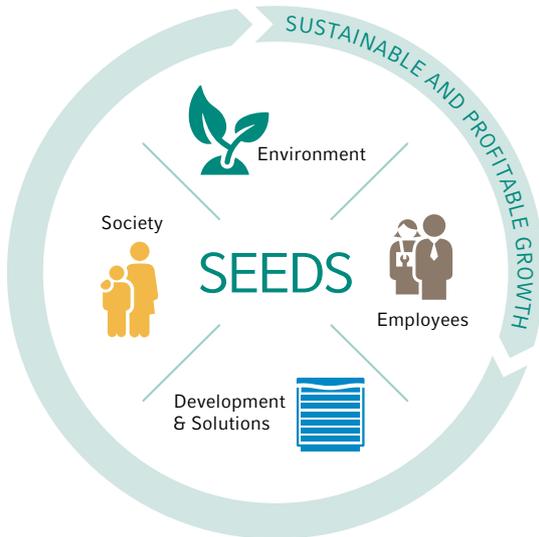
For an industrial company that develops environmentally friendly, highly efficient heating technologies, addressing the subject of sustainability seems a logical step. In order to ensure that the company will continue to enjoy economic success and benefit the generations to come, we also consider environmental and social aspects of our business Environment activities. Our customers, in particular,

have clear-cut expectations regarding the energy and resource efficiency of our devices. For us, however, sustainability means more than just marketing particularly energy-efficient products. It means that the strategic and operational decisions taken by a company must consider factors related to sustainability. We therefore always have to ask ourselves what direct and indirect effects a business decision or the company's actions will have on people and the environment.

### SUSTAINABILITY PROGRAMME

The strategic sustainability programme SEEDS is based on the corporate vision of the Vaillant Group, together with its corporate values and a holistic understanding of sustainability. The name SEEDS identifies the four focus fields Environment, Employees, Development & Solutions and Society. The Vaillant Group concentrates on these fields when implementing its sustainability strategy. All sustainability activities and all related projects link in with the company's core business. In this regard,

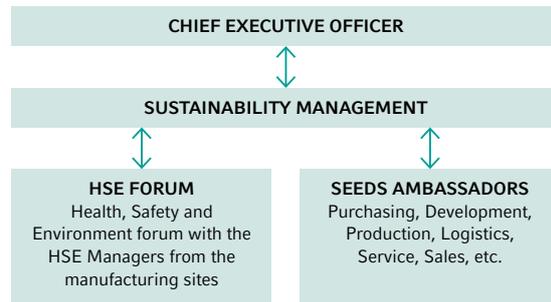
the Vaillant Group’s Sustainability Management department makes a contribution to ensuring the company’s success in the long term. The department forms part of Corporate Communications, Sustainability Management & Politics and reports directly to the CEO of the Vaillant Group.



**FOCUS AREAS**

Our sustainability strategy comprises four focus areas. We have defined and continuously pursue long-term goals in each of these areas.

The team sets sustainability targets in close consultation with the Management Board and the company’s individual operational departments and business units, systematically monitors their progress and provides impetus for improving company-wide sustainability performance. In addition, the Group-wide environmental management system, which is compliant with the DIN EN ISO 14001 standard, is also controlled centrally from here.



**ORGANISATIONAL STRUCTURE**

The Vaillant Group has a Group-wide sustainability management function which is firmly anchored in its corporate structure.

**SEEDS Management System**

**MANAGEMENT APPROACH**

We manage our sustainability performance using an established approach: the classic control circle applied to corporate management systems. On the basis of the sustainability strategy, binding and verifiable targets are set for all four fields of focus in the SEEDS programme. For example, reducing CO<sub>2</sub> emissions by 25 per cent in the field of environment. In order to meet these targets we then implement operational measures in all relevant areas of the company. In order to test how effective these measures are, key performance indicators (KPIs) and a target figure are established for all targets. Every quarter, we survey all relevant data on a Group-wide basis to calculate the individual KPIs. These are brought together in a central control tool, the Vaillant Group Sustainability Scorecard. When

interpreting the figures, we take into account specific factors such as changes to production capacities, current production volumes and production minutes. By comparing figures from the same period in the previous year against the long-term targets during the annual review, we are able to gain an accurate picture of the current state of our sustainability performance.

**MATERIALITY ANALYSIS**

There are few business-related topics that affect more areas than sustainability does. This means that we do not only need a clear strategy whose success is measured against binding targets. We must also be clear about which areas of activity are particularly important – from the point of view of both the company and its stakeholders. As part of a materiality analysis we carried out another systematic survey of customers, partners, suppliers, employees, owners and other relevant stakeholders in 2019 and thus defined the sustainability-related topics that are most important for our

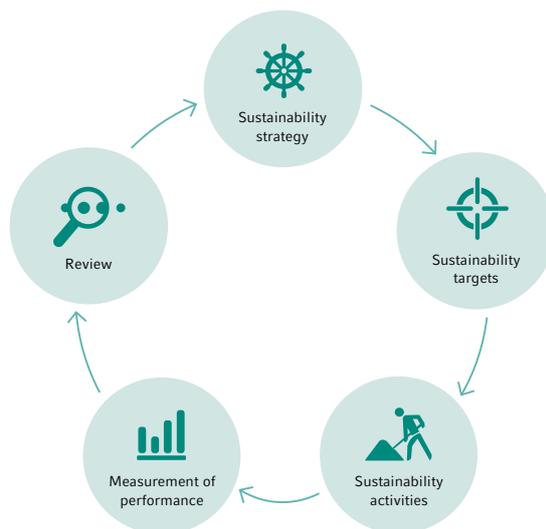
business activities. These topics are aggregated into fields of focus in the Vaillant Group Materiality Matrix.

Climate- and environmentally friendly products, resource conservation and the ability to meet our customers' ever-growing demands on comfort lie at the heart of our activities. Alongside climate protection and the respective two-degree global target, topics such as promoting sustainability along the supply chain and protecting human rights are also gaining in significance.

### SYSTEMS AND PROCESSES

Driving the sustainability balance forward in an international company requires a common language in the form of processes. This is because Group-wide processes are needed to lay down standards that ensure sustainability aspects are taken into account throughout the value chain. There are three processes that affect product development and consider the phase from product strategy to market launch. The topic of sustainability is inherent in these processes.

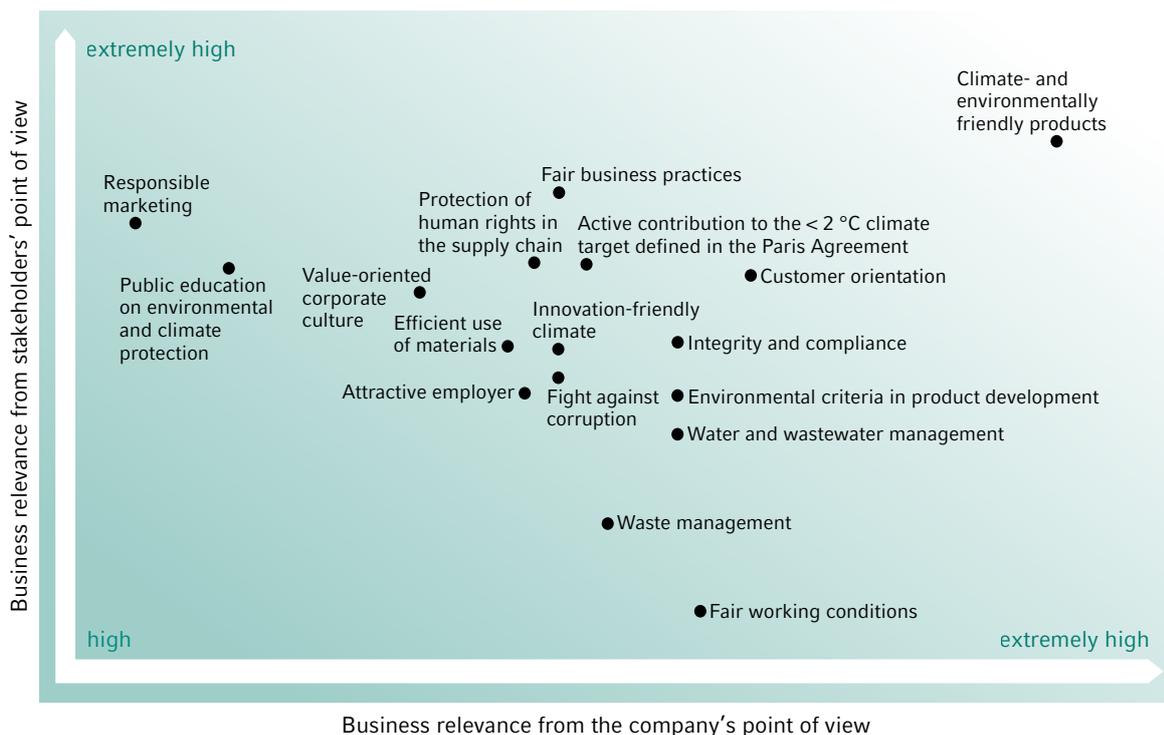
To manage company performance in terms of environmental protection, occupational health and quality, the Vaillant Group uses differentiated management systems that are determined by stan-



### CONTROL CIRCLE

We manage our sustainability performance using an established approach: the classic control circle applied to corporate management systems.

dards valid internationally. The Vaillant Group regularly has the implementation of these systems audited by independent institutes as part of certification processes. All of our production and development sites have been certified as compliant with quality standard DIN EN ISO 9001, environmental standard DIN EN ISO 14001 and international health and safety standard DIN EN ISO 45001.



### MATERIALITY MATRIX

# SEEDS SUSTAINABILITY TARGETS

In spring 2011, Vaillant Group laid down binding, verifiable targets in all focus areas of the SEEDS programme. Since then, we have been providing transparent information on which of our goals we have achieved and where we can still improve.

The basis of comparison for the sustainability indicators up to 2020 is the base year 2010.

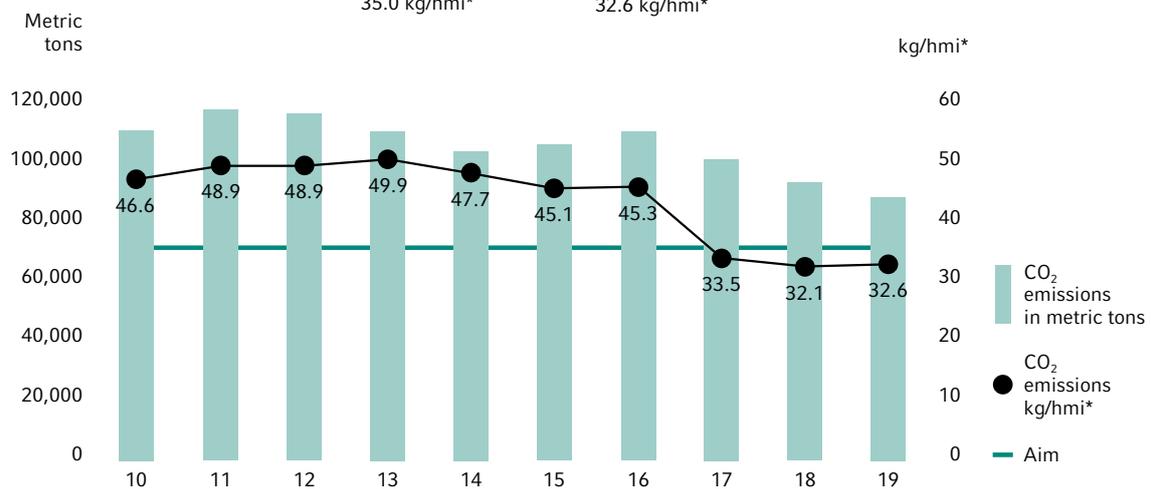
In 2020, Vaillant Group has set itself new targets for 2030. We will report on the status of their achievement from the coming year 2021 onwards.



## CO<sub>2</sub> emissions

Target value for 2020: **-25%**  
35.0 kg/hmi\*

Current value: **-30%**  
32.6 kg/hmi\*



When determining CO<sub>2</sub> emissions, we take into account the amount of electricity, oil and gas consumed at the manufacturing and development sites. Besides this, we record the CO<sub>2</sub> emissions that arise through logistics processes, employees' air travel and the fuel consumed by our vehicle fleet.

\*hmi = 100 production minutes  
All changes compared to 2010

## Energy consumption

Target value for 2020:

**-25%**

58.0 kWh/hmi\*

Current value:

**-28%**

55.3 kWh/hmi\*



Total energy consumption describes the amount of electricity, oil and gas consumed at the manufacturing and development sites. Initial savings were made with the introduction of the environmental management system. The slight rise in absolute figures in 2016 was due to an increase in production capacities. In Production, further improvements were seen in production minutes.

## Water consumption

Target value for 2020:

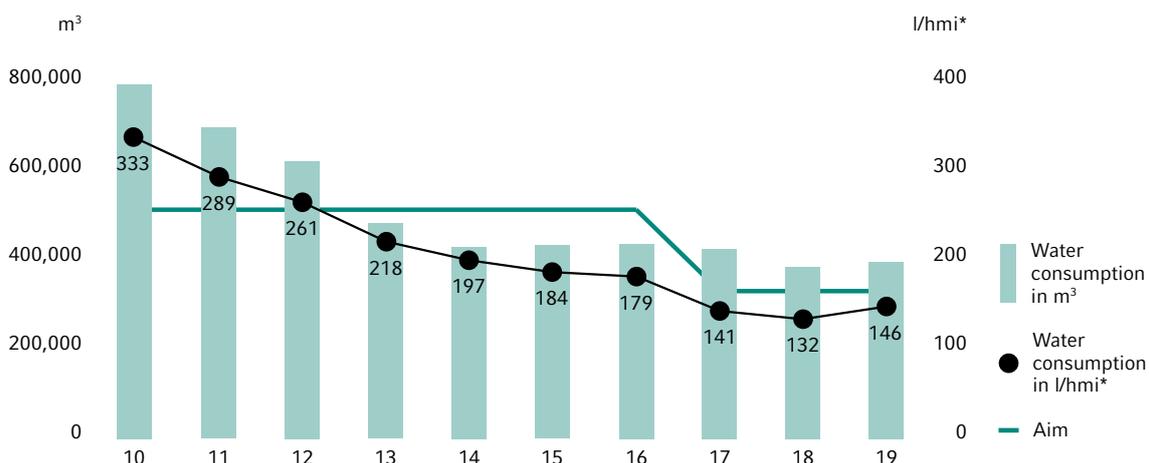
**-50%**

166 l/hmi\*

Current value:

**-56%**

146 l/hmi\*

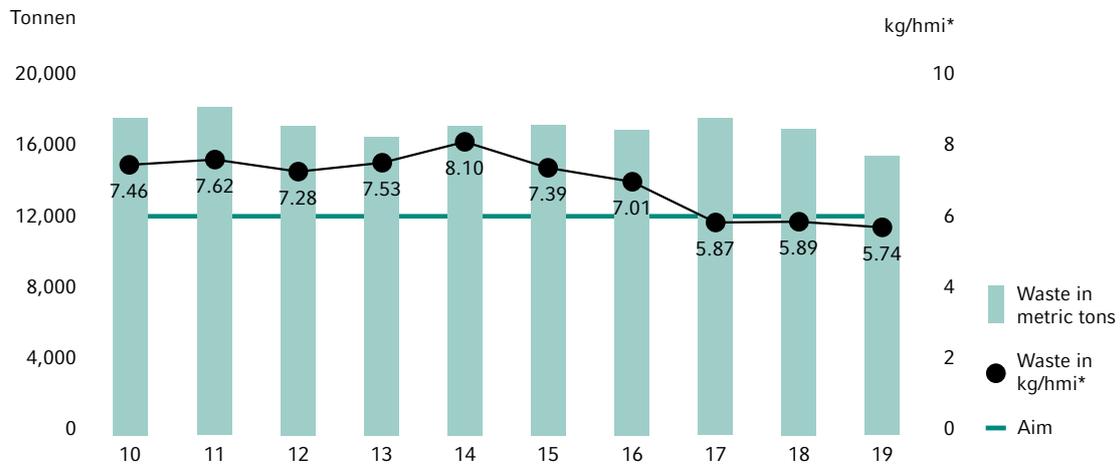


This key performance indicator shows the amount of water consumed across all manufacturing and development sites. Over the years, water consumption at the Vaillant Group has continuously and significantly sunk. This is why we adjusted the savings target in 2016 from the original -25 per cent to -50 per cent. Water consumption increased in 2019. This was related to the relocation of the Test Center to the new Johann Vaillant Technology Center in Remscheid. For technical reasons, the circulation of water was suspended. This resulted in additional consumption of fresh water for a few months.

### Waste production

Target value for 2020: **-20%**  
5.97 kg/hmi\*

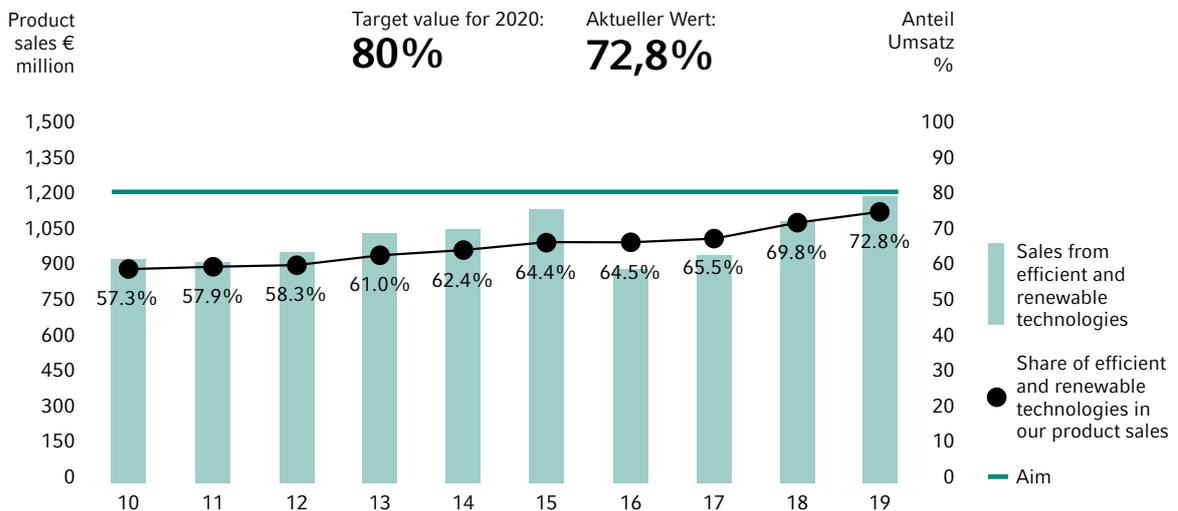
Current value: **-23%**  
5.74 kg/hmi\*



We record the waste volume across all manufacturing and development sites. Scrap metal makes up for around 60 per cent of our waste here. The rest is largely attributed to packaging waste. Overall, the volume of waste has decreased compared to the previous year. In relation to production minutes, we have reached our 2020 target.

## DEVELOPMENT & PRODUCTS

### Share of efficient and renewable technologies in our product sales



Product sales comprise the sales figures from heat generators. Heat generators based on condensing technology and all products that are based on renewable energies such as heat pumps, solar thermal and photovoltaic systems are classed as efficient and renewable technologies.

\*hmi = 100 production minutes  
All changes compared to 2010



## EMPLOYEES

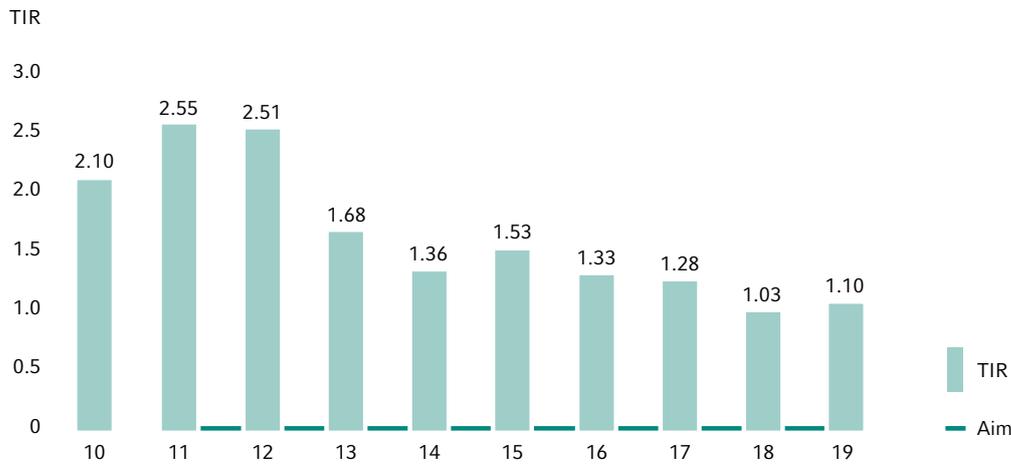
### Accidents at work

Target value for 2020:

**0**

Current value:

**1.1**



The indicator for accidents at work is known as the total injury rate (TIR, accidents per 200,000 hours worked). The number of accidents at the company has been on the decline for years. There was a marginal increase in 2019. Our occupational health and safety management system is certified in accordance with DIN EN ISO 45001. All employees are actively incorporated in occupational health measures.

### Employer of choice

**80%**

The extent to which we achieve our goal of being employer of choice is dependent on the level of staff satisfaction. General staff satisfaction was most recently recorded as part of the SENSOR staff survey. Carried out in 2018, the survey gave a recommendation rate, referred to as the Net Promoter Score, of 80 per cent.

The recommendation rate indicates how many people in the workforce according stated that they would recommend Vaillant Group as an employer.



## SOCIETY

### Adherence to the UN Global Compact Principles

**234**

supplier audits in 2019

The binding recognition of the ten principles of the UN Global Compact by our suppliers is part of our general purchasing conditions. The subject of the Global Compact is integrated into supplier audits and recorded as part of the Sustainability Scorecard. In 2020, we also developed a Supplier Code of Conduct that defines our sustainability requirements for our larger suppliers.

### Strategic orientation of social engagement Partnership with "SOS Children's Villages worldwide"

In 2013, the Vaillant Group entered into a strategic partnership with the children's charity "SOS Children's Villages worldwide". This was driven by the desire to create a more systematic approach to the company's social engagement initiatives that ties in directly with its business activities. The partnership concentrates first and foremost on equipping SOS facilities with energy-saving and environmentally friendly heating technology. Since the partnership was established, projects have been carried out in 21 countries. The partnership was extended indefinitely in 2018.

# UN GLOBAL COMPACT PROGRESS REPORT 2019 | 2020

The focus fields of our SEEDS sustainability strategy correlate with the ten principles of the UN Global Compact. All ten principles are of equal importance to our company. As the Vaillant Group is a global company operating in the heating, ventilation and air-conditioning sector, it makes sense to place the most emphasis on measures and progress in the field of environmental protection. In terms of labour standards and the fight against corruption, we have continuously developed the applicable standards within our organisation. The Vaillant Group promotes and ensures the protection of human rights within its immediate sphere of influence.

The following chapters focus on the UN Global Compact fields of human rights and labour standards, environmental protection and the fight against corruption. With reference to the individual Global Compact principles, we present key corporate principles, requirements and guidelines as the basis for our actions. We also report on the resulting measures and the progress achieved in the reporting period.

# Human Rights and Labour Standards

## GLOBAL COMPACT PRINCIPLES

- 1 Supporting human rights
- 2 Eliminating human rights abuses
- 3 Upholding the freedom of association and right to collective bargaining
- 4 Elimination of all forms of forced and compulsory labour
- 5 Abolition of child labour
- 6 Elimination of discrimination

## CORPORATE PRINCIPLES, REQUIREMENTS AND GUIDELINES

- Strategic sustainability programme SEEDS
- Vaillant Group Code of Conduct
- Vaillant Group Policy Statement on respect for human rights
- Vaillant Group Spirit corporate values (entrepreneurship, trust, integrity, passion)
- UK Modern Slavery Act Statement
- Supplier management system (supplier screening, supplier assessment, general purchasing terms, contractual terms, Supplier Code of Conduct)

## MEASURES

- We oblige our suppliers to comply with the Global Compact criteria through our general terms and conditions of purchase.
- We expect our larger suppliers to sign our Supplier Code of Conduct. This also contains requirements on the topics of working conditions and human rights.
- As part of supplier audits, we conduct random "social checks" to examine the sustainability of our suppliers. This is done on the basis of a questionnaire and takes social standards into account.
- We use risk analyses to identify potential violations of human rights.

- We have implemented an electronic whistle-blowing system for employees, customers and business partners to enable them to report violations of laws and internal guidelines.
- Vaillant Group is bound by collective agreements at its main locations. Where minimum wage regulations exist, these are complied with.
- In Germany, more than 80 per cent of the Vaillant GmbH workforce is covered by collective agreements.
- The company supports the Fair Company initiative. The member companies guarantee fair internship conditions.

## PROGRESS IN THE REPORTING PERIOD

The Vaillant Group is particularly committed to respecting human rights. As an expression of our corporate responsibility, we have, among other things, formulated a policy statement on respect for human rights, which was published at the beginning of 2020. In connection with the policy statement, an analysis of the 30 defined human rights took place in order to identify potentially possible violations and those affected. In addition, we have defined assessment criteria for a human rights risk analysis. This allows us to evaluate the probability of occurrence of human rights violations, the severity of possible human rights violations and the possibility of counteractive or preventive influence by the Vaillant Group.

We conducted this risk analysis with the help of internal, interdisciplinary working groups. The participants of the working groups came from different departments of the company – including the functional areas of sustainability, purchasing and human resources – and the works council.

As part of the risk analysis, we assessed the human rights that are currently most relevant for the Vaillant Group. These include:

- the right of all to life, to liberty and to (social) security,
- the prohibition of forced labour and child labour,
- the prohibition of slavery and the slave trade,
- the exclusion of illegal employment and
- the recognition of every human being as a legal person, and
- a right to private life,

- the right to freedom of association and collective bargaining,
- the prohibition of discrimination,
- the right to work and equal pay, and
- the right to rest and leisure.

We will repeat this analysis at regular intervals in order to be able to observe possible changes.

The management is responsible for the implementation of and compliance with the Vaillant Group Statement of Principles on Respect for Human Rights. All employees are required to integrate the principles for respecting human rights into their daily work and to take them into account in their behaviour.

In order to fulfil our duty of care to respect human rights also in our supply chain, we regularly assess our sourcing countries with regard to possible risks. The identification of risk countries is based on the World Bank's Worldwide Governance Indicators (WGI) and our purchasing volume from risk countries. We updated this assessment in 2020 and compared the results with the previous assessment in 2018.

In 2020, we developed a Supplier Code of Conduct that defines our policies on human rights, labour conditions, health and safety, the environment, responsible and ethical business conduct and critical raw materials. The rollout of the Supplier Code of Conduct started at the end of 2020.

We check compliance with our sustainability requirements on a random basis in "social checks" as part of supplier audits. In 2019, we reviewed the standardised questionnaire used for this purpose and adapted the chapters on human rights and labour standards, occupational health and safety, environmental protection and anti-corruption.

In June 2019 and July 2020, we held several training sessions for supplier auditors on the topic of "Social Audits of Suppliers". Further trainings are planned.

A total of 234 supplier audits took place in 2019. Due to the Corona pandemic, audits have been taking place virtually in numerous countries since 2020.

In addition to the progress report for the UN Global Compact, the Vaillant Group publishes an annual statement on the UK Modern Slavery Act. This declaration was published for the fourth time in 2020.

## Environmental Protection

### GLOBAL COMPACT PRINCIPLES

- 7 Taking a precautionary approach to environmental challenges
- 8 Promoting greater environmental responsibility
- 9 Developing and diffusing environmentally friendly technologies

### CORPORATE PRINCIPLES, REQUIREMENTS AND GUIDELINES

- Vaillant Group vision "Taking care of a better climate. Inside each home and the world around it."
- Strategic sustainability programme SEEDS
- Multi-site certification pursuant to DIN EN ISO 14001 and DIN EN ISO 45001
- Vaillant Group principles on environmental policy
- Group-wide, binding sustainability targets in the focus field Environment
- Group-wide, binding sustainability targets for 2020 in the focus field Development & Solutions
- Integrating environmentally relevant aspects into processes
- Vaillant Group product strategy with a focus on high-efficiency technologies, renewable energies, system technology and digital services

### MEASURES

- The Vaillant Group carries out annual environmental audits.
- All sustainability indicators are continuously recorded across the company and pooled together in a central reporting tool, the Vaillant Group Sustainability Scorecard.
- Waste prevention: we are increasing the amount of recyclable packaging for our production materials.
- Energy efficiency: we generally equip our own buildings and production sites solely with heaters based on high-efficiency condensing technology;

furthermore, we install technologies at our sites that are operated using renewable energies. Existing systems and lighting technology are gradually being modernised. In 2019, an energy audit took place at the German sites of the Vaillant Group. An energy analysis was carried out at the Turkish manufacturing plant in Bozüyük.

- The Vaillant Group maintains an internal global network of sustainability representatives (SEEDS Ambassadors) who record and assess sustainability aspects in the respective areas every year.
- We require our suppliers to comply with applicable legal environmental standards and to establish and further develop an environmental management system in accordance with DIN ISO 14001. In addition, since the end of 2020, we have required our largest suppliers to sign our Supplier Code of Conduct. This contains more extensive requirements on the topic of the environment.
- Within the framework of supplier audits, we randomly check whether our suppliers have an environmental management system in place.
- Aspects of environmental compatibility are increasingly taken into account in the selection of suppliers and service providers.
- We train new employees on the topic of "Sustainability at the Vaillant Group".
- The Vaillant Group champions the responsible use of natural resources in various initiatives and networks. The company is a member of the German Association of Environmental Management (B.A.U.M. e. V.) and of the Sustainability Leadership Forum overseen by B.A.U.M. e. V. / Nordakademie.
- Until its completion, the company was a member of the steering committee of the German dialogue forum Wirtschaft macht Klimaschutz of the German Federal Government and moderated the working group on business-related climate protection goals.
- The Vaillant Group is involved in the Peer Learning Group Climate Protection of the German UN Global Compact network.
- The Vaillant Group is a strategic partner of the international children's charity "SOS Children's Villages worldwide".

- The Vaillant Group has a business unit that specialises in expanding and strengthening the heat pump and renewable energy business.
- We are constantly developing our portfolio of high-efficiency and eco-friendly product technologies.
- All product development projects must demonstrate compliance with sustainability criteria (6 Green Rules).
- We offer technology training courses for installers.

## PROGRESS IN THE REPORTING PERIOD

Vaillant Group has an environmental management system certified in accordance with DIN EN ISO 14001 for all production and development sites. In the reporting period, we carried out a total of 19 internal system audits and implemented numerous energy efficiency improvements and measures to save CO<sub>2</sub>. One example of this is the switch to energy-saving LED lighting in parts of the production at our production site in Bergheim. In addition, the Energy Monitoring System at the Remscheid site was expanded and improved in 2019 and 2020. The Vaillant Group sites in Slovakia now obtain electricity exclusively from renewable energy sources, as do the sites in Germany and the production facilities in Belper (UK) and Nantes (France). As part of the completion of the new research and development centre at our headquarters in Remscheid, we installed further charging points for electric vehicles.

All in all, the successfully implemented measures meant that we were not only able to improve all key environmental figures, but also fully achieved all environmental targets for 2020 set out in the SEEDS programme by the end of 2019.

In 2020, we revised the SEEDS programme and defined new targets in our focus fields for the year 2030.

By 2030, the Vaillant Group will reduce its own CO<sub>2</sub> emissions by 50 per cent and thus make its contribution to limiting global warming to 1.5 degrees. This will be achieved by using electrical energy from renewable sources, significantly reducing energy consumption in production processes and buildings and investing in an environmentally friendly vehicle fleet. From this year onwards, the company will offset the remaining emissions completely through existing, certified afforestation projects. In addition, Vaillant Group plans to carry out its own afforestation projects in emerging countries in the long term.

As part of the Vaillant Group climate strategy, a roadmap has been drawn up to increase energy efficiency at the production sites, the implementation of which will begin in 2021.

At 72.8 per cent, high-efficiency technologies and products based on renewable energies again accounted for the largest share of the Vaillant Group's product sales in 2019.

After the Vaillant Group presented its first heat pump with a natural refrigerant at the leading international industry trade fair ISH in March 2019, the heat pump has been available on the market since April 2020. As the natural refrigerant has a particularly low greenhouse gas potential compared with conventional refrigerants and also enables the heat pump to be used in existing buildings, the product contributes to a significant reduction in CO<sub>2</sub> emissions. In order to systematically take sustainability criteria into account right at the beginning of a product development, we developed the 6 Green Rules in 2017 and anchored them in the product development processes. In the reporting period, we conducted ongoing trainings on the application of the 6 Green Rules and supported product development projects in their implementation.

The Green iQ product range was expanded to include another gas condensing boiler. Green iQ products fulfil high sustainability criteria throughout their entire life cycle. This begins with production and extends to recyclability at the end of the usage period.

To raise awareness of sustainability within the company and among the workforce, sustainability training is part of the initial orientation plans for new employees at the company headquarters in Remscheid.

The annual SEEDS Ambassador Meeting took place in August 2020. Due to the global Corona pandemic, the meeting was held purely virtually for the first time. The meeting was attended by employees who assume responsibility for sustainability activities in their functional areas or national companies.

The partnership with the international children's aid organisation "SOS Children's Villages Worldwide" has been an integral part of our company's social commitment for years. Vaillant Group equips the children's villages with environmentally friendly and energy-efficient heating technology. In 2019, nine SOS Children's Villages received modern heating technology. In addition, the Vaillant Group supported the SOS Children's Villages with 11 other social activities worldwide.

## Fight Against Corruption

### GLOBAL COMPACT PRINCIPLE

#### 10 Measures to fight corruption

### CORPORATE PRINCIPLES, REQUIREMENTS AND GUIDELINES

- Vaillant Group Corporate Governance Policy
- Vaillant Group Code of Conduct
- Vaillant Group Compliance Management System
- Vaillant Group Anti-Corruption Policy
- Vaillant Group Spirit corporate values (entrepreneurship, trust, integrity, passion)
- Vaillant Group Supplier Code of Conduct

### MEASURES

- We conduct Group-wide compliance training on the topic of fighting corruption.
- Group-wide, internal approval is required for gifts and benefits above a certain threshold that are to be granted to individuals.
- Adherence to the Group Anti-Corruption Policy is reviewed and monitored by the Internal Audit department and the Group Compliance Committee.
- We have put an electronic violation reporting system in place for employees, customers and business partners, which helps them to report violations of laws and internal regulations.
- Communicating the fundamental corporate values (Vaillant Group Spirit) forms a firm part of welcome and induction events for new employees.
- We expect our larger suppliers to sign our Supplier Code of Conduct. This also includes guidelines on corruption and responsible and ethical business practices.

## PROGRESS IN THE REPORTING PERIOD

In order to protect and promote mutual corporate targets, the Vaillant Group launched a new, Group-wide compliance management system on 1 July 2019. The system launch was accompanied by an internal information and communication campaign to raise awareness among employees.

The new Compliance Management System is binding for all Vaillant Group employees and companies.

A key part of the Compliance Management System is the comprehensive Code of Conduct. This is based in particular on two of the Vaillant Group's corporate values: trust and integrity. The Code of Conduct helps our company make sure that everyone acts in accordance with the rules, in keeping with all applicable laws and company regulations.

Besides publishing the Code of Conduct, an updated and more precisely defined Group Anti-Corruption Policy was also released. With the aid of approval specifications and release restrictions, it is ensured that gifts and benefits are only granted or accepted if they are permissible and within the law. Gifts and benefits are also recorded transparently.

Our internal guidelines serve to protect both our employees and our company from experiencing any criminal repercussions or other disadvantages. All employees have access to instructions, detailed information and e-learning programmes on the topic of compliance on the Vaillant Group intranet.

Other areas covered by the Compliance Management System are antitrust law, data protection and anti-money laundering. Group policies have also been issued for each of these areas. All Vaillant Group employees can refer to these policies to help them decide which situations are of particular relevance when dealing with our business partners and when the responsible Compliance Officer should be consulted.

The implementation of the Compliance Management System and its effectiveness are also subject of external evaluations and audits.

TAKING CARE  
OF A BETTER CLIMATE

INSIDE EACH HOME  
AND THE WORLD AROUND IT

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