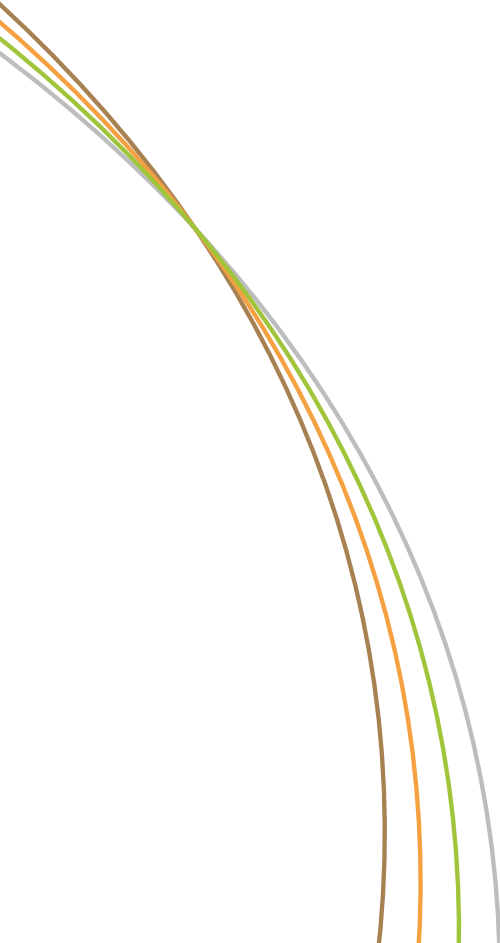


Responsibility as a principle

Sustainability at the Vaillant Group

As a future-oriented family enterprise
we set a benchmark in the areas of
ecological, economical and social
sustainability.

Sustainability vision





Ladies and Gentlemen,

For a high-tech company that develops green innovations in the fields of heating, cooling and hot water, taking a look at the subject of “sustainability” seems like a logical step. Our customers, in particular, have high expectations not only regarding efficient use of the materials and energy that go into making our products but also concerning the economical operations of our devices.

But, at the Vaillant Group, the guiding principle of sustainability means more than just marketing particularly efficient products. This principle makes it clear that strategic and operative decisions must be made with aspects of sustainability in mind. The underlying question is: “What are the direct and indirect consequences for people and the environment?” – Now and in the future.

To go about answering this question as systematically as possible, we have developed the S.E.E.D.S. programme and have already taken a series of measures. Setting binding, measurable targets for the years up to 2020 is another important step that shows us the path for the years to come.

Yours sincerely,

Dr Carsten Voigtländer

Chief Executive Officer of the Vaillant Group

A handwritten signature in blue ink, appearing to read 'C. Voigtländer', written in a cursive style.

Thinking in terms of generations, for generations

As a future-oriented, family-run company, the Vaillant Group is convinced that business success is inseparably connected with being committed to social and environmental standards. To live up to this goal of responsible corporate governance, we bundle our sustainability activities into a strategic programme.

Five simple letters sum up the Vaillant Group's focus in realising its sustainability vision: S.E.E.D.S. – short for Sustainability in Environment, Employees, Development & Products and Society. In these fields the Sustainability department defines targets in close consultation with the Management Board and specialist divisions, defines responsibilities and provides inspiration for improving company-wide sustainability performance.



Strategic sustainability programme

Sustainability in
Environment
Employees
Development & Products
Society

S.E.E.D.S.





Step by step

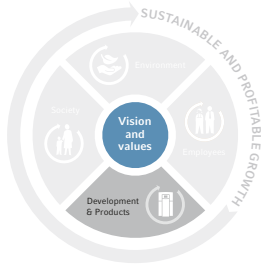
As simple as the S.E.E.D.S. formula may sound, the subject matter it covers is highly complex. That's why the Group sustainability programme contains a differentiated management system. Every three months, we survey all data on a Group-wide basis to calculate our sustainability key figures. These range from electricity and water consumption at our plants to filling management positions in-house, social standards in our supply chain and our product portfolio's CO₂ emissions.

By comparing these statistics with the figures from the same period in the previous year, we are able to make sure that we are on the right path. We constantly integrate these findings into specific management systems, such as the Vaillant Group's environmental management system, which manages the use of resources and greenhouse gas emissions. On a Group-wide basis.

As a result, S.E.E.D.S. is a strategic sustainability programme in the best sense of the word: one that formulates targets, constantly creates transparency and makes adjustments wherever improvement is needed.



Our targets for 2020 in black and



Development & products

Our goal is to offer our customers energy-efficient products throughout the entire product life cycle – from development to purchasing, production and use, and all the way to service and recycling.

Targets

80

% Turnover of high-efficiency products
–15% Greenhouse gas emission of the product portfolio
+15% Material efficiency



Environment

Protecting the environment and resources is an important part of the Vaillant Group's sustainability strategy. We aim to use resources responsibly, to consistently lower CO₂ emissions, prevent negative influences on the environment and actively use opportunities for improvement.

Targets

-25

% CO₂
+20% Energy efficiency
–20% Water
–20% Waste

white

Employees

Our employees form the foundation and the soul of the Vaillant Group. We pursue the goal of being the employer of choice for job applicants and current employees.

Targets

0 incidents
Employer of choice

Society

The Vaillant Group acknowledges its social responsibility. The company makes an active contribution where it operates, for social progress and the welfare of people.

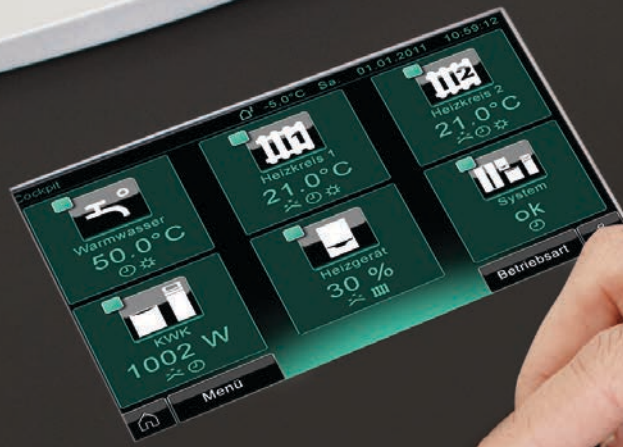
Targets

10 Global Compact principles as a living standard
Strategic orientation of our CSR commitment
Systematic stakeholder dialogue



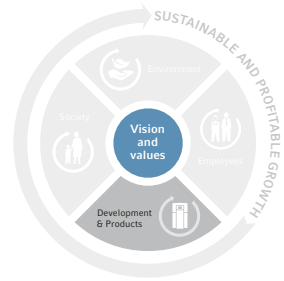
All percentages refer to the 2010 reference year.

Vaillant



92

research and development projects are underway at the Vaillant Group right now. More than 50 new projects were launched in 2011 alone. All of them aim to discover even more innovative and efficient forms of technology.



On the path to the future

Energy is precious. But we still often end up wasting it – especially thermal energy. It's time to change things. The Vaillant Group is working on solving the problem with highly efficient and innovative technologies that are leading the way worldwide.

That's why our development focuses on products and systems that use regenerative energy, high-efficiency technologies such as condensing boiler technology and CHP, and hybrid systems. The latter combine renewable energy with heating appliances based on fossil fuel sources, resulting in particularly efficient and intelligent systems.

Likewise, we also focus on trying to constantly improve our products' material efficiency. When developing products, we look to see which materials have the lowest-possible environmental impact during manufacturing and use, and at the end of the product life cycle.



71 tonnes of CO₂ are saved every year at the Remscheid site thanks to an alternative technique for testing gas valves. Instead of relying on gas, the company tests the durability of new parts using compressed air. The savings made per durability test are enough to fly roughly 530 times from Paris to London.



Coordinated environmental protection

Protecting natural resources and the careful use of energy are two of the most important responsibilities of our time. That's why the Vaillant Group keeps records of all the raw materials it uses and all its emissions in a Group-wide environmental management system.

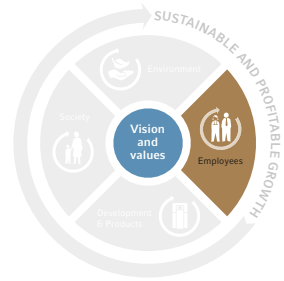
We place a special focus on reducing our energy and water consumption, preventing waste and increasing our rate of recycling. Additionally, we also analyse our logistics chains and our business travel habits to reduce CO₂ emissions.

The Vaillant Group's production network plays an important role in this area. We bundle the production of related appliances and components at selected sites, close to the market and tailored to fit regional demands. Constant process monitoring ensures customer-friendly delivery times and short routes of transportation. Not only is this a major victory for quality, it's also a big win for our climate.



1.400

seminars and training sessions per year provide avenues for employees from all company departments to develop their potential – and to harness existing capabilities. It's a forward-looking investment in our most important asset.



Our most important investment

The Vaillant Group's business model is based on two simple elements: innovation and quality. Highly qualified and motivated employees guarantee our ability to live up to this goal. Their commitment and creativity are what make our products into something special.

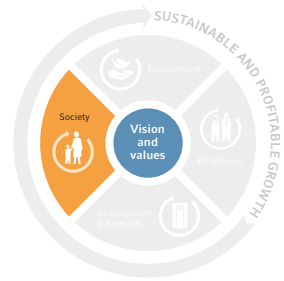
That's why the Vaillant Group systematically invests in its attractiveness as an employer. We want to put our employees' potential to the best possible use through extensive vocational training and continuing education programmes that aim at targeted skills development. The long-term goal of our human resources development can be expressed in a simple figure: 75 per cent. This figure represents the proportion of managers the Vaillant Group intends to "grow" from among its own ranks.

Here at the Vaillant Group, our employees are driving sustainability. To recognise the best ideas and projects for responsible business, we've created our own in-house sustainability prize: the S.E.E.D.S. Award. After all, sustainability is a joint task.



80

per cent or more of our overall procurement in the future will be sourced from suppliers that have recognised the social and ecological principles contained in the UN Global Compact.

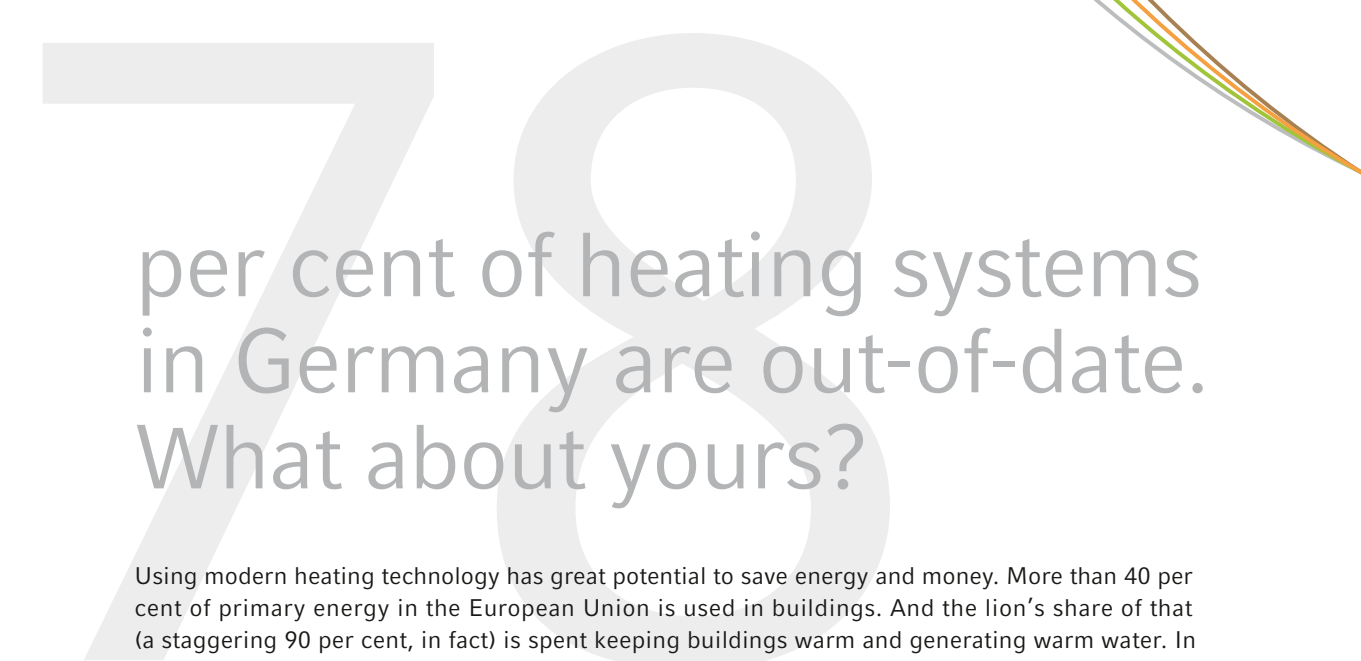


Commitment meets strategy

The Vaillant Group makes an active contribution to social progress where it operates. Feeling a sense of responsibility for one's own environment is a time-honoured tradition at Vaillant – a 138-year-old tradition, to be precise.

To make sure we lend a hand in places where there is need and where we can help, we define clear criteria for supporting social projects as part of our S.E.E.D.S. programme. Climate protection, energy efficiency and responsible resource use are our main priority areas. As a family-run company, our target groups are educational and social institutions, families and disaster victims. The Vaillant Group puts its capacities to good use by donating energy-efficient products, by sharing its knowledge and through financial donations, such as in the event of catastrophes.

But our wide-ranging sense of responsibility isn't limited to our own backyards. In general, our business activities must be environmentally and socially compatible. This is something we've pledged to uphold in a number of ways, such as by joining the United Nations Global Compact.



per cent of heating systems
in Germany are out-of-date.
What about yours?

Using modern heating technology has great potential to save energy and money. More than 40 per cent of primary energy in the European Union is used in buildings. And the lion's share of that (a staggering 90 per cent, in fact) is spent keeping buildings warm and generating warm water. In Germany alone, modern technology would make it possible to cut CO₂ emissions by up to 55 million tonnes. Every year. That's about the same amount of CO₂ Portugal emits every year.

Custom-tailored technology

The Vaillant Group offers a range of solutions for the perfect heating appliance – from combined heat and power systems and highly efficient condensing boilers to solar collectors that trap the sun's rays at zero emissions and no charge, through to heat pumps that make use of the ground's energy. Intuitive controls combine a heating system's individual components, such as heating appliances, storages and collectors to form intelligent system solutions. Custom-tailored to fit your needs.



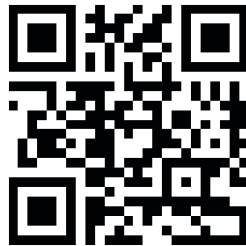
How to reach us

At the Vaillant Group, we don't just pay lip service to sustainability. It's a fundamental principle. Simply get in touch with us

www.vaillant-group.com/en/sustainability



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