

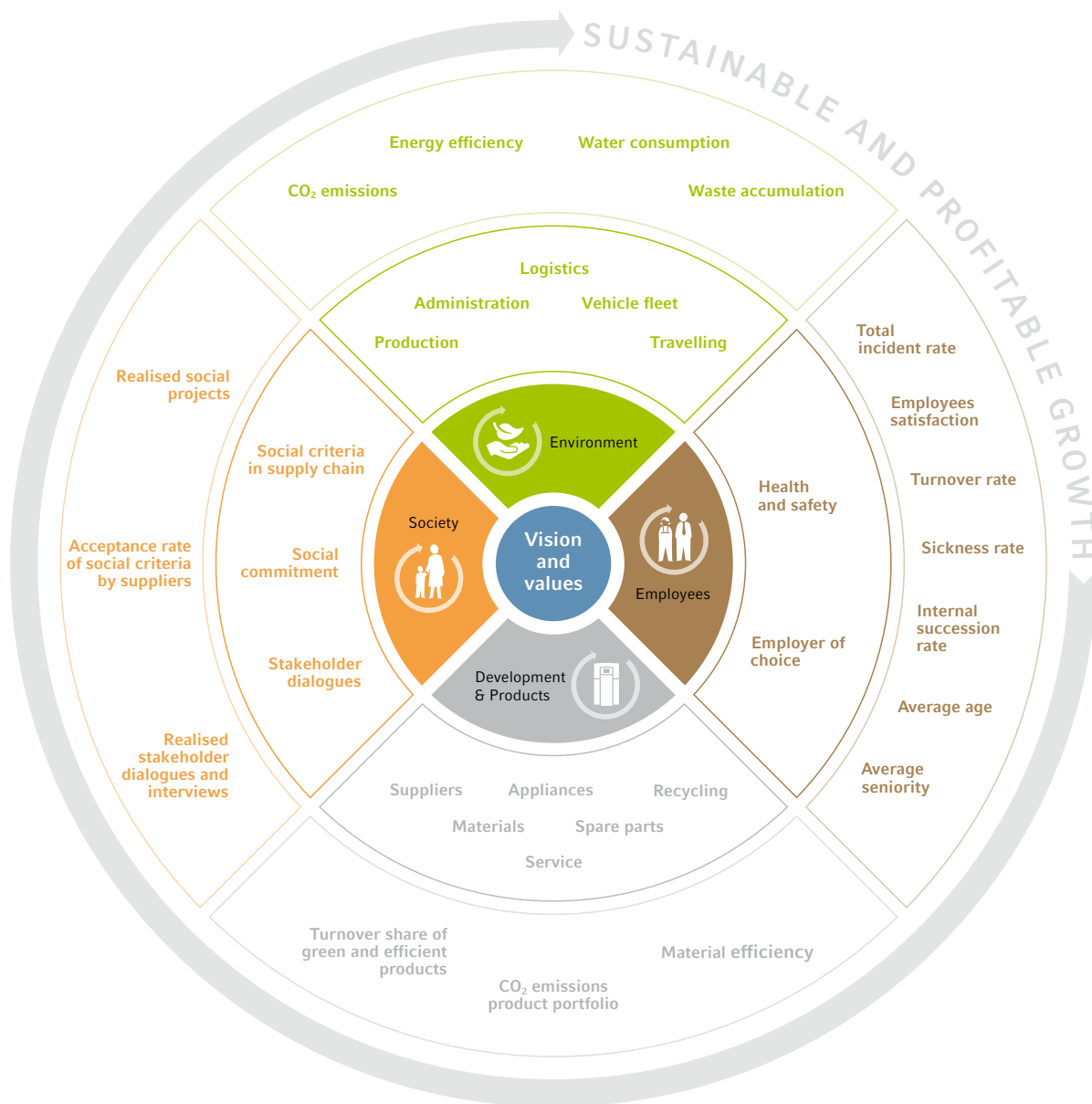
Sustainability Report 2013

VAILLANT GROUP

RESPONSIBILITY AS A PRINCIPLE



VAILLANT GROUP SUSTAINABILITY COMPASS



CONTENTS

3	Foreword by the Management Board
4	The Vaillant Group introduces itself
10	Sustainability strategy
22	S.E.E.D.S. magazine

26	Development & Products
40	Environment
48	Employees
58	Society

66	Principles of reporting
68	Sustainability key figures
74	Sustainable printing
76	Imprint



Dr Carsten Voigtländer, Dr Dietmar Meister, Dr Norbert Schiedeck

Ladies and gentlemen,

Two years on from setting transparent and binding sustainability targets, we have made good progress in many areas. The well-founded, KPI-supported management system under the umbrella of the S.E.E.D.S. programme is making an impact. Topic areas in which we are not yet on track have been analysed and we have defined specific measures for improvement.

We have obtained valuable stimuli for developing our strategy by conducting a survey, which involved our internal and external stakeholders. Their expectations were systematically recorded last year for the first time. Our reference groups attribute the greatest importance to the same areas of action that we ourselves regard as having most influence on our business activities – such as developing climate and environment-friendly products and conserving resources. The scope of the most important topics also reflects that the S.E.E.D.S. programme is in line with the main challenges in our core business.

The award presented to the Vaillant Group sustainability strategy as one of the best three such strategies in Germany is a particular accolade. Firstly because it shows that we are setting a cross-industry benchmark with the S.E.E.D.S. programme and secondly because the prestigious jury of the German Sustainability Award particularly highlights the way that the strategy suits our core business – thereby recognising that we are consciously allowing ourselves to be measured by our responsible production processes and the efficient, resource-conserving operation of our products.

As a family business, we fully understand our duty to use sustainable practices and take this opportunity to reaffirm our commitment to upholding the Ten Principles of the United Nations Global Compact. Every year, we use this sustainability report and detailed documentation that we publish online to report on the progress that has been made in implementing these principles into everyday practices along the entire value chain.

Next year will be marked by the implementation of our strategy. As usual, we will report transparently and comprehensively on the most important developments.

Dr Carsten Voigtländer
Chief Executive Officer
Managing Director
Sales & Marketing

Dr Dietmar Meister
Managing Director
Finance & Services

Dr Norbert Schiedeck
Managing Director
Technology

140 YEARS OF RESPONSIBILITY

140 years have passed since Johann Vaillant founded his master-craftsman installation business in a small half-timbered house in Remscheid. What began in Bergisches Land in 1874 is now a company with more than 12,000 employees and a globally leading provider of intelligent and energy-saving systems for comfortable living environments.

It was 1894 when Johann Vaillant patented his gas-fired bathroom boiler. In doing so, he revolutionised German bathrooms as instead of having to arduously heat the bath water in a kettle over a coal-heated stove, the bathroom boiler conducted the task in a closed system. A further revolution followed in 1924 when Vaillant developed the first central heating boiler.

Even today, the Vaillant Group still represents progressive ideas and innovations. For example, in the spirit of Johann Vaillant, the company has in recent years developed the world's first zeolite heat pump and Europe's first micro-combined heat and power (CHP) system for single-family homes. The company is still entirely family-owned – and therefore not only committed to innovation but also to values such as reliability and responsibility. These values were also appreciated by Johann Vaillant as an employer: in 1909, he introduced Saturday as a day off and he campaigned to do away with luxury tax on hot water, thus making it accessible to everyone.

From Remscheid to the world

Today, the family business offers efficiency technologies, products that use renewable energies and individually combinable systems in over 60 countries and with eight brands under the umbrella of the Vaillant Group. The Vaillant Group is therefore optimally positioned for a future in which heating using renewable energies and efficiency technologies will play a central role.

The Vaillant Group's core business is the most powerful instrument for promoting the success of the energy revolution, meeting the UN climate targets and combating global resource conflicts. More than 40 per cent of all primary energy within the European Union is used in and for buildings.

And of this, the lion's share – around 85 per cent – is needed to heat homes and provide hot water. This offers huge potential – to make savings and therefore to conserve resources and protect the environment.

Conserving resources every step of the way

The Vaillant Group has an international network of 13 production and development sites located in six European countries and in the People's Republic of China. However, whereas many companies currently produce goods in low-wage countries for the European market, the Vaillant Group takes a different approach: it primarily manufactures products to meet regional demands. For example, in Skalica for Eastern Europe, Wuxi for China and Remscheid for Central Europe. This means, for instance, that gas-fired boilers do not have to be transported thousands of kilometres by road – and therefore have the lowest possible carbon footprint. This is not something that can be taken for granted in today's globalised economy.

The company sites are structured on the basis of combined competencies. Expertise and the production of specific components are focused at selected sites and centres of expertise for individual technologies are created – including in the development departments. Teams of experts make new product generations more efficient than ever. Johann Vaillant would have liked this.





1874

Johann Vaillant lays the foundation stone for today's Vaillant Group, which is still 100 per cent family-owned.

2001

Vaillant takes over the British Hepworth Group. The brands of the new group continue to be marketed separately.

2007

The Vaillant Group acquires the majority interest in the Turkish heating and air-conditioning specialist Türk DemirDöküm Fabrikaları.

2011

ecoPOWER 1.0, the first micro-CHP system for detached and semi-detached houses, receives the German Sustainability Award as the most sustainable product.

2013

S.E.E.D.S. is selected as one of the best three sustainability strategies in Germany within the scope of the German Sustainability Award.



ONLY THE BEST WILL DO

Eight different brands under one roof: the Vaillant Group caters to different segments of the market with the Vaillant brand and the Saunier Duval brand group.

Intelligent and future-oriented: a heating system that can be intuitively controlled and precisely managed, and that can be combined with solar panels on the roof or a heat pump, thus enabling homeowners to be less dependent on fossil fuels. The Vaillant Group offers these kinds of systems under its green Vaillant brand. And this brand truly is green: renewable energies, innovative technologies and customised system solutions give customers the benefits of highly efficient, energy-saving systems. Premium products for customers with the highest demands in terms of innovation, convenience, design, sustainability and efficiency make up the comprehensive portfolio of the biggest-selling brand from the Remscheid-based family business. Vaillant customers love "the great feeling of doing the right thing".

The Saunier Duval brand group, with its seven brands, is an important part of the Vaillant Group's world of products. The Group operates under the brands Saunier Duval in France, Spain and Austria, awb in the Netherlands, Bulex in Belgium,

DemirDöküm in Turkey, Glow-worm in the United Kingdom, Hermann Saunier Duval in Italy and Protherm in Eastern Europe, and specialises in meeting the demands of the high-volume, mid-price segments. The Saunier Duval Group's brands are characterised by intelligent, simple and reliable heating technology. They promise to "make your everyday life easy" and offer the most important energy-saving, environmentally-friendly and tried-and-tested technologies, which are kind on customers' pockets and conserve resources.

With its eight brands, the Vaillant Group ensures that it can offer the optimum solution for almost every need. All of the company's products are subject to the same high expectations in terms of quality, safety and efficiency – right from the start and along the entire product life cycle. An extensive network of skilled technicians and service employees in more than 60 countries ensures that the products continue to meet these high standards during their usage. We therefore work closely with our installation partners – to the benefit of our customers.

BRAND VAILLANT



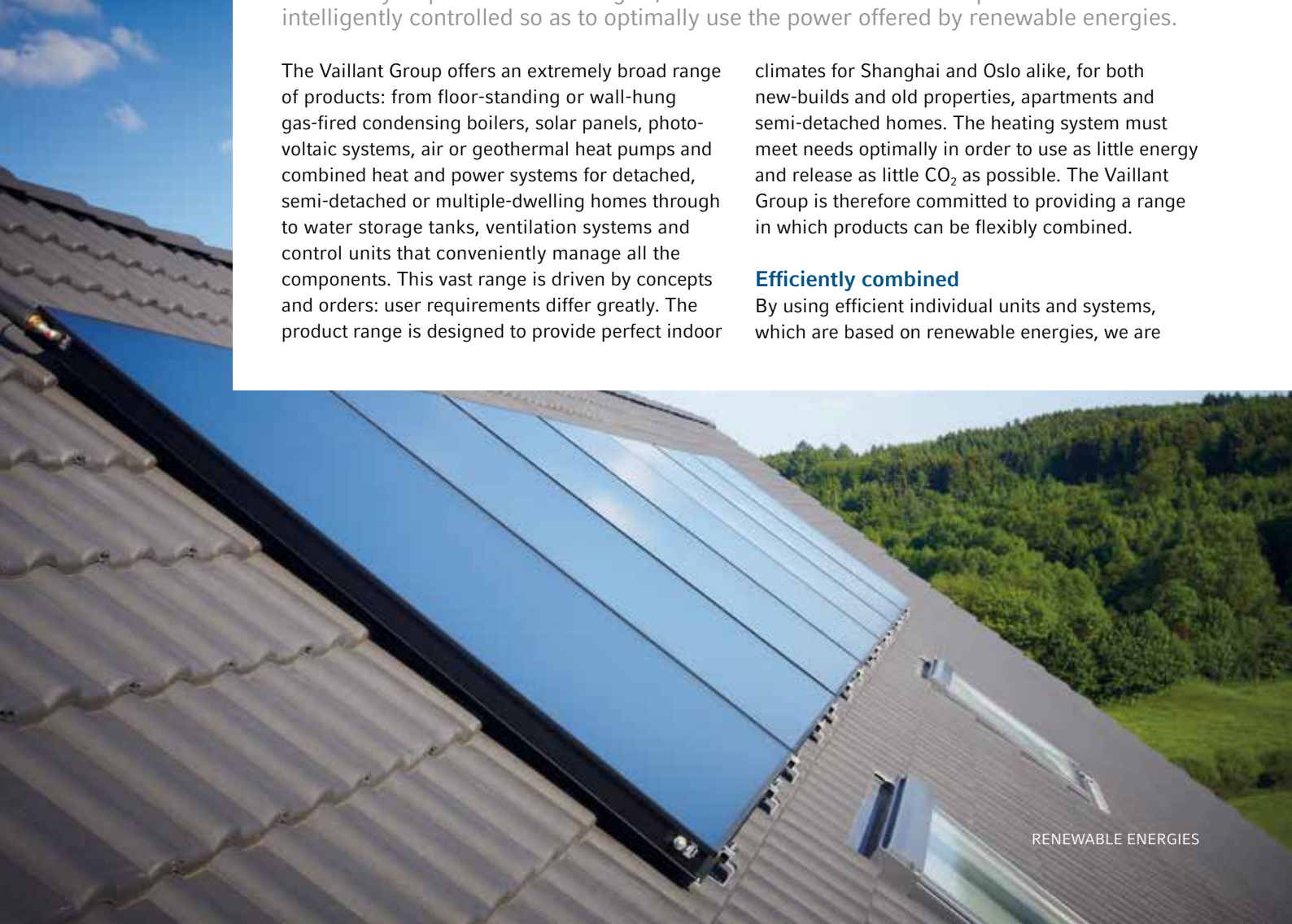
BRAND GROUP SAUNIER DUVAL





A SYSTEMATIC, INNOVATIVE APPROACH TO THE FUTURE

Heating, air conditioning and new energies – the Vaillant Group offers a full range of heating, ventilation and air-conditioning technologies and thus the perfect system for almost any requirement. In doing so, we are committed to efficient products that can be intelligently controlled so as to optimally use the power offered by renewable energies.



The Vaillant Group offers an extremely broad range of products: from floor-standing or wall-hung gas-fired condensing boilers, solar panels, photovoltaic systems, air or geothermal heat pumps and combined heat and power systems for detached, semi-detached or multiple-dwelling homes through to water storage tanks, ventilation systems and control units that conveniently manage all the components. This vast range is driven by concepts and orders: user requirements differ greatly. The product range is designed to provide perfect indoor

climates for Shanghai and Oslo alike, for both new-builds and old properties, apartments and semi-detached homes. The heating system must meet needs optimally in order to use as little energy and release as little CO₂ as possible. The Vaillant Group is therefore committed to providing a range in which products can be flexibly combined.

Efficiently combined

By using efficient individual units and systems, which are based on renewable energies, we are



already able to vastly reduce the primary energy consumption. For example, heat pumps that use heat from the air or the earth can be combined with collectors for photovoltaic or solar thermal energy and supplemented with water storage tanks for peak periods. Combined heat and power systems (CHPs) provide both heat and power, thereby reducing the impact of increasing energy prices.

Intelligently controlled

The more individual and tailored the heating system, the greater the importance of the intelligent control system. After all, it is about making the efficient individual components work together as efficiently as possible. This also includes an intuitive control unit that meets the modern standards of user technology.

Optimally used

The Vaillant Group has several innovative solutions that enable optimal use of self-generated power and heat. The eloPACK battery storage system can store the self-produced power from CHPs or photovoltaic systems. Both integrated and separate water storage tanks with a large or medium volume round off the range of products

available. Modern low-energy and passive homes need efficient, convenient ventilation. The new recoVAIR series offers solutions to meet precisely this requirement. The key is to use the primary and self-generated energy optimally in order to reduce carbon emissions and heating costs.

Ideally supported

Our services cater to the entire product life cycle. These range from commissioning new systems and maintaining existing systems through to providing technical support for installers and specialist partners. Training and technology courses for installers are further key areas. After all, by providing a perfect service we can ensure that our devices are operated effectively and with low emissions.

We are paving the way for a carbon-neutral future in the field of heating. Our product strategy is therefore based on efficiency, systems and renewable energies. This starts today for tomorrow and the future. We have also set ourselves ambitious milestones: by 2020, efficient and renewable technologies should account for 80 per cent of our product revenue. These are the standards against which we measure ourselves.



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

Sustainability vision

RESPONSIBILITY AS A PRINCIPLE

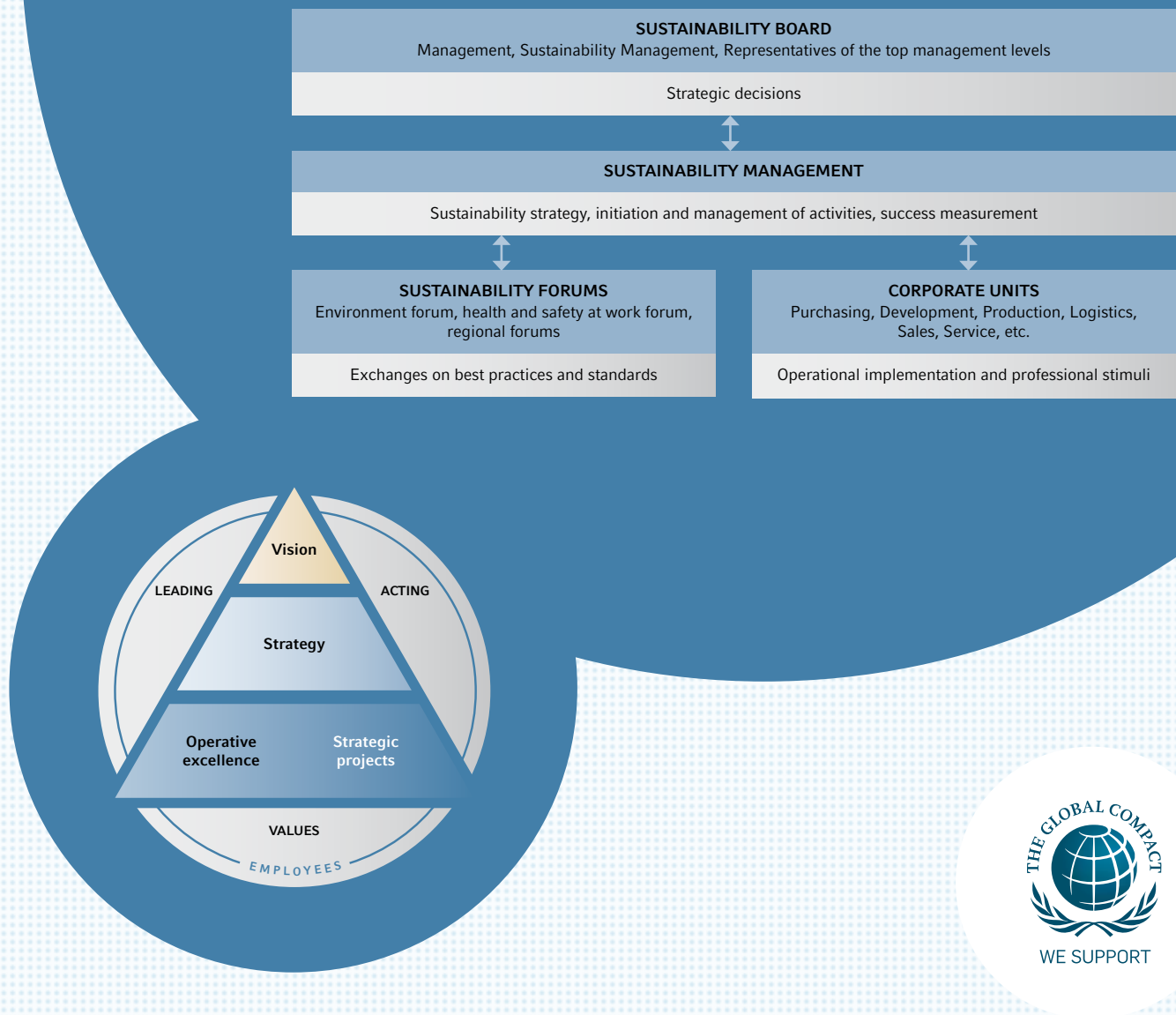
As a future-oriented family enterprise, the Vaillant Group acknowledges its special responsibility – towards the environment, its employees and society. We firmly believe that business success and commitment to social and environmental standards are inseparably intertwined.

For a high-tech company that develops innovative, efficient solutions in the fields of heating, cooling and hot water, addressing the complex subject of sustainability seems a logical step. Our customers, in particular, have clear-cut expectations regarding the energy efficiency of our devices. However, the guiding principle of sustainability means more than just marketing particularly energy-efficient products. It dictates that the strategic and operational decisions taken by a company must always consider sustainability-related factors. As such, the basic question must always be asked as to what direct and indirect effects a decision will have on people and the environment – now and in the future.

Sustainability management in the Vaillant Group was initially launched as a strategic core project. These projects have high priority for the company and are instrumental to achieving the goal stated in the Vaillant Group vision: the goal of sustainable and profitable growth.

Group-wide sustainability activities are now centrally coordinated so that sustainability issues become embedded in the normal course of business by integrating them in processes. The Vaillant Group Sustainability Management department is responsible for this task. The department is part of the **Corporate Communications, Sustainability Management & Politics** department and reports directly to the CEO of the Vaillant Group. This department sets sustainability targets in close consultation with the Management Board and the individual operational units, systematically monitors their progress and provides impetus for improving company-wide sustainability performance. Furthermore, the Group-wide environmental management system is also centrally anchored in order to leverage the greatest potential synergies.

Several sustainability bodies are involved with implementing and developing the Vaillant Group sustainability strategy. Last year, the structure of these bodies was adapted to the needs of the organisation and sustainability management.



As the most important body, the **Vaillant Group Sustainability Board** meets once a year. This is made up of the Management Board members, the Sustainability Management team and key senior management representatives. This Board discusses and makes all strategic decisions in the field of sustainability. The Sustainability Management team forwards these to the relevant departments and initiates and manages the sustainability activities. The department manages the regular **Vaillant Group Sustainability Forums** – the environment forum, the health and safety at work forum and regional forums, which discuss matters relating to resource-optimised production processes, health and safety measures and programmes in the markets. The close cooperation enables good ideas proposed in one plant or sales region to also be implemented in other plants or regions. Furthermore, sustainability-related topics are also presented and discussed in specialist bodies, such as at the international Supply Chain Manager meeting.

Issues arising from public debate on sustainability, which we actively support by presenting our position in the debate, regularly flow into the work of the sustainability bodies. In this respect, the company is a member of the Sustainability Leadership Forum, which was initiated by the German Association of Environmental Management (B.A.U.M. e.V.) and the Centre for Sustainability Management (CSM) at Leuphana University Lüneburg. The Vaillant Group is also a long-time partner of the German Sustainability Award Foundation.

By signing the Global Compact of the United Nations, we have reaffirmed our full responsibility in all dimensions of sustainable management. The initiative requires member companies to recognise basic values in the fields of human rights, labour standards, environmental protection and the fight against corruption, and to put these into practice along the entire value chain. We report annually on the progress we have made in this area.

A NEVER-ENDING CYCLE

The Vaillant Group has combined all its sustainability activities into one programme. Under the name S.E.E.D.S., we set binding, verifiable targets in the fields of focus Environment, Employees, Development & Products and Society, develop specific measures based on these targets and continuously monitor the results. Transparently and Group-wide.

The Vaillant Group has set ambitious standards in all matters of responsible corporate governance. S.E.E.D.S., an acronym for the strategic fields of focus Sustainability in Environment, Employees, Development & Products and Society, identifies what the family-run company believes to be the key elements in achieving its sustainability vision. These fields are defined on the basis of a broad understanding of sustainability that addresses the main challenges in our core business. In this regard, the Sustainability Management department makes an important contribution to ensuring the company's success in the long term. A measure of success that is understood as sustainably increasing profitability in conjunction with balanced growth.

Our management approach

This project is extremely complex as the Vaillant Group is a modern industrial company that operates internationally. The S.E.E.D.S. targets can only be met through the involvement of all areas of the company. And this can only be achieved through targeted management. We therefore manage our sustainability performance using an established approach: the classic control circle applied to corporate management systems.

On the basis of the sustainability strategy ^①, binding and verifiable targets ^② are set for all four fields of focus in the S.E.E.D.S. programme. For example, reducing CO₂ emissions by 25 per cent in



Strategic sustainability programme

Sustainability in

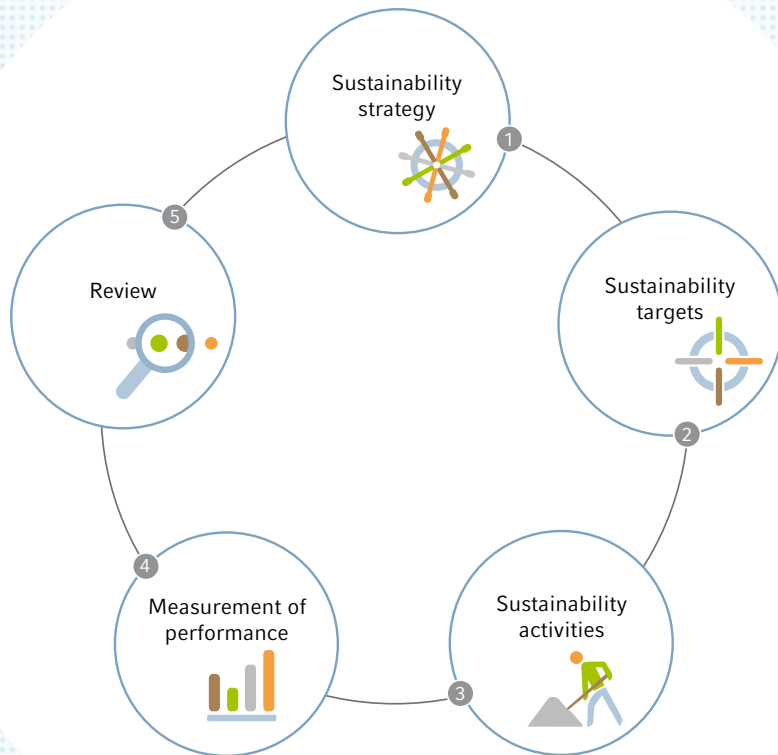
Environment

Employees

Development & Products

Society

S.E.E.D.S. control circle



the field of environment. All relevant departments such as Purchasing, Production, Logistics, Sales, Service and Quality then define and implement operational measures **3** in order to achieve these targets. However, sound management also requires accountability in order to be able to verify the effectiveness of the measures employed. This is achieved by defining key performance indicators (KPIs) and target values **4** for all targets and sub-targets within the fields of focus. Every quarter, we survey all relevant data on a Group-wide basis to calculate the individual KPIs. These are then 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 and current production volumes. We can therefore determine specific KPIs. By comparing figures from the same period in the previous year against the long-term targets during the annual review **5**, we are able to gain an accurate picture of the current state of our sustainability performance.

As a result, S.E.E.D.S. constantly provides transparency and enables us to make adjustments where there is room for improvement. In this way, we are constantly developing our sustainability strategy and refining or reinitiating targets and individual measures – with the cycle beginning again. So that we always know if we're on the right path.



OHSAS EN EN ISO



METHOD IN OUR SUCCESS

The Vaillant Group has set itself ambitious sustainability targets for the years ahead. But how can we actually achieve these? One answer is by employing differentiated management systems and introducing Group-wide processes.

Reducing CO₂ emissions by 25 per cent, lowering the number of accidents at work to zero, implementing the Ten Principles of the Global Compact and increasing the sales share of high-efficiency products to 80 per cent – these are just some of the Vaillant Group's 2020 sustainability targets. If we realistically want to achieve these, we need Group-wide control mechanisms. This is where differentiated management systems come in. They enable us to control the company's performance in terms of environmental protection, health and safety and quality.

Benchmarks for corporate management systems are set out in Europe-wide standards. The Vaillant Group regularly commissions independent test institutes to audit the application of and adherence to

these benchmarks as part of a "multi-site certification process". The majority of our sites have been certified as compliant with quality standard EN ISO 9001 and environmental standard EN ISO 14001. The former governs the need for high-quality management standards in a company; the latter the continuous reduction of factors that impact on the environment. And we are just as ambitious when it comes to workplace health and safety. We are currently taking our first steps towards the Group-wide certification of our policies on occupational health and safety in accordance with the international standard OHSAS 18001 at the end of 2014. The Vaillant Group's commitment is outlined in its quality management, environmental and occupational health and safety policies, which are publicly accessible to all employees and subject to regular review.

18001 ISO 9001 14001

Further to the management systems and their associated standards, we also use another effective tool for systematically implementing sustainability in the company: the Vaillant Group process landscape.

Driving sustainability 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 four major processes within the Vaillant Group. The first is the Group Development Process (GDP), which starts at the product development stage and covers the entire product life cycle through to recycling. The Group Production Process (GPP) describes production steps in a simple, standardised and clear manner. The Group Market Process (GMP) guarantees the fulfilment of customer requirements and long-term customer retention.

Last but not least, the Group Service Process (GSP) describes the activities of our service technicians and installers.

A great deal of corporate responsibility lies behind these abbreviations. We aim to use these processes to anchor sustainability in all areas of the company in order to conserve resources, protect the environment and conduct business in a socially responsible manner. The Vaillant Group standard for environmentally-friendly product design therefore applies to all our developers. Only by considering the entire product life cycle as early on as possible can we really meet our customers' expectations of our products in terms of environmental impact. It is a complex task as processes ultimately control interaction beyond departmental and national boundaries, but the goal is always the same: to guarantee higher quality and thus ensure sustainability.



THE CRUX OF THE MATTER

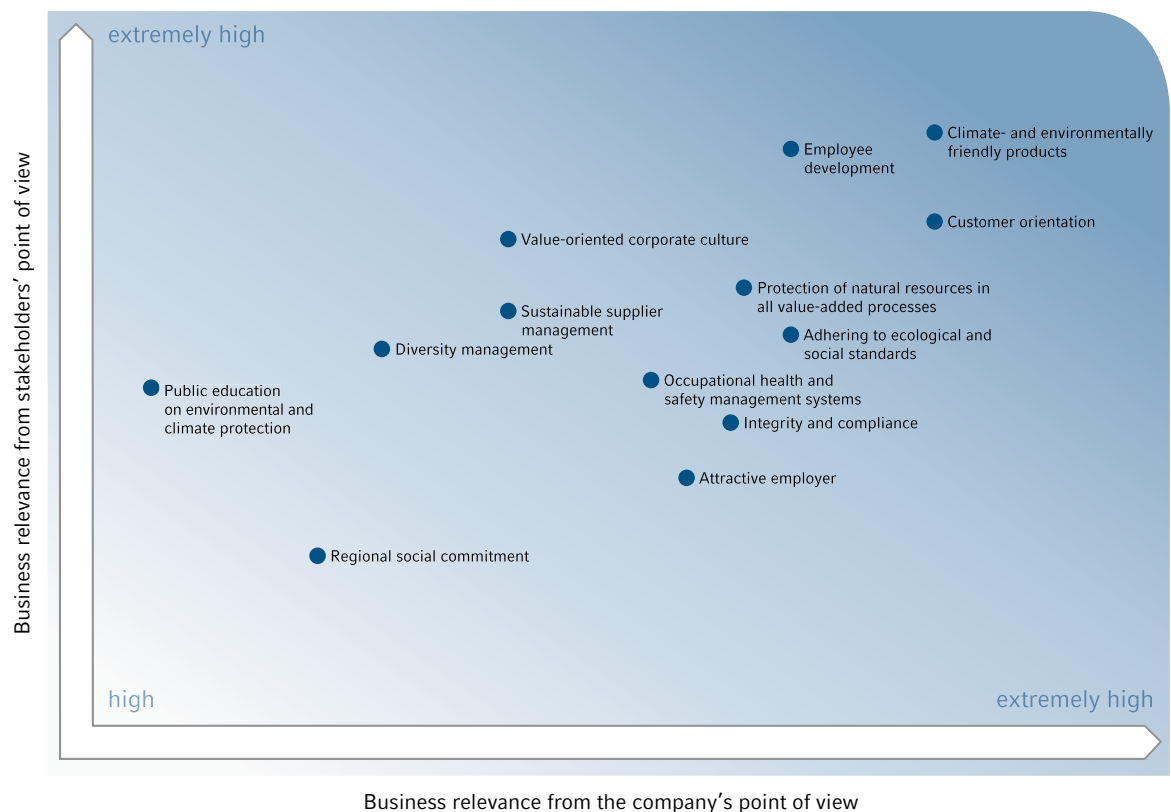
We actively exchange ideas, views and experiences with important stakeholders through diverse forms of dialogue. Last year we used a materiality analysis to conduct our first ever systematic survey of customers, partners, suppliers, employees, owners and other relevant stakeholders. The findings have been directly incorporated into the further development of our sustainability strategy.

There are few business-related topics that affect more areas than sustainability. As a result, we need not only a clear strategy that points the way and has its success measured by binding targets, but also clarity in relation to the fields of action that are particularly important – both from the company's perspective and that of its stakeholders. The aim of the materiality analysis was therefore to more precisely define the sustainability issues that are essential to our business and obtain a tool that can be used to adjust the sustainability strategy itself.

A methodical approach

The Vaillant Group adopted a step-by-step approach to analysing the main sustainability issues. First of all, the key issues within the fields of focus Environment, Employees, Development & Products and Society were specified in line with the provisions of the S.E.E.D.S. programme. This resulted in a list of the 20 most important sustainability issues based on the projects and activities already underway. Following this, four subgroups were identified as the primary stakeholders from among the groups

Materiality Matrix



that are relevant to the company – customers/partners, suppliers, local authorities / professional community and owners. In a written survey, Vaillant asked these groups to assess the importance of the sustainability issues from a subjective point of view. In addition to this stakeholder survey, interviews were conducted with selected employees from central departments (R&D, Production, Finance, Marketing, HR, etc.). The results of the written survey and the internal discussions were compiled in the form of a “field analysis”. For this purpose, each of the 20 sustainability issues was evaluated based on the assessment by the stakeholders.

The third step in the materiality analysis consisted of the “business relevance analysis”, which considered the importance of the issues from the point of view of the company. The sustainability issues were evaluated in terms of three dimensions:

Risk potential: To what extent do risks arise if the Vaillant Group does not address the issue at all or sufficiently?

Efficiency potential: How can sustainability performance be made more efficient if the issue is controlled and monitored extensively and in a targeted manner?

Differentiation and growth potential: How can we generate business growth or achieve differentiation towards our competitors by tackling issues extensively and in a targeted manner?

From info collation to matrix creation

The results of the field analysis and the business relevance analysis are combined and presented in a concise overview: the Vaillant Group Materiality

Matrix. The 20 sustainability issues identified are pooled into focus fields. The higher up an issue is positioned in the matrix, the greater its importance from the point of view of our stakeholders. The further to the right an issue is positioned, the greater its relevance from the point of view of the Vaillant Group. The sustainability issues that possess exceptionally high importance both for the Vaillant Group and its stakeholders are displayed in the upper right corner of the matrix. All of the top issues will be dealt with systematically, with particular focus on those possessing exceptionally high importance.

On the right track

The most important finding can be seen by simply looking at the Materiality Matrix in graph format: the company basically assigns the same level of importance to the individual sustainability issues as its stakeholders. The S.E.E.D.S. programme therefore comprehensively reflects the expectations of our stakeholders and the central challenges of our core business.

Of little surprise yet by no means less relevant is the finding that survey participants perceive the development of climate and environmentally-friendly technologies as the field of action with the greatest significance for the success of the Vaillant Group. This is an important indicator that our product strategy, which focuses on high-efficiency technologies, renewable energies and smart systems, is making a pioneering contribution to the energy revolution and the way this is shaped. The positioning of the topic clusters “Employee development”, “Customer orientation” and “Resource conservation” also further strengthens our determination to continue on the road that we have taken.



S.E.E.D.S.
control circle



Systems and
processes



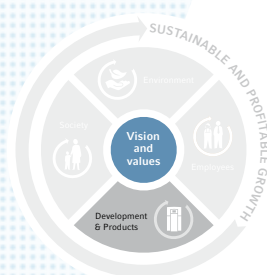
Materiality
Matrix



Sustainability
targets

OUR SUSTAINABILITY TARGETS

In the spring of 2011, the Vaillant Group set itself the first binding, verifiable targets in all fields of focus within the S.E.E.D.S. programme. These goals are an indication of the direction we shall be taking until 2020. Until then, we not only intend to provide transparent information on which targets we are on track with but also on where we need to make adjustments to become even better. Detailed sustainability indicators can be found at the end of this report.



Development & Products

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

80

% Turnover of high-efficiency products

–15 % Greenhouse gas emission of the product portfolio

+15 % Material efficiency

Go-ahead 50% of target value achieved Target achieved



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.

–25

% CO₂

+20 % Energy efficiency

–20 % Water

–20 % Waste

Go-ahead 50% of target value achieved Target achieved

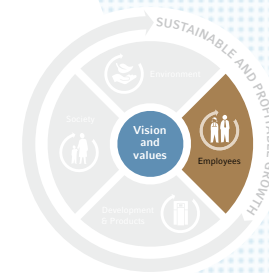
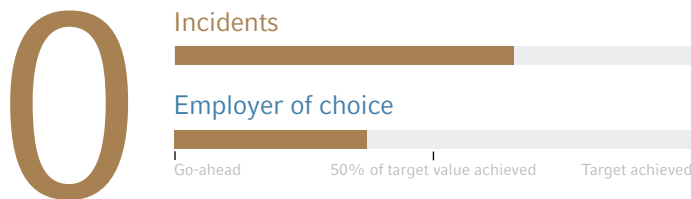
Sustainability

Sustainability is an integral part of our corporate culture and strategy. Our goal is to take a leading position in key sustainability areas and to serve as a role model.



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.



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.



*Our target to assign 80 per cent of our total purchase volume to suppliers that recognise the Ten Principles of the UN Global Compact was reached as early as 2012. We have now gone one step further and already managed to meet the next target – 100 per cent – which was originally set for 2020.

All percentages refer to the 2010 reference year and are dependent on volume.



"THE STRATEGIC DIRECTION OF OUR SUSTAINABILITY MANAGEMENT IS PERFECTLY IN LINE WITH OUR STAKEHOLDERS' EXPECTATIONS."

Dr Carsten Voigtländer,
Vaillant Group CEO

Where does the Vaillant Group stand today in terms of achieving its 2020 sustainability targets?

► When we set the targets back in 2011, we were aware that we were committing ourselves to a highly ambitious programme – meeting the specific standards is certainly not something we can take for granted. As a result, we are even more satisfied with the first steps that we have taken. A good example is the Group's water consumption, which we have already reduced by 32 per cent compared to 2010. When the targets were defined, we were aiming for a 20 per cent reduction by 2020. The situation is similar with regard to electricity consumption. And also to occupational accidents. Thanks to systematic action taken in the plants, we have been able to further reduce the numbers of accidents, which were already pleasingly low even before these measures.

Are there areas that you are not yet satisfied with?

► Those who celebrate success must also be self-critical at the right point in time. We still need to improve our waste prevention strategies, for example. Despite our aim to reduce the amount of waste by 20 per cent, we are not currently seeing any change in the figures. An analysis of all sites conducted last year is now showing several areas with promising potential. These kinds of challenges demonstrate that the management system behind the S.E.E.D.S. programme is working and highlights potential areas for improvement.

How important does the Vaillant Group regard the systematic stakeholder survey conducted for the first time in 2013?

► The survey showed us two things. Firstly, that



the strategic direction of our sustainability management is perfectly in line with the expectations of our customers, partners, suppliers, employees and stakeholders. And secondly that the focus on green and efficient products will become an increasingly important factor for our business. And this expressly includes the conditions under which the products are made.

What do you think about the S.E.E.D.S. programme receiving the German Sustainability Award?

► Receiving this award is a great honour for us, not just because the Vaillant Group sustainability strategy was chosen from an outstanding field of participants and named by the jury to be one of the best three in Germany, but also because the strategy has been developed by our own team – without any external advice – and is perfectly aligned to our core business. We are proud of the commitment that our employees show, implementing the strategy in all operational areas.

The **S.E.E.D.S. magazine** is our way of giving you an insight into selected sustainability projects from the four fields of focus through a mix of features, reports and interviews. We will also introduce you to the people behind the scenes whose dedication ensures that sustainability remains a top priority in our company.





S.E.E.D.S.

MAGAZINE
2013

24

German Sustainability Award

26

DEVELOPMENT & PRODUCTS

28 *Lighthouse Projects*

- 34 Product life cycle
- 36 Fuel cell heating
- 38 IT security

40

ENVIRONMENT

42 *Sustainability Award*

- 44 Environmental management
- 46 Environmental campaigns

48

EMPLOYEES

50 *Hoppelhasen childcare centre*

- 54 Employee survey
- 56 S.E.E.D.S. Award

58

SOCIETY

60 *SOS Children's Villages*

GERMAN SUSTAINABILITY AWARD

Consistent and specific

The Vaillant Group has received the German Sustainability Award for its sustainability programme S.E.E.D.S. The jury particularly honoured the precision with which the core business strategy was defined.

Consistent and specific – those are the terms used by the renowned jury of the German Sustainability Award in describing the Vaillant Group's sustainability strategy S.E.E.D.S. – a strategy which earned Vaillant second place in the category "Germany's Most Sustainable Future Strategies 2013 (Group)". The first prize went to the power utility HSE, while the second prize was shared by the Vaillant Group and SAP AG. About 600 companies had applied for this distinction, which was awarded at a festive gala in November 2013. In its comments the jury mentioned Vaillant's consistent and exemplary sustainability strategy. "Vaillant's distinctive feature is its sustainability programme S.E.E.D.S. with its binding targets and specific measures that cover the entire value chain," said the jury.

The sustainability strategy was developed internally within the Group in 2011. It combines all the various sustainability activities in a strategic programme and sets binding, verifiable goals in four focal areas. "A sustainability strategy can't be bought off the peg," says Dr Jens Wichtermann, Director of Corporate Communications, Sustainability Management & Politics. "Like other companies, we started by looking elsewhere and checked if there might be

solutions that could be adapted. However, we soon realised that this was not the case. What's particularly important is a precise analysis of one's own business and its core operations."

A three-member team is now in place, headed by Dr Jens Wichtermann, to coordinate the sustainability activities of the Vaillant Group. The German Sustainability Award provides recognition and motivation both for the team and for others: "The outstanding position achieved by the Vaillant Group is a major incentive for the numerous sustainability projects across all our divisions," says Wichtermann.

A contest between the best

After all, the German Sustainability Award is extremely significant. It recognises companies that set examples in combining economic success with social responsibility and environmental care and which therefore promote the concept of a sustainable society. The focus is on consistent sustainability management and sustainability issues in brand management. The aim of the award is to encourage companies to act sustainably and to help raise public awareness of the principles of sustainable development.



The award is an initiative of the German Sustainability Award Foundation in cooperation with the German Federal Government, the Council for Sustainable Development, business associations, organisations in civil society and also research institutions. It is a contest between the best. This makes it all the more special that the Vaillant Group has now received the award four times – confirmation for the consistency and wholeheartedness with which it approaches the issue. In 2009 Vaillant was among the top three in the category "Germany's Most Sustainable Research and Development", and in 2010 among the top three for its sustainable products. In 2011, Vaillant also won the award in the category "Germany's Most Sustainable Products/Services" with its micro-combined heat and power system ecoPOWER 1.0.



A celebratory atmosphere: Dr Jens Wichtermann, Director of Corporate Communications, Sustainability Management & Politics (2nd from the right), accepts the award at the presentation ceremony.



Lively discussions: the Vaillant stand at the Sustainability Day in Düsseldorf



DEUTSCHER NACHHALTIGKEITSPREIS

Top 3 Deutschlands nachhaltigste
Zukunftsstrategien (Konzern) 2013



DEVELOPMENT & PRODUCTS

High-efficiency portfolio

Use of
environmentally friendly
materials and resources

Implementation of
eco-design standards

Outstanding
product safety and longevity

Optimisation of
recycling and
waste disposal after use



LIGHTHOUSE PROJECTS

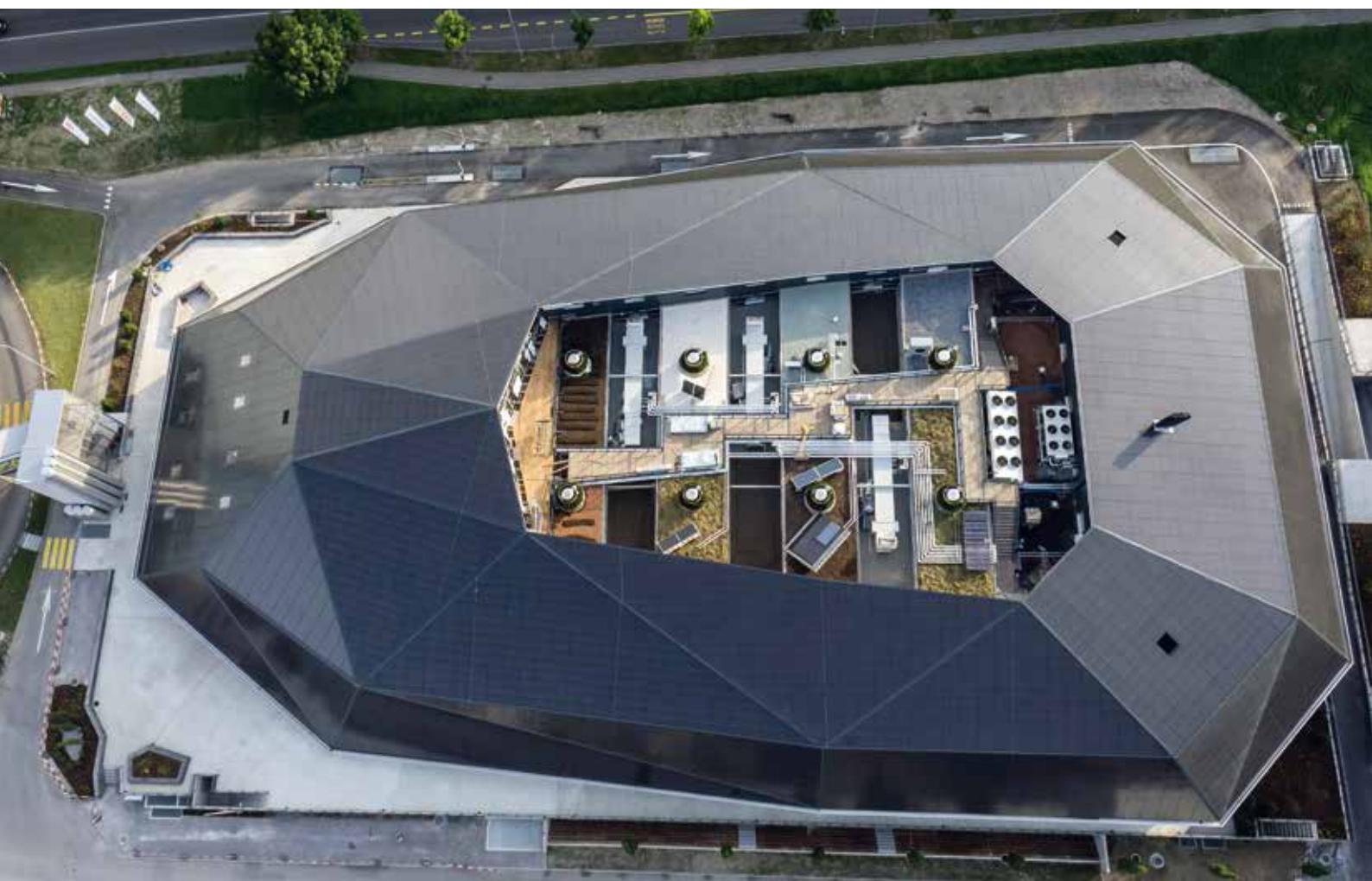
Signposts





The Umwelt Arena ("Environment Arena") in Switzerland: an elegant glass exterior and an interior created using natural materials create a pleasant atmosphere.

Not all markets are equally well prepared for all forms of high-efficiency technologies at the same time. This is because there are so many different requirements, affected by legal frameworks, user habits and living standards. We want to highlight innovative products even in places where there has not yet been a market launch. To do this, the Vaillant Group has created so-called Lighthouse Projects, such as that in the Swiss Umwelt Arena ("Environment Arena").



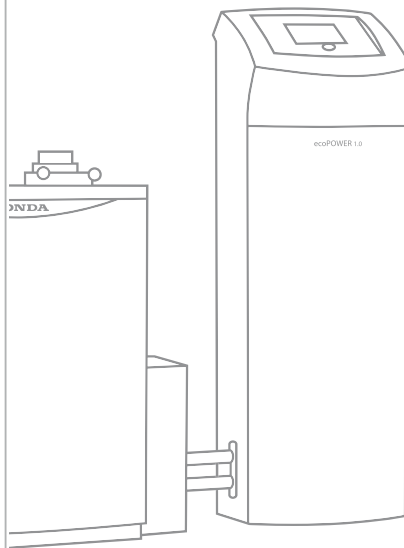
You cannot fail to notice it, and you definitely will not forget it: the Umwelt Arena (“Environment Arena”) – a glistening black, hexagonal building shaped like a crystal. However, the Umwelt Arena in Spreitenbach just outside Zurich is not just about looks. Its strikingly shaped roof is completely covered with photovoltaic panels and its generously proportioned glass façades allow plenty of natural daylight into the building.

Once inside, the visitor comes face to face not only with an arena for events but also with 45 pioneering exhibitions on the topics of sustainability, renewable energy and nature. Their purpose is to explore how sustainability can be ensured without compromising on comfort or incurring additional expenses.

“When we heard about the project, we were interested straightaway and started to follow the progress of construction,” says Tobias Loher, Head of Marketing at Vaillant Switzerland. It seemed like a highly promising approach; after a while Vaillant Switzerland approached the Umwelt Arena. “We also decided to exhibit one or two of our products there. We were very keen to be represented and to put something particularly sustainable on show.” The ecoPOWER 1.0 was therefore selected, a product that is currently available on the Swiss market only in the form of a pilot facility.

“This is precisely what our Lighthouse Projects are about,” says Sebastian Albert, Head of Brand Strategy. “Their purpose is to showcase highly efficient products in markets where those products are yet to be sold.” The Lighthouse Project concept has been in place since spring 2013. “We want to use this concept to strengthen our brands and signal to the market that there is more to us than meets the eye.” The ecoPOWER 1.0, for instance, uses a combined heat and power system to produce heat and power simultaneously. This makes it far more efficient than even the most advanced

power system. The micro-combined heat and power system was the first in Europe to be developed with the needs of single-family households in mind. In addition to the ecoPOWER family – in its product versions 1.0, 3.0, 4.7 and 20.0 – Lighthouse Projects are also in place for the zeolite heat pump zeoTHERM and for other highly efficient products based on renewable energies. The Lighthouse Projects are intended to open doors. They constitute a new and different way of preparing a market. “The central idea is to have a small number of installations which are highly visible – like lighthouses,” says Moritz Erdmann, CHP and Photovoltaics Product Manager. The construction and concept of the Umwelt Arena have attracted a huge amount of media attention besides winning numerous awards, such as the European



The ecoPOWER 1.0 simultaneously produces heat and electricity in a highly efficient and green manner – at the site at which they are used.

Solar Prize 2012. This visibility can also be integrated into Vaillant’s press and marketing work – one of the aims of the Lighthouse Projects, which are intended to generate awareness of the Group’s technologies and brand. “Our Lighthouse Projects include a comprehensive package of marketing instruments which we can make available to our national distributors,” says Albert.

The Umwelt Arena in Spreitenbach is the perfect venue for a Lighthouse Project. Not only does its architecture appeal, but also its powerful exhibitions, which are structured into four thematic areas: Life and Nature, Energy and Mobility, Construction and Modernisation, and Renewable Energies. Project initiator Walter Schmid had set himself the goal of creating a space which would truly explore the issues surrounding energy and the environment. In order to attract large numbers of visitors, the organisers wanted to ensure that the exhibitions appealed to the widest possible audience – families, school classes, laypeople and experts. The idea worked. After a good six months, the Umwelt Arena had already attracted over 100,000 visitors.

“This is exactly what we want for our Lighthouse Projects,” says Albert. “We want to be represented on platforms that attract large numbers of visitors; we want to reach multipliers, strengthen partnerships and take up a proactive position on the market.”

As well as the mixed audience visiting the exhibitions, the Umwelt Arena also attracts numerous construction industry experts. With its generous proportions and seven seminar rooms, the arena serves as a venue for major events and meetings of all sizes, offering space for up to 4,000 people.

Loher adds that the conference facilities at the Umwelt Arena have also been used by Vaillant Switzerland a number of times for events such as panel discussions and retailers’ meetings. It gives

retailers and installers the opportunity to see and find out about the ecoPOWER 1.0 in action. However, this is by no means intended as a covert market launch. The number and duration of installations at the Umwelt Arena are limited. After five years the installations have to be dismantled again.

In the meantime, other Lighthouse Projects have emerged besides the Umwelt Arena. Some are still being prepared while others are already in place. The smart home "Hållbarheten" ("Sustainability") in Malmö, Sweden, features a zeoTHERM heat pump that makes use of the thermal properties of the mineral zeolite. "Our purpose here is to raise the general level of awareness in the market, while paving the way for zeoTHERM and increasing brand awareness," says Albert.

An ecoPOWER 4.7 is currently installed in Bobruisk, Belarus, in the entrance hall at the head office of one of Vaillant's major customers. Not only does this installation strengthen collaboration with the partner, it also supports Vaillant's brand image as a leader in innovation. By doing this, Vaillant hopes to boost sales within its current portfolio while at the same time promote its CHP technology.

An ecoPOWER 4.7 was installed at the Wasserwerke Zug public utility plant in Switzerland for similar reasons. "We want to familiarise our partners with CHP technology," says Tobias Loher. "By doing this we can demonstrate that combined heat and power systems are state-of-the-art systems designed for daily use."

As it stands, CHP technology is still subject to economic and legal conditions, which make it rather unattractive for Swiss customers. "However, adjustments are expected which will then pave the way for innovative thermal engineering to also be introduced in Switzerland," says Loher. The market now looks to be ready and the ecoPOWER 1.0 is set to make room for another innovative product from the Vaillant Group.

"Sustainability makes construction easier, cheaper and more efficient"

Interview with architect René Schmid

What did you find so attractive about the Umwelt Arena project?

For an architect, the opportunity to design a building intended to fascinate its visitors is extremely appealing – the design, the engineering and the interior, a building where everything fits perfectly, even the construction and maintenance. It's the first building that is completely carbon-neutral in the way it was created, using recycled materials. A holistic approach was taken from start to finish, and that's what made it so exciting.

How significant is sustainability to you as an architect?

Sustainability is quite a buzzword these days. For us as architects it means thinking in the long term, thinking holistically and advising builders in such a way that they will still be happy they made the right choice for decades and generations to come. This is true not only in terms of energy, but also in terms of design, layout, maintenance and choice of materials.

But doesn't a sustainable approach make construction a lot more complicated and expensive?

Well, no actually. Sustainability makes construction easier, cheaper and more efficient. It's important to take a long-term perspective, to think outside the box and to be creative and courageous. The concrete structure, for instance, has four functions, not just one. It provides support, heats and cools the building, and serves as flooring – in the same way that the roof does not just provide cover, but also generates electricity and has a dominant impact on the design.

The Umwelt Arena is an EnergyPLUS building which produces more than twice its own energy requirement – 203 per cent. How did you achieve that?

The roof contributes a lot to this. We chose power-generating roofing which combines the best possible thermal insulation with an optimum supply of heat and energy. We also use the heat, cold and electricity delivered by the exhibited systems. An intelligent, forward-looking energy management system makes use of all the influential variables such as the number of visitors and the weather, besides using the energy available in the heat stores by feeding it back into the interior of the building at the right time.

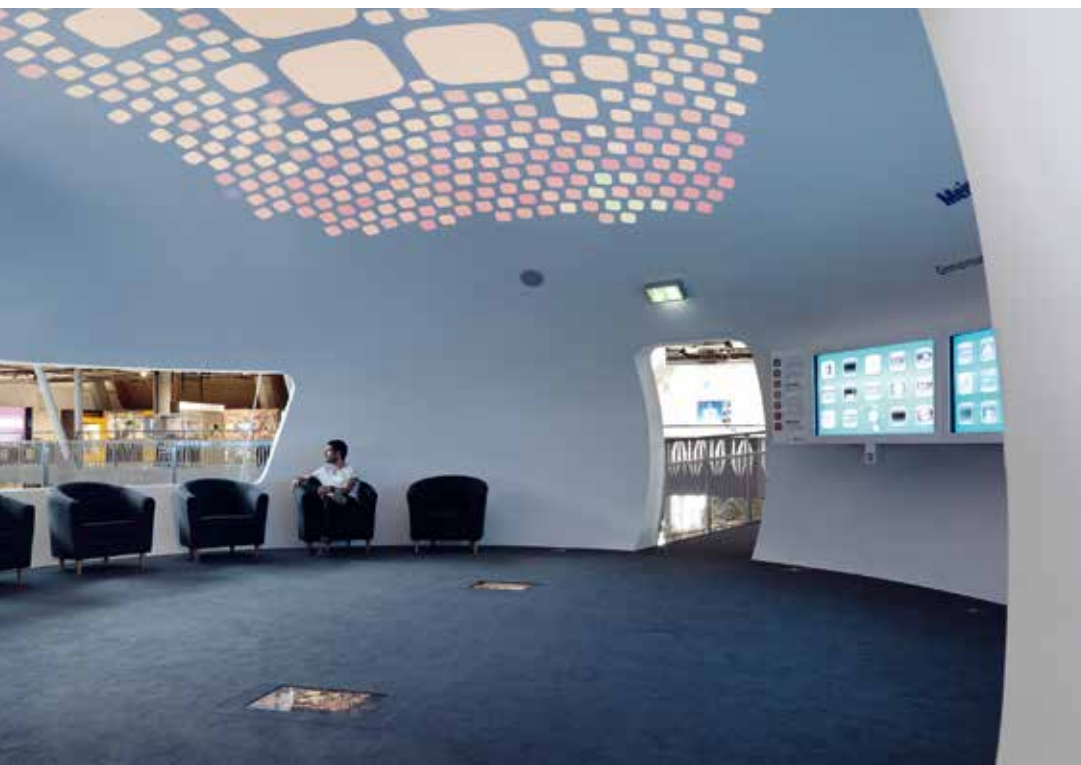
The Umwelt Arena has won numerous prizes, including the Norman Foster Solar Award 2012. Have you noticed any positive repercussions on your work?

It's had quite an impact. We've received enquiries from other countries, for instance for events and talks. Sustainable construction is a major topic. However, it would appear that builders still need time to take everything in before sustainable construction becomes possible on a wider scale.

As an architect, where do you see the greatest potential for sustainable construction?

The greatest potential lies in wide-scale application. If everyone in construction did their maths first, if they gave some thought to the matter and adopted a long-term approach, then buildings would be different: more holistic and more sustainable.



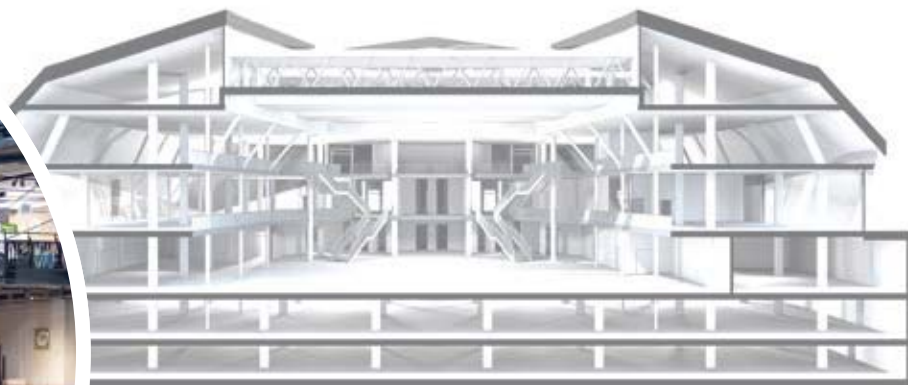


Outlooks: the exhibits at the Umwelt Arena show how fascinating sustainability can be in the most diverse areas of life.

"It's had quite an impact. We've received enquiries from other countries, for instance for events and talks. Sustainable construction is a major topic."



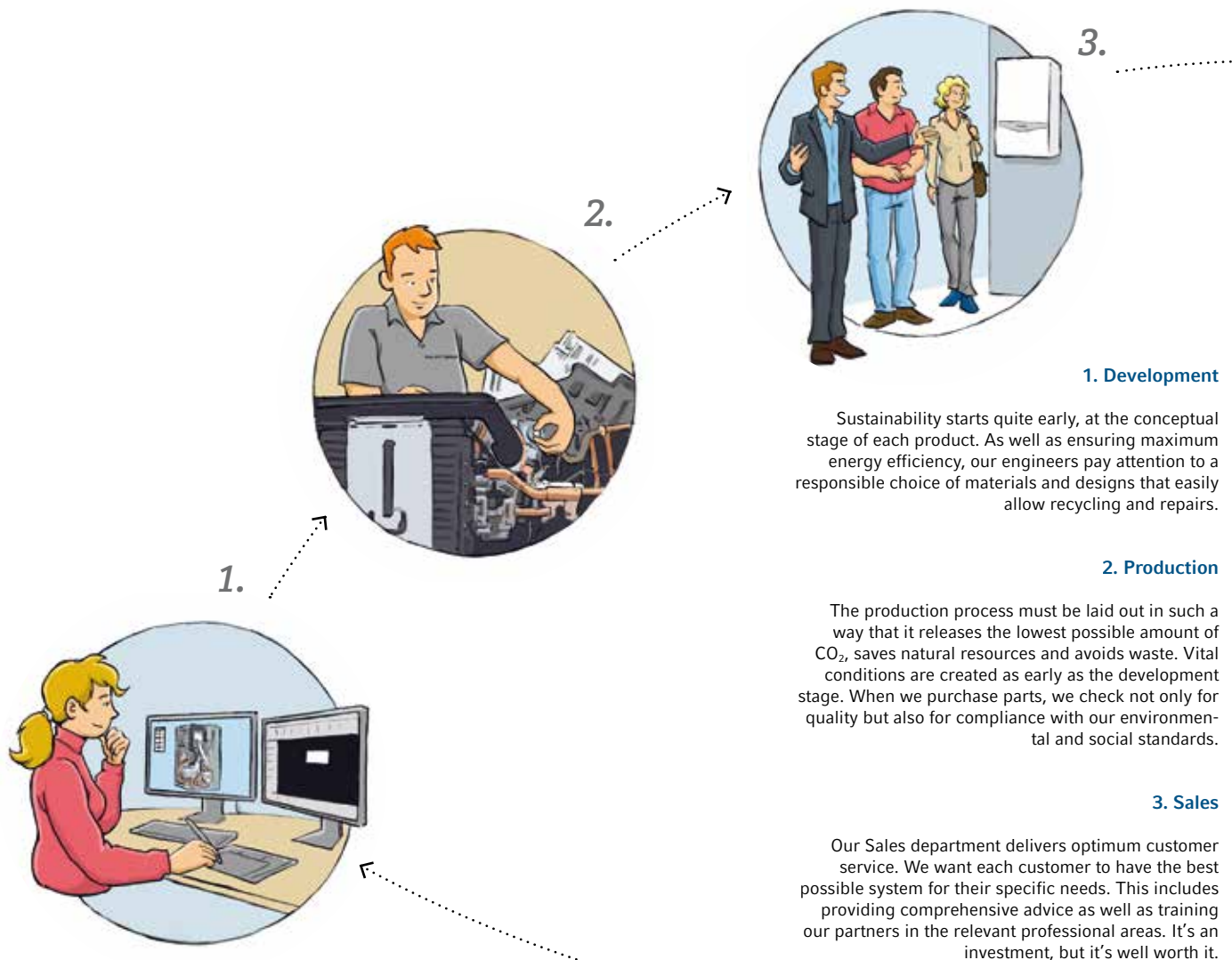
The designer: the architect René Schmid worked with his team to design the Umwelt Arena. The structure won the European Solar Prize 2012.



Vast: the architects designed an oval arena with three lower levels and four upper levels; the central area holds up to 4,000 people.

Thought through to the end

We want our products to be fully sustainable, from the beginning to the end of their lifetime. This concerns not only their energy efficiency, but particularly also the responsible selection of all the materials.





Mr Betz, where does sustainability start in the life cycle of a product?

It starts as early as the product idea. We believe that we have a responsibility from the first draft to the end of the product's life. We aim to create material cycles that are as self-contained as possible.

How do you put that into practice?

It's not easy of course – and we've still got a long way to go. What matters is that sustainability aspects should be part and parcel of each stage in a product life cycle. This doesn't happen at the drop of a hat, however, but must be based on well-structured real-life processes and specifications.

What exactly does that mean for the first stage, i.e. development?

In order to develop sustainable products, the engineers need tools. Our development is based on an established process, so that we can ensure everything has been thought out and optimised with a view to sustainability, e.g. in the selection of materials. This process is continuously improved and adapted to suit new requirements. We are particularly keen to ensure that materials are selected carefully and responsibly. We have therefore defined certain environmental, social and qualitative standards for our suppliers.

And does this apply to each stage of the life cycle?

Each stage has its own requirements. At the development stage, for instance, we can have a significant impact on the technical efficiency of our devices. When it comes to use and servicing, the key is to ensure that our highly efficient devices are operated in a way that saves energy while making full use of the potential of the relevant technology.

How do you close the circle at the end of the product life cycle?

The most important thing is genuinely to see the cycle as a circle and to be aware that what is left at the end must not be waste material, but valuable resources. As I said, this starts at the very first stage when we make sure the devices are designed to allow convenient disassembly, with separable parts and materials that are available in a pure form. This is the only way we can close the circle.



4.

4. Use

90 per cent of all carbon emissions in the life cycle of a gas appliance come from its use. So we want to support users in making the most of their heating systems. Our equipment and systems are therefore highly energy-efficient, intuitive to use and perfectly adjustable to the specific situation of each environment.



5.

5. Servicing

We provide a guarantee that original spare parts are used for our products, even 15 years after a series has been discontinued. We have a well-developed service network to ensure that all our devices are operated efficiently and that emissions are kept low.

6. End of Life

At the end of its life cycle a device must always be easy to disassemble. The design must be recycling-friendly, with components that can be separated, so that any material that has been used can genuinely be turned into raw material for something new, thus closing the circle.



6.

FUEL CELL HEATING

The next step



Fuel cell technology is highly efficient, delivering both heat and power and making gas “greener”. Through its involvement in the two field tests Callux and ene.field, Vaillant is well on its way to reaching market maturity.

Ready to go: in 2014, Vaillant will launch the Europe-wide practical test ene.field with 140 latest-generation devices.

Within the scope of Callux, Germany's biggest nationwide practical test of fuel cell heating devices for domestic use, Vaillant was able to make valuable findings with regard to further developing the technology.



The technology is ready. Since March 2013 a pilot run of fuel cell heaters has been in production at our facility in Remscheid. The new generation of heaters is clearly more compact, easier to install and less expensive to produce. It also has a higher level of electrical efficiency than its predecessor.

"We have managed to make quite a few technical improvements," says Alexander Dauensteiner, Project Manager, Field Testing for Fuel Cell Heating. The Callux field test has provided several important insights. Callux is Germany's biggest field test for domestic fuel cell heaters. The project has been running since 2011 and is supported by partners from the energy and heating industries as well as by the German Federal Ministry of Transport and Digital Infrastructure. 120 Vaillant units are currently being tested. "The results are very good," says Dauensteiner. At five per cent, the failure rate is surprisingly low for a field test, and a study by the German Society for Consumer Research (GfK) has found that user satisfaction is very high at over 66 per cent.

Vaillant's latest generation of heaters will also feature in a Europe-wide field test – ene.field – in 2014. This involves selling about 140 units to private customers (single-family and two-family households) in Germany, Austria, France and Denmark. After three years the fuel cell heaters will be replaced by serial products. The project manager has reported a great deal of interest among consumers.

These tests are important milestones on the road to market maturity. "Our aim now is to apply this technology on an industrial scale and to develop sustainable supply chains," says Dauensteiner. As quantities increase, the cost of manufacturing goes down – both for Vaillant and for the suppliers. Buying the cells from a different manufacturer is not an option, he continues. "Fuel cell heating

is highly innovative. It requires a lot of patience, a problem-solving mindset and the strength to cope with setbacks – which we also experienced," says Dauensteiner. Market maturity is now within reach.

Dauensteiner is confident that all the hard work will pay off: "Fuel cell technology is very promising and entails an enormous amount of potential." In solid oxide fuel cells, natural gas is split into carbon dioxide and hydrogen. The released hydrogen ultimately reacts with the oxygen in the air, producing electricity and heat. When it comes to the required primary energy, this heating technology is almost 50 per cent more efficient than the best condensing boilers, emitting about 30 per cent less CO₂. Moreover, no losses are incurred in the generation of electricity, neither through conversion nor through transport – something that cannot even be said of state-of-the-art power stations. A Vaillant fuel cell heater produces 1 kW of electric power and 2 kW of heat; following some technical improvements, the general level of efficiency is now over 90 per cent. "This is the most efficient gas heating technology there is," says Dauensteiner.

When it comes to the required primary energy, this heating technology is almost 50 per cent more efficient than the best condensing boilers, emitting about 30 per cent less CO₂.

A range of energy storage projects such as Power to Gas run by the northern German energy utility E.ON Hanse shows how much further potential there is in innovative fuel cell technology. This is important as the storage of green electricity is seen as a key technology for the energy transition. The idea is quite simple: green electricity – of which there is currently too much in the network and which cannot be used up – splits water into oxygen and hydrogen via electrolyzers. Hydrogen can be fed into the gas grid at up to 4 per cent by volume – without any change to the infrastructure. If, on the other hand, there is not enough electricity during peak times and the resulting demand cannot be met through renewables, a highly efficient reconversion mechanism takes place, thanks to Vaillant fuel cell technology.

Germany has a good infrastructure here. Dauensteiner also sees an additional benefit: the Power to Gas technology involves an extra stage in which hydrogen can be converted into methane, with this "green" gas then being completely fed into the existing gas grid.



IT SECURITY

It's our responsibility



A computer magazine had discovered a security gap in the IT system controller of the ecoPOWER 1.0. The Vaillant Group responded immediately, notifying all its customers and the general public. The issue was resolved within a minimum amount of time.

Certified safety: comDIALOG, a remote diagnosis and control system, received the VDE stamp in December 2013.

Mike Jagenburg, CHP Project Manager, learned about the problem in February 2013: the system controller of the ecoPOWER 1.0, which was supposed to allow convenient remote control and maintenance, did not offer full protection against hacking attacks. A person with advanced IT expertise would have been able to log into the system controller of the micro-combined heat and power system over the Internet.

Jagenburg told Swen Engelhaupt, Head of Product Safety and Approval, who initiated the established crisis handling procedures for product safety issues. The Product Safety Team (PST) was convened straightaway, comprising representatives of Quality, Research & Development, Legal Affairs, Communications, Sales and General Management. The PST handled communication with the German Federal Office for Security in Information Technology, with customers and with the general public, while also setting up a task force to solve the technical problem.

The system controller in question was connected to the Internet via a dynamic DNS. "Any unauthorised access was limited to turning the CHP on and off. So the issue didn't actually compromise operational safety," says Jagenburg. Nevertheless, Vaillant decided to notify customers immediately and recommended not connecting the system to the Internet for the time being. "The units continued to work without any limitations, but disabling remote online access meant a reduction in user convenience."

As a further immediate measure, it was agreed with the manufacturer of the purchased system controller that the device should be secured with a password and that a suitable software update should be made available. "Also, we were very quickly in a position to provide a totally new hardware-based solution, as we had already been working on a new system for our ecoPOWER 20.0," says Engelhaupt. Jagenburg emphasises that "it is the safest system on the market". The device communicates with the new hardware via a secure SSL connection, and the hardware only connects to the Internet via a VPN tunnel. This hardware has been available since August and was upgraded for free for any customers with full maintenance contracts. Moreover, any units delivered since February 2014 come with the new hardware installed by default.

"Obviously, this wasn't a very nice thing to happen," says Engelhaupt. After all, it was a new product in a rather sensitive

market. But Vaillant had a very clear procedure in place: "We felt it was important to be open and transparent and, above all, to respond in a way that benefited the customer," says Dr Jens Wichtermann, Director of Corporate Communications, Sustainability Management & Politics. The general public, partners and customers responded positively to our proactive communication. "This was undoubtedly due to our crisis management process and above all because we were quick to offer a very good solution to the problem."

While managing this acute crisis, Vaillant also started working with external experts on a strategy to avoid such problems in the future. "We never make the same mistake twice," says Engelhaupt. "We worked intensively on a general policy and made sure we acquired the necessary know-how. IT security had not been one of our core competencies. However, we've learnt from this episode."

The Vaillant Group therefore applied for certification from the German testing and certification institution VDE, with the result that comDIALOG, Vaillant's system for remote diagnosis, settings and control, became the first smart home product to receive such certification in December 2013. The system, which comprises hardware and a service package, allows service partners to conduct a remote diagnosis and remote control via a web-based platform. Fast, smart and secure.

OTHER ACTIVITIES IN 2013



Healthy climate

The indoor ventilation system recoVAIR ensures not only a pleasant indoor climate but, thanks to its automatic heat recovery function of up to 98 per cent, also clear energy savings.



The clever way to save energy

The battery storage system eloPACK can be ideally combined with a CHP unit or photovoltaic system. It maximises personal consumption by temporarily storing any surplus of generated energy.



connectedED Award

Vaillant secured first place in a readers' competition held by the magazine CONNECTED HOME. This award recognises the best brands and products in the area of digital home networks.

ENVIRONMENT

Comprehensive
environmental management

for the reduction of

CO₂ emissions,


energy and

water consumption,

and waste,

at production and administration
sites as well as in logistics





Detailed production work: many different measures have made production processes more sustainable, such as the switch-over from water to air for the test procedure.

SUSTAINABILITY AWARD

100 per cent responsible

Our plant in the English town of Belper has won the national EEF/ENER-G Sustainable Manufacturing Award 2013. This accolade, awarded to the most sustainable production plant in the UK, pays tribute to a whole host of measures and dedicated colleagues at the plant.

A rather telling story: one of our most important customers came to visit our plant. A member of staff from Production pointed out – very politely – that the visitor was unfortunately wearing the wrong shoes and therefore would not be able to enter the plant for reasons of safety.

For Dr Jan Borkowski, Plant Manager in the English town of Belper since April 2013, this story makes one thing very clear: every single member of staff in Belper feels responsible. So responsible,

that this member of staff from Production was not afraid to point out the safety regulations to an important customer. “Our colleagues at the plant have adopted such tasks as their own,” explains Borkowski. “We have enabled and empowered them to do this,” adds Marc Dörpinghaus, Borkowski’s predecessor in Belper.

Every single person at the Belper plant is responsible for ensuring sustainability. In recognition of its achievements, the site was voted the most sustainable

production plant in the UK in January 2014 and was handed the “national EEF/ENER-G Sustainable Manufacturing Award 2013”. “The prize acknowledges the work of the entire team in Belper,” emphasises Borkowski.

The figures submitted by the plant when applying for the award are impressive: compared with respective figures from 2010, by 2012 we had managed to reduce CO₂ emissions by 31 per cent, energy consumption by 35 per cent, water use by 56 per cent and waste volume by

cardboard
paper
&
backing



No longer visible to laypeople: the finished products are now placed on reusable pallets, concealed in recycled packaging and illuminated by energy-saving LEDs.

53 per cent. All that, in spite of the fact that production volumes had actually increased.

For example, between 2010 and 2013, water use reduced by 61 per cent per unit produced. “This translates into a saving of one million litres,” points out Allan Harley, Occupational Safety and Environmental Manager. This was achieved by moving the testing units from water over to air pressure, a process which was completed in May 2014. Besides this, water is also reused. Fresh water is not used until the fourth and final cleaning cycle, for instance.

Implementing the demands for a sustainable production process is neither quick nor simple. “It entails a huge bundle of many different measures,” explains Harley. We began introducing changes in 2006. “It became evident at the time that we had a problem with waste,” says Harley. 326 tons of waste was associated with 350,000 devices produced over one year. The Six Sigma methodology was drawn upon for the analysis, commented Dörpinghaus. “We adopted and used this methodology to systematically identify our issues; we measured, conducted

analyses, improved specific, targeted areas – and were able to monitor the effects. That was of huge importance.”

The programme Blue4you was used to kick start our systematic efforts to achieve a sustainable and thus permanently successful plant. In 2009, we commenced with a Six Sigma project aimed at saving energy. In 2011 we finally managed to achieve one of our aims: reducing landfill waste to zero (see the Vaillant Group Sustainability Report 2011). In the same year, our efforts were given a context – and a vision – with the Group-wide sustainability programme S.E.E.D.S.

“The 2020 vision of S.E.E.D.S., which sets out clear targets for the year 2020, has been a fantastic aid. It delivers a strong message,” says Borkowski. This vision had to be translated and broken down to

allow each and every one of us – from plant manager to assembly staff over to cleaning staff – to internalise the fact that we all have a part to play. “It took a while for us to get used to it, but it has now become ingrained in all of us,” says Manufacturing Team Leader Chris Howes.

And that important customer could of course continue his visit of the plant, as soon as he had the right safety shoes.

The success at the Belper plant is based on a bundle of many different measures.



ENVIRONMENTAL MANAGEMENT

Committed to helping the environment

Environmental management ensures that the sustainable products manufactured by the Vaillant Group are done so in a sustainable manner. Every plant has a responsible manager; in Skalica, this role is assigned to Martina Kvaltínová.

Martina Kvaltínová has held the position of Occupational Safety and Environmental Manager at the Skalica plant for six years. Her job is to protect staff health, prevent accidents and achieve sustainability goals under the priority field of the environment. Her busy diary reflects her many tasks – after all, she is the point of contact for a number of staff members and agents: she consults with all the managers in the plant, the people in charge of production, colleagues from other plants, staff responsible for sustainability management within the Vaillant Group and, of course, external service providers and state authorities. An extract:

MONDAY, 8 A.M.

The week starts at 7.30 a.m. First appointment at 8 a.m.: safety and environmental training for new members of staff. All the essentials in an hour: basic safety rules, where the new colleagues are allowed to go, what they should do in case of an accident or emergency, how rubbish should be separated, how they should handle the various materials.

MONDAY, 1 P.M.

Appointment with the company doctor. Overview of the general situation in the plant and alterations. This time: a new assembly line has gone into operation. Afterwards, the company doctor will check each individual workstation.

TUESDAY, 10 A.M.

Following the daily safety and environmental training session: internal audit of the laboratories with colleagues from Quality Assurance. Discuss essential points regarding certification in line with the environmental management standard EN ISO 14001 and the occupational health and safety management standard OHSAS 18001. Audit documents, inspect and check laboratories. Afterwards, meeting to discuss and specify improvements.

TUESDAY, 1 P.M.

Quarterly meeting with Plant Manager Peter Kuba and all responsible managers at the plant on quality, safety and environmental management. Information regarding audit findings, state of affairs according to the plant and group scorecards, status of the certification process according to OHSAS 18001 and other running projects. Analyse accident report, record improvements. Then upload recorded measures to the Intranet, send to responsible individuals.

WEDNESDAY, 10 A.M.

Meeting with service provider on new lighting for Administration. A colleague from Purchasing will also be present. Aims: save energy, improve working conditions. Then building walkabout to identify needs.

Cooperation: Environmental Manager Martina Kvaltínová discusses the control software for lighting and heating in Production with her colleague Jan Samek from the Facility Management department.

WEDNESDAY, AFTERNOON

Office time to prepare quarterly reports: balanced scorecard report for internal use in the plant and preparation of key indicators for the Vaillant Group Sustainability Scorecard. Topics: waste, use of resources, injuries, status of sustainability initiatives, ...

THURSDAY, 10 A.M.

Teleconference with Brigitte Kruse from Sustainability Management and Environmental Managers from other plants. Kruse to bring us up to date on sustainability management news. Colleagues to report on the status of their projects. Followed by one-on-one meeting with Kruse on the sustainability scorecard data.

FRIDAY, 9 A.M.

Four-hour training workshop on ergonomics standards with production engineers: expert coming into the plant to provide information on standards for ergonomic workstations. Second part: assess workstations, specify proposals for improvement.





“For us, good is not good enough”

Interview with

B. Kruse

Brigitte Kruse,
Head of Sustainability
Management

Ms Kruse, how is environmental management organised in the Vaillant Group?

Since 2008, there has been someone responsible for environmental management at every site. Until the start of 2013, environmental management was managed by the Group Quality department, which was also responsible for sustainability activities until 2011. When S.E.E.D.S. was introduced, we took over the reins.

What are the main goals?

We want to obtain multi-site certification to EN ISO 14001, or in other words a Group-wide certificate for all sites. Once the plant in Bergheim is certified in 2014, we will have achieved this aim. We are also working to certify our occupational health and safety management to OHSAS 18001. But our aspirations do not stop there. For us, good is not good enough: our products should be sustainably produced and we have therefore defined our own S.E.E.D.S. targets in relation to the environment. These are to reduce CO₂ emissions by 25 per cent, water consumption by 20 per cent and waste by 20 per cent as well as to increase energy efficiency by 20 per cent.

What duties do the Environmental Managers in the plants have to fulfil in this regard?

The Environmental Managers are responsible for on-site implementation. All sites have the same targets regardless of how far they are from achieving them. The Environmental Managers have developed action plans for their respective sites and defined the targets to be hit each year, such as how much water consumption should be reduced in 2013.

How do you manage the work of the eight Environmental Managers?

We keep in touch regularly via telephone and online conferences, where we discuss topics relating to the head office and other sites. Twice a year, we all attend a meeting at one of the plants. We also check the most important KPIs each quarter and discuss problems.

To achieve the targets, however, you and your colleagues at the various sites need money...

Yes, of course. Environmental management requires the support of the company management – and it has it. For example, we have been granted longer amortisation periods for environmental investments. Cooperation with the Plant Managers is also extremely important as they have to approve budgets and working hours where applicable.

But surely you hit some problems?

There are many minor problems that can be resolved locally, but also bigger problems which have to be looked at centrally. For example, our performance in relation to reducing the amount of waste at the sites. By talking to the regional Environmental Managers, we have realised that their options on site are limited. The topic has to be addressed Group-wide. In 2013 we set up a task force that analysed the problem and introduced measures, which take effect right from the procurement stage and along the supply chain. These are things that can't be implemented overnight. But we're working on them.



ENVIRONMENTAL CAMPAIGNS

We make a difference

The Vaillant Group checks everywhere to see if there is scope for improvement. It motivates all employees to take the initiative and contribute their own ideas on conserving resources. The projects vary widely but the sustainability effect can be considerable.

Communication campaign Every kilowatt counts

Every one of us can do something. Think. Support. Make a difference. A Group-wide communication campaign conveys this message to the production staff. "Every kilowatt counts" is one of the slogans featured on a striking, rather tongue-in-cheek poster. What you don't need should be switched off. Taps should be turned off, electric devices shut down and compressed-air systems sealed.

Everything counts, every single thing, and every one of us can make a difference. That is the central message. And the related potential is indicated by a second series of motifs. This breaks down consumption according to site. 815 tonnes of waste are produced annually by the plant in Bergheim – that is equivalent to a tennis court full of rubbish that would reach a height of 28 me-

tres. As a modular set of materials, these media are available to all our sites, each of which can use the relevant motifs to convey messages about the most urgent topics.

Recycled paper Twelve million opportunities

The figure is huge: every year twelve million sheets of paper are used in the Vaillant Group offices in Germany. For copying, printing or writing letters. That's twelve million opportunities to do something for the environment and conserve resources.

Since 2013 one particular project has been devoted to investigating whether and how the previously used FSC fresh-fibre paper can be replaced with recycled paper. The change will now take place nationwide in summer 2014 with the result that all paper for photocopying and printing will then be made

from recycled materials. The impact is massive, enabling savings of more than 130,000 kilograms of wood or almost 4,400 trees – in just one year.

In addition to using different paper, employees are also called upon to think twice about whether a print-out or a photocopy is really necessary. 150 displays act as a reminder of just how many of our resources are devoured by twelve million sheets of paper and what these abstract numbers actually mean. For example roughly 200,000 kilograms of wood and 3.5 million litres of water. The displays will be set up next to all our copiers and printers.

This gives each and every one of us a better understanding and makes us more aware that we too are responsible for conserving resources.

OTHER ACTIVITIES IN 2013



Customer forums shown in a new light
Throughout Germany, the lighting for exhibition walls in Vaillant customer forums is now based on energy-saving LED technology.



State-of-the-art TechnoCargo fleet

In Germany, two thirds of the fleet belonging to logistic service provider TechnoCargo, a joint venture between the Vaillant Group and Fiege, has been converted to comply with the Euro 6 emissions standard. The entire fleet of vehicles will be brought up to this level by 2016.



Energy efficiency in production

At the Vaillant Group plant in Remscheid, waste heat from the powder coating system is used efficiently. Thanks to a new heat exchanger, the energy can be put to uses such as heating the water for the changing room showers.

EMPLOYEES

Raising our profile as an

attractive employer

Tailored

**employee development
programmes**

Reduction of accidents at work through the

**introduction of a
management system**

for occupational safety

Diversity management

Integrity and compliance





Fun with the hare: the logo animal of the green brand is a natural must in the Hoppelhasen childcare centre.



HOPPELHASSEN CHILDCARE CENTRE

A centre for children

The Hoppelhasen childcare centre ("Hopping Bunnies") opened in Remscheid in October 2013 and offers facilities for up to 30 children to play and develop. The Vaillant Group has invested considerably to provide its staff with an excellent childcare centre for their children that is close to their workplace.

When Sanja Preis leaves the Hoppelhasen childcare centre just before 8 a.m., she knows: "My daughter is in good hands. I can go to work feeling reassured." The childcare centre is only a five-minute walk from the Vaillant Group head office in Remscheid. "Distances are short. I know that if anything happens, I can be with Aaliyah in a few minutes," says the young mother and Secondary Market Research Manager at Vaillant.

The proximity to her place of work was an important issue. Before the childcare centre opened in October 2013, Preis used to take her daughter, who is now 1 1/2, to her grandparents. This involved a journey right over to the other side of Remscheid and then back again to work.

"The former two-hour journey by public transport before I was at my desk, now takes only 35 minutes."

The needs analysis for a company-run childcare facility in 2011 already indicated that proximity to the place of work was one of the most important criteria, reports Brigitte Kruse, Head of Sustainability Management at the Vaillant Group. "Long, flexible hours and childcare during the holidays were also important to our employees."

The Hoppelhasen childcare centre is open daily from 7 a.m. to 5 p.m. including during the school holidays. It only closes between Christmas and New Year, when the company is also closed. The centre is aligned to the require-

ments of the staff, but above all to the needs of the children. 30 little hopping bunnies from six months to six years can be looked after at the centre.

To create the centre, a former nursery underwent months of complete conversion and extension. The building is now light and the two groups of 15 children each have two rooms as well as a sleeping area. The centre also has a large room for activities and the youngest children can be changed in a generously sized separate hygiene area. The conversion was monitored by a team from Vaillant Group Real Estate Management, headed by Robin Frohn. The Vaillant Group invested roughly half a million euros in the conversion.



“If the provision of an excellent childcare service helps parents return to their jobs quickly, then the company benefits too,” says Samantha Stella, Head of Personnel Development Germany. “Qualified employees are therefore on leave only for as long as is really necessary.” An improved work-life balance is one of the objectives of the S.E.E.D.S. strategy within the focus field of employees. “Thanks to the childcare centre we’ve got considerably closer to achieving this goal,” emphasises Brigitte Kruse, who has been involved in setting up the centre together with Samantha Stella.

A local organisation called KitalConcept was chosen to run the childcare centre because of its impressive educational approach. KitalConcept also handles many administrative tasks. “It was important to us to ensure that the teaching staff in the centre are able to concentrate on the children,” explains Kruse.

So now, while Sanja Preis is working at her desk, Aaliyah is having fun discovering the bird’s nest swing in the outdoor play area with nursery teacher Susanne Goll. In the garden, nine children are running, swinging, digging or climbing the tower and sliding down the adjacent landscaped hill. “We’re outdoors every day. The children love it. There’s only been one day when we’ve not been able to go out so far: because of a storm warning,” explains Sandra Suhr, Head of the childcare centre.

Together with two colleagues, she currently looks after ten children. The second group will open in August with another 20 children joining the centre – and, of course, three more nursery teachers. Being such a small group, the children soon got used to their new surroundings in October. “The teachers were very cautious during the first phase – especially with the parents,” explains Sanja Preis with a laugh. The groups are set up as “family groups”, which means the younger children play together with the older ones. This concept has proved

its worth, says Sandra Suhr. “It’s lovely to see the older children helping the younger ones and to witness how proud they are of what they’ve done.”

Now, just before lunch, which is prepared with local and seasonal products, it’s time to take off coats, freshen up and wash hands. A small fleet of vehicles is waiting for the children in the hallway, which they nimbly jump on to. Aaliyah has brought three stones inside which she shows Sandra Suhr. She quickly finds out that Aaliyah wants to take them home with her, and puts them on her shelf in the cloakroom.

“My daughter has now developed into her very own confident person,” says Preis. Being at the centre does her good. “She brings a lot back home: songs, games, rituals. And she likes going to the centre on Fridays too, even though I have the day off.” Aaliyah loves music, says her mum. The preschool music education programme that is offered is therefore just right for Aaliyah.

The teachers are always developing new ideas. Two small photo books in the foyer document them. “It’s important for us that the parents see what we do with their children,” explains Suhr. Aaliyah can be seen in one of the photos. Covered from head to toe with white foam, she is inspecting her arms. “We noticed that when the children wash their hands, they love splashing about and exploring this tactile experience. So one

The establishment of the childcare centre marks a key milestone in creating a good work-life balance.



The childcare centre’s logo was designed by a Vaillant employee and selected within the scope of an internal competition.

day we let them explore it to the full,” says Suhr. The waiting area for parents also offers them somewhere to talk – to other parents or to the teachers. “They take the time to tell us about the day,” says Preis. Knowing what the children have been doing helps reassure parents.

Before Sanja Preis went back to work after a year’s maternity leave in June 2013, she often wondered if it was the right decision. “I always said to myself that I would stay at home for two years with my second child,” she remembers. “But I wouldn’t do it any other way now because I can see that it does my daughter good.”



Natural: the outdoor area has also been redesigned and invites children to play, run around and discover new things.



The Hoppelhasen childcare centre teaches children about the responsible use of resources from an early age.



Together: the children enjoy role plays in the shop. Outside, little builders are at work in the sand.



Vaillant Group
Management Development

Keeping up with staff opinions

S.E.E.D.S. has clearly defined the aim: the Vaillant Group wants to be the employer of choice. Trend surveys completed by employees every six months highlight any problems that stand in the way. The Vaillant Group Netherlands already has reason to celebrate in this regard: it won the award “Best Workplaces 2014”.

The delight in the Netherlands was tangible: on its first attempt, the Vaillant Group Netherlands won the prestigious award “Best Workplaces 2014” from Great Place to Work, an accredited institute for measuring and improving the attractiveness of workplaces. Robert Brandon, Country Director for the Netherlands, and Marjon Sanders, HR Manager in the Netherlands, agreed: “We are delighted on behalf of the entire Vaillant Group and extremely proud of the employees who regard us as a Great Place to Work.”

The Vaillant Group has had Great Place to Work conduct six-monthly trend surveys since the start of 2013. “Great Place to Work has gained a high level of acceptance and the surveys are well-received by the employees, enabling us to take stock of where we stand,” explains Frank Liebelt, Vaillant Group HR Director.

A representative random sample of 20 per cent of employees from all countries and departments is invited to take part in each survey – on a voluntarily and anon-

ymous basis of course. The Great Place to Work survey involves 20 standardised statements which participants can agree or disagree with according to a five-level scale. There are also two open questions, in which employees can express praise or, far more importantly, criticism.

After just three surveys, it has already been possible to identify initial trends. According to the employees, the Vaillant Group’s strengths lie in the fact that they are proud of what they do, that new employees are warmly welcomed to the company and that they feel they can achieve something. On the other hand, employees are critical of the work-life balance, a lack of recognition for their achievements and the management style. Here, they would like to see improvements and have greater involvement in decision-making processes.

“Great Place to Work provides benchmarks that we can use for guidance. However, the evaluation is not simple,” states Frank Liebelt. Group HR prepares the results of the surveys and the regional HR staff and managers interpret them.

Where good results have been achieved, the countries can be assessed more closely by the research and advice institute in the form of a culture audit and apply for the “Best Workplaces” award. To this end, further statistical information is collated about the company, such as the number of hours spent on continued professional development. Questions are also asked about all key aspects of HR work.

The Vaillant Group Netherlands is the first sales company to have received the award. From a Group-wide perspective, however, there is still a fair way to go to achieve the benchmark of 77 per cent. In 2013, the Vaillant Group scored 56 per cent in the Great Place to Work index. “It goes without saying that the size of the company and the sector-specific features play a role,” comments Liebelt. “Great Place to Work now provides us with a tool to show us what we need to work on within the Group and in the specific countries.”



Interview with

H. Richmer

Hilke Richmer,
Head of Group HR
Development

“Be aware that we are working with people”

Ms Richmer, in the trend surveys by Great Place to Work, there is clear criticism of the management style. How can managers respond to that?

The Great Place to Work surveys provide us with an initial direction and are therefore helpful. On the other hand, managers often find it different to derive specific actions from the results as the reports cover different departments and the statements are therefore not always clear-cut. However, the managers naturally want to address criticisms and are asking for tools to help them do so. For example, managers can conduct workshops with their teams to discuss causes and develop improvements. In the future there will also be further 360-degree feedback reports based on the values of the Vaillant Group Spirit corporate culture.

An important milestone with regard to personnel development was the introduction of the management development concept myWay. What is the current status of that?

Since September 2013, we have held eight myWay training courses with almost 80 attendees. The feedback from the management staff has been extremely good. Many of them welcomed the unconventional training approach and practical orientation. Over the next three years, we want to use myWay to offer professional development to every one of our roughly 650 M-level managers with training courses specific to their management paths. Management development programmes can also be used to help prepare staff to take over new managerial responsibilities. The idea behind myWay is that all managers throughout the Group can access the same, stable pool of management tools.

The company's multinational structure makes that a real challenge. How can personnel development be managed Group-wide?

We are currently establishing and introducing personnel development processes in many areas – all supported by IT systems. For example, the results of the personnel development plan or PDP are to be linked with the talent management processes. Personnel development is a sustainable topic that must be approached from a long-term, systematic perspective. Too little attention was previously paid to this at the Vaillant Group. We must persist in this area and be aware that we are working with people who change, just as the world around them changes.

Dual success: Dr Jochen Wriske
once again won first prize in the
second S.E.E.D.S. Award.



S.E.E.D.S. AWARD

The ideas competition

2013 marked the second Vaillant Group S.E.E.D.S. Award, which honours the best ideas on the topic of sustainability within the four focal areas of Vaillant's S.E.E.D.S. programme. The latest competition saw a clear rise in interest compared with the first award in 2011 which attracted 40 submissions.

Successful: from 60 entries, awards went to the best three in each S.E.E.D.S. focus field.



Small change, big impact

Dr Jochen Wriske is no stranger to commendations. He and a team of eight colleagues who work in Germany, France and Slovakia won the first prize in the Development & Products category with a project entitled “Increasing the efficiency of condensing boilers by reducing the volume of minimum water circulation”.

The multinational team succeeded in making overflow valves redundant in condensing boilers. This is particularly relevant in spring and autumn when the need for heat is lower and when counterpressure in the system therefore increases. This pressure difference needs to be overcome by the heating pump, which consumes a lot of energy. At the same time, some of the water no longer circulates within the unit but flows back directly via the overflow valve. This water from the overflow valve, however, leads to a higher entry temperature in the heat exchanger, which substantially reduces the condensation effect. In other words, resources were not being optimally used.

The team succeeded in adjusting the pump performance to reflect the prevailing demand for heating water at any one time, thus also reducing the use of resources. Thanks to smartly combined sensors, the system identifies the state of the heating unit in good time, making the overflow valve superfluous. As a result, the entry temperature of the water flowing into the heat exchanger is also reduced and the condensation effect is optimised.

This change enables a typical one-family household to save around 160 kWh per year. “This may only constitute a small percentage of a domestic heating bill, but because of its large quantities, condensing technology has enormous leverage, meaning we also bear a great deal of responsibility as developers,” says Wriske. A bit of rethinking is well worth it. “The team is now highly motivated, especially as they’ve realised that they can really make a difference.” This constructive change went into serial production with the gas condensing systems ecoCOMPACT and auroCOMPACT in the first quarter of 2014.

The team leader, who had previously won a S.E.E.D.S. Award with a project in 2011, was elated, as was his team. “This award shows a great recognition of our work,” says the engineer. He is already looking forward to the next competition.

This second S.E.E.D.S. Award received 60 entries from Vaillant Group staff. Many have already been put into practice, while others are well on their way. The ideas came from all departments and divisions within the Group, highlighting the level of creativity and commitment among our workforce. Awards were given to honour the three best ideas in the four focal areas: Development & Products, Environment, Employees and Society.

A preselection was made by the Sustainability Management team, bearing in mind four criteria: innovative potential, transferability within the Group, cost savings, and contribution to sustainability goals. The jury, which comprised the relevant Divisional Managers and Group Directors, then met for the second and decisive round. A small award ceremony was held for the twelve winning teams, who were thrilled to receive their accolades.

OTHER ACTIVITIES IN 2013



Healthy eating in Nantes

The canteen at the Vaillant Group plant in Nantes now serves organically-certified food. A staff survey indicated that employees would like to eat healthier and with a greater sense of responsibility.



Top marks for HR in Skalica

For the second year in a row, the Vaillant Group plant in Skalica has been awarded the title “Leading HR Organisation 2013”.



Life-long learning

Within the context of the myChoice programme, employees in Remscheid can enhance their skills in their spare time, independent of their professions – individually and free of charge, choosing anything from language courses to soft skills training.

SOCIETY

Wide-ranging and strategic

social commitment

at all company locations (CSR)

Open dialogue

with stakeholders

Commitment to the United Nations Global Compact

Public education on

environmental and climate protection





SOS Children's Villages: the children's aid organisation offers homes to more than 60,000 boys and girls around the world.

SOS CHILDREN'S VILLAGES

Five pillars for vitality

What started out as a small scale project in the Hungarian town of Battonya in 2011 has now gotten bigger. A spontaneous act of aid by colleagues has become a strategic partnership. The Vaillant Group is actively engaging in SOS Children's Villages Worldwide at locations where it is also active as a company. Strategically, reliably and wholeheartedly. On the following pages we will explain how the partnership came about and what goes into it. This year's report will also feature information on our activities in France. In the years to come, examples from other countries will follow, as this partnership is set up for the entire Group and for the long haul.

Hand in hand: in summer 2013, the Vaillant Group signed a long-term cooperation agreement with SOS Children's Villages Worldwide.





Helping to grow: the Vaillant Group wants to use its commitment to improve the children's living conditions.

Solid and long-term, precise and professional, creative and passionate – attributes of the partnership between Vaillant France and the SOS Children's Villages. "We wanted to give our partnership a broad foundation and have therefore established it on the basis of five ideas," explains Alexandra Deschamps, Corporate Communications Manager. Providing efficient heating technology plays a central role.

"Besides this, we want to spend time with the children, help them gain a foothold in the world of work, support SOS Children's Villages through sports initiatives and mobilise our partners – skilled tradesmen, wholesalers and suppliers – to do the same," explains Deschamps, who is now also in charge of coordinating the activities for SOS Children's Villages. "It is really rewarding, mainly because colleagues are just so enthusiastic about it." A regular newsletter keeps all members of staff up to date on the partnership; at the end of the day, all colleagues should feel that the company's partnership is also their own. The motto of the newsletter is therefore: This sponsorship – it is ours, it is yours.

The French partnership was agreed upon together with the Group-wide partnership in summer 2013. The first heating devices were installed the same year; by the end of this year we expect to have installed 20 devices. In December 2013, Salim Nadifi-Guelon, Vaillant Sales Representative, discovered how the core purpose of the partnership – providing efficient heating technology – could be developed to make an even greater difference. After organising the installation of eight heating devices at the SOS Children's Village in Carros, he quickly decided that our aid cannot stop there and without a second thought invited the children to a festive bite to eat. "On a human level, this was a very rewarding experience. The children were really excited," he explains. "Through this personal involvement I can fully identify with our sponsorship."

The first, technical column thus quickly gave rise to the second – spending time with the children. In the meantime a number of further initiatives involving SOS Children's Villages have been planned: one member of staff would like to organise an archery session, another wants to invite the children to a race-car track. Whether someone wants to share their passion and introduce the children to their hobby, organise a trip or share their knowledge – a great deal is possible

and our colleagues enjoy coming up with new ideas.

"It is really important to us that we help the teenagers in the villages gain a foothold in the world of work. This is our third column," says Alexandra Deschamps. This spring, the SOS Children's Villages were also invited to an open day at the Nantes plant. The children were mesmerised by the manufacturing processes and machines.

Actively supporting SOS Children's Villages: jumping in feet first while still using our heads

"140 years of responsibility for the world of today and tomorrow" – the slogan for the company anniversary simply comes as standard. Within the scope of its anniversary, Vaillant is using two campaigns to collect donations for SOS Children's Villages.

Firstly, an anniversary road show will travel through Europe stopping at more than 20 sites. On board will be an exhibition that not only focuses on the past and present but also looks 140 years into the future. In the Vaillant Future Studio, people are asked for their visions of 2154 – how life in the cities, mobility, the co-existence of different generations and living conditions will develop. For all visions received, Vaillant will make a donation to SOS Children's Villages.

Earlier in the year, the anniversary was also celebrated through the use of sport with the Vaillant World Cup, the Group's inaugural Football World Cup, in Dortmund from 23 to 25 May, shortly before the official World Cup in Brazil. Over 200 players from 17 countries took to the pitch to compete for the title of Vaillant World Champion – and to raise money for SOS Children's Villages. Every goal was rewarded with a donation.





Frederik Lippert,
Vaillant Group Sustainability Manager

“SOS Children’s Villages and Vaillant go together perfectly”

Ten-year-old Lucas was particularly impressed – after all, he wants to be a fork-lift truck driver when he grows up. The open days can therefore be used to give an initial taste of professional life.

But our involvement is not destined to stop there. “We want to incorporate all areas – sales, service, manufacturing and administration – to be able to put our expertise to good use. Our colleagues from Human Resources want to help the children prepare their application documents; we want to offer internships and training courses. And preferably not just with our company. We are also trying to bring on board our partners from the respective associations, subsidiaries, suppliers and skilled trades,” says Deschamps. Incorporating them into the sponsorship is our fourth column. Initial steps have already been made. The customer engagement programme “Clubs de fidélité Saunier Duval” offers participating skilled tradesmen to donate some of their customer loyalty points to the SOS Children’s Villages. Alexandra Deschamps is also currently gathering new ideas on how partners can be tied into the sponsorship in practice.

Another highlight relating to the fifth column has already taken place – supporting SOS Children’s Villages in sports events: on 29 June, more than 40 members of staff and their families took part in a run around the Palace of Versailles as part of the “Go Sport Running Tour”. A donation was made for every kilometre run and all participants were given a T-shirt with the logos of Vaillant, Saunier Duval and, of course, SOS Children’s Villages. “It was a fun family event in front of a huge audience,” says a delighted Alexandra Deschamps. “We are really pleased with the enthusiasm of all participants. Some of our colleagues even brought their children to run along for the good cause.”

Because this is what matters: experiencing and supporting the sponsorship. By the management through structures, initiatives and assistance; by the staff with heart and soul.

Mr Lippert, how did the partnership between the Vaillant Group and SOS Children’s Villages Worldwide come about?

It all began in Hungary. In autumn 2011, the heating system broke down in the SOS Children’s Village in Battonya. Our Hungarian colleagues responded quickly and organised everything. The project went extremely well – for both the SOS Children’s Village and ourselves. At the time, we were also on the lookout for a flagship social responsibility project. On seeing the report from Hungary, we realised that we had taken the first step towards something much bigger. After several internal discussions, we had a number of meetings with the children’s aid organisation to establish the foundations for long-term cooperation and agree upon joint goals. In the end, we entered into a five-year agreement.

How does the partnership fit in with the Vaillant Group’s CSR strategy?

Our strategy defines target groups, fields of action and tools. As a family business, the Vaillant Group consciously focuses on families as well as educational and social institutions. Furthermore, all cooperative and funding projects have to meet binding eligibility criteria. In our core business, we can provide support with our products and expertise so as to specifically promote climate and environmental protection. SOS Children’s Villages and the Vaillant Group go together perfectly.

What exactly does the partnership entail?

The partnership is based on two pillars. The first of these is a Group-wide licence that makes us the number one partner for providing free heating technology. The individual sales companies work on implementing local projects, which also centre around heating technology. However, we can also offer other forms of support as a second pillar. We don’t want to provide a mere “flash in the pan”, one-off commitment but to use well-established technological support to create the foundations of a long-term partnership.

In what way?

Hungary is again a good example here, where the young people are offered apprenticeships which are supported by our colleagues. In other words, they support the children further. A few ideas have also been introduced in France. There is a whole array of support services that we can provide with our expertise. This is the responsibility of the individual country managers.

To what extent has the partnership developed to involve the entire Vaillant Group?

We are extremely pleased with the way the partnership has developed. The project is still in its early days as the agreement was only entered into in August 2013. This year, China, Poland and Romania will play active roles. Ukraine has already started implementing things and Hungary is planning its second project. In Germany, funding projects are currently in the planning stages. We are finding that the spirit of Battonya is being borne by the whole company.

This was a strategic decision. What role do the employees play in the matter?

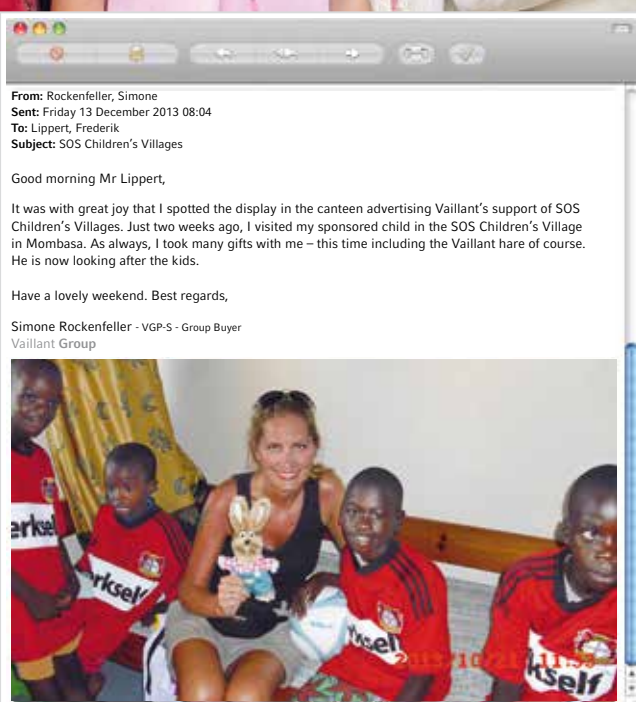
When it comes to social responsibility, the employees play an extremely important role. Firstly, we want to use such activities to further improve our attractiveness as an employer. Serious social responsibility is a recruiting factor. Secondly, however, such activities are impossible without passion and commitment from the employees. We have noticed that the partnership has been extremely well received by the staff, who actively support it, including through personal commitment. For example, by a country manager asking for donations to SOS as a birthday present and a purchaser privately supporting a sponsored child at SOS.



Five pillars for a child's smile: the partnership in France has been devised in great detail.



Full commitment: sports events are part of the French support programme.



Lively partnership: many employees, such as Simone Rockenfeller, are also privately committed to SOS Children's Villages.

Season's greetings: the Vaillant advent calendar is traditionally decorated with children's drawings. This year, it will be designed by children from the SOS Children's Village in Sauerland, Germany.



High tech for a good cause

Vaillant has donated three highly efficient combined heat and power ecoPOWER systems to non-profit organisations in Germany. All participants were able to win points in an online game and give them to a social organisation. Each of the three organisations with the most points then won a CHP unit.

OTHER ACTIVITIES IN 2013



Responsibility in the supply chain

The Vaillant Group sources 100 per cent of its purchase volume from suppliers who adhere to the Ten Principles of the UN Global Compact.



Down to the very last detail

Staff at Vaillant have provided voluntary value management training to people employed by the city of Remscheid. The idea was to improve administration processes in this city in Bergisches Land.

PRINCIPLES OF REPORTING

Report section	Page	Collected GRI indicators	Global Compact Principles
Foreword	3	1.1, 4.11, 4.12	8
The Vaillant Group introduces itself	4–9	2.1, 2.2, 2.3, 2.4, 2.5, 2.6, 2.7, 2.8, 2.9, 4.1, 4.2, 4.4, 4.6, DMA-EC	
Sustainability strategy	10–19	1.2, 2.9, 3.5, 4.1, 4.7, 4.8, 4.9, 4.11, 4.12, 4.13, 4.14, 4.15, 4.16, 4.17, EN14, EN16, SO3, SO5, PR1	8,9
Interview with Dr Carsten Voigtländer	21	1.1, 1.2, 2.10, 4.11, 4.12, 4.8, 4.9	
S.E.E.D.S. magazine	22	2.10	
Development & Products	26–39	2.10, 4.11, 4.16, 4.17, DMA-EC, DMA-EN, DMA-PR, EC2, EN6, EN7, EN18, EN26, PR1	7, 8, 9
Environment	40–47	2.10, 4.11, EN4, EN5, EN6, EN7, EN18, EN26	7, 8
Employees	48–57	2.10, 4.7, 4.8, DMA-LA, DMA-HR, EC3, EC8, LA10, LA11, LA12	6
Society	58–65	4.8, 4.12, EC8, HR1, HR2, HR3, DMA-HR, DMA-SO, SO1	1, 2, 3, 4, 5, 6, 7, 8, 9
Principles of reporting	66–67	3.1, 3.2, 3.3, 3.5, 3.6, 3.7, 3.8, 3.9, 3.10, 3.11, 3.12, 3.13, 4.12, 4.14, 4.15, 4.16, 4.17	7
Sustainability key figures	68–73	2.7, 2.8, 3.9, 3.10, DMA-EC, EC1, EN3, EN4, EN5, EN6, EN8, EN9, EN21, EN22, LA1, LA7	8
Prizes and awards	75	2.10	
Imprint	76	3.4	
Online version with detailed comments			10

This Sustainability Report, the sixth of its kind since 2009, provides comprehensive and transparent information about the alignment of our company with the guiding principle of sustainable, responsible business practices.

Scope of the report

This report contains information about the strategic direction of the Vaillant Group's sustainability management. The report discusses central developments in the S.E.E.D.S. programme's four fields of focus. The report's contents cover the Group's achievements and challenges with regard to sustainability performance. As such, the report presents a cross-section of the company as a whole. Its target readers include Vaillant Group customers, partners, suppliers, employees, owners, media representatives and other interested stakeholders.

Materiality and inclusion of stakeholders

When we were planning the report's contents, we took into account feedback from different groups of stakeholders gathered from various forums for dialogue. To define the material sustainability topics for our business activities more precisely, last year we conducted a systematic survey of internal and external stakeholders for the first time. The materiality matrix in the "Sustainability strategy" section summarises this materiality analysis, which dealt with the question of what significance the Vaillant Group and its stakeholders assign to certain topics.

The findings listed not only give rise to the content of this report, but also play an integral role in the future development of the Vaillant Group's sustainability strategy. Regular alignment will now occur within the scope of the annual strategy review. The findings also enable us to communicate with our stakeholders more systematically.

Reporting period and data collection

The last Sustainability Report was published in 2013. The reporting period for all of the key performance indicators in the current report covers the calendar year from 1 January 2013 to 31 December 2013. The editorial deadline for reports on matters related to sustainability was 31 May 2014.

All production-relevant figures relate to the Vaillant Group production plants in six European countries and China. Figures were collected via a written survey filled in at our main sites and managed centrally. It should be noted in regard to the key indicators presented at the end of the report that they concern both absolute and relative figures. This allowed us to account for all factors feeding into them, e.g. expansion of our productive capacity.

Global Reporting Initiative (GRI)

Our reporting on the Group's sustainability performance has been adapted to the Global Reporting Initiative's internationally recognised standards (GRI, www.globalreporting.org). You can download a detailed content index of the GRI indicators online at www.vaillant-group.com. GRI-G3 application level "B" matches up with our internal assessment. An external audit of the Vaillant Group's GRI reporting has neither been carried out nor is on the agenda.

Global Compact

The Vaillant Group is a member of the UN Global Compact. This report includes accounts of the progress we have made in our efforts to implement the pact's Ten Principles (Communication on Progress). The adjacent table shows where in the report we make reference to the principles found in the Global Compact. You can find an in-depth overview on our initiatives in this area, updated annually, at www.vaillant-group.com.

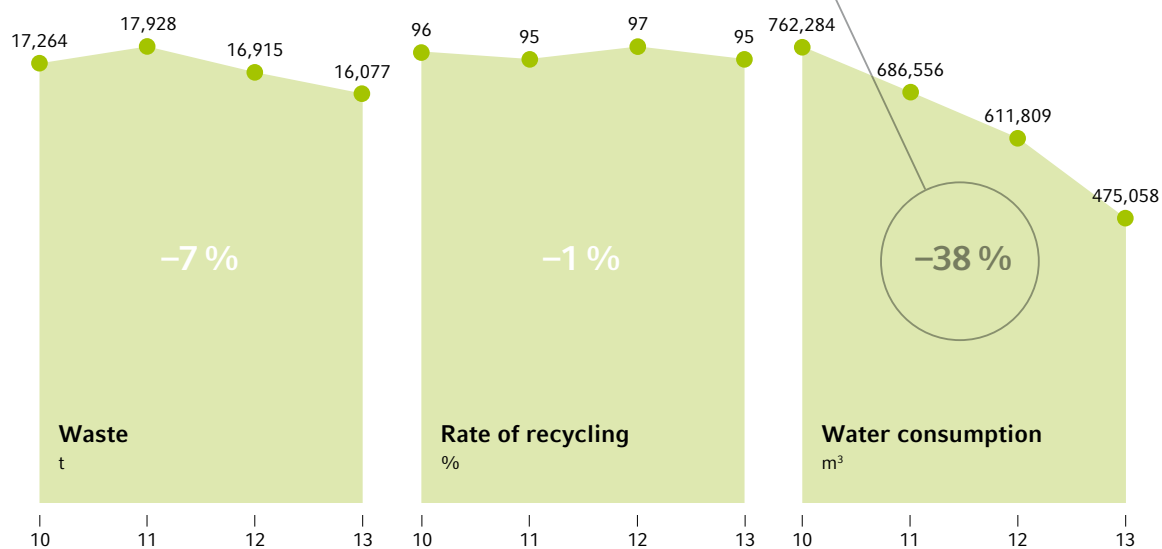
Print and online

The report has been published in German and English. Further to the hard copy, a PDF version is also available at www.vaillant-group.com. In case of doubt, solely the German version published in printed form is binding.

SUSTAINABILITY KEY FIGURES

-38%

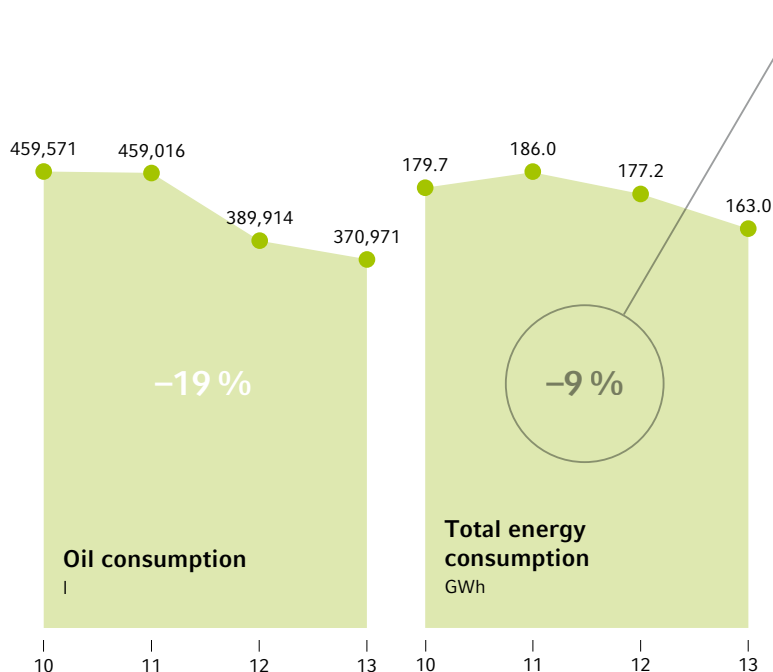
New technology in Production departments and the test centres has already enabled us to reduce our water consumption by more than a third.



The Vaillant Group lists key figures relating to **sustainability** on an **internal scorecard** so we can manage our activities in this field. As we are **constantly working to improve the quality of data** and make our figures more meaningful by **successively expanding their scope**, changes may have been made to the previous year's figures since the publication of last year's report. The percentage development specified relates to the **reference year 2010**.

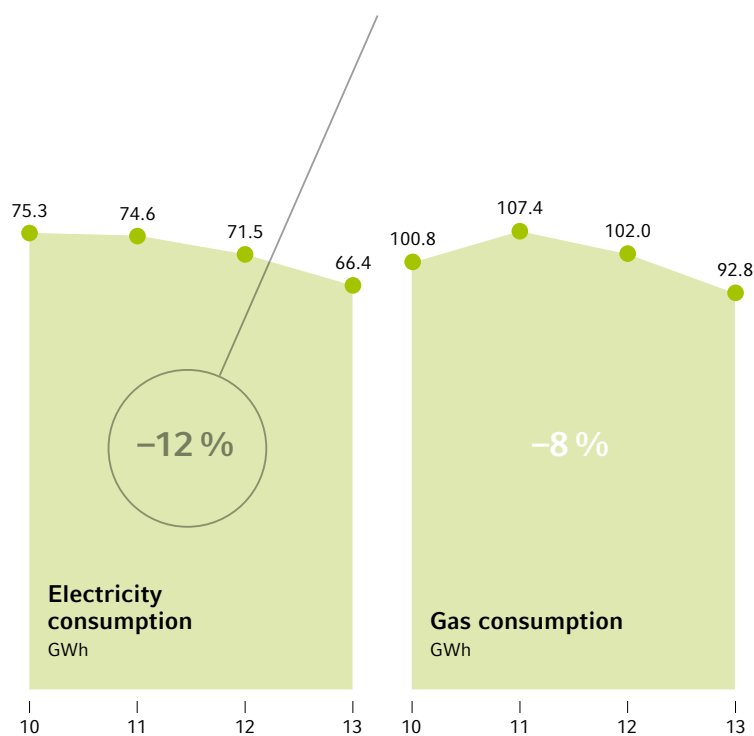
0 -9%

Thanks to consistent energy management and a bundle of individual measures, we are continually reducing our overall energy consumption.



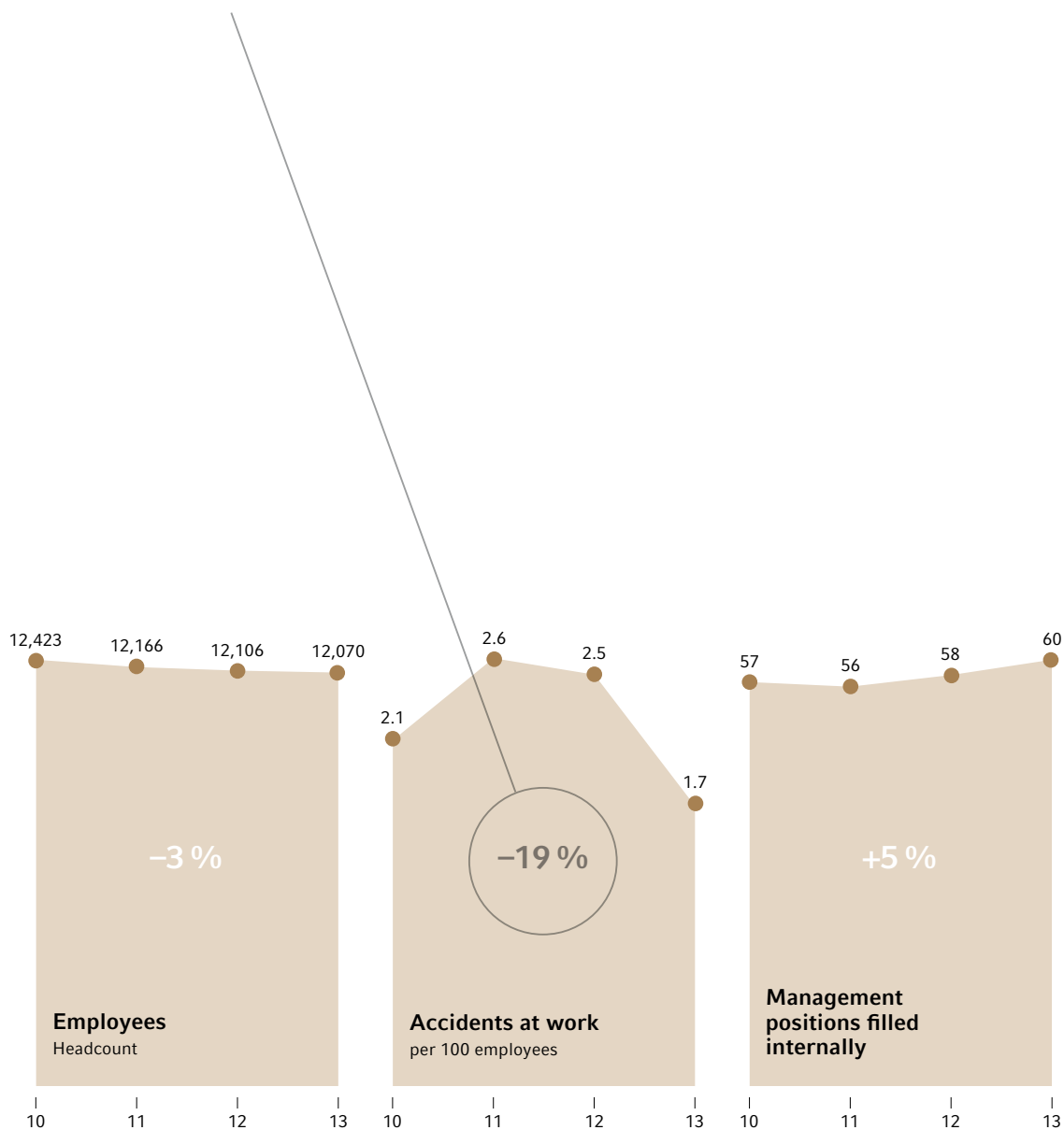
-12%

In 2010, we set our target as a 20 per cent reduction in electricity consumption. We already achieved a 12 per cent reduction by 2013.



90%

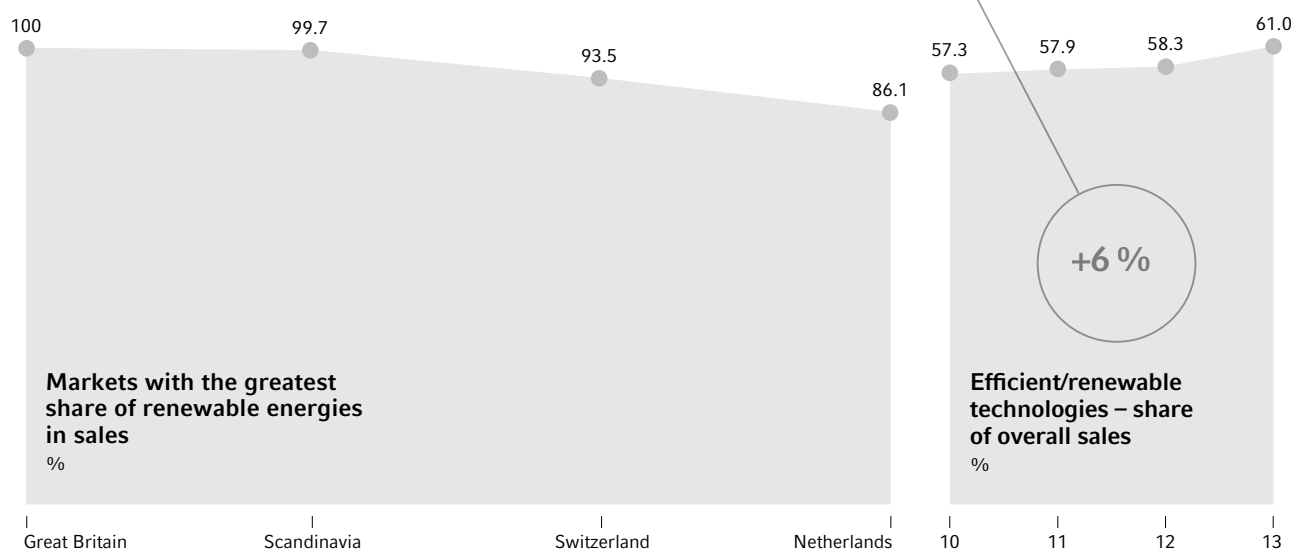
The number of occupational accidents is falling. The total number of accidents in several plants has been reduced to almost zero.



2,3

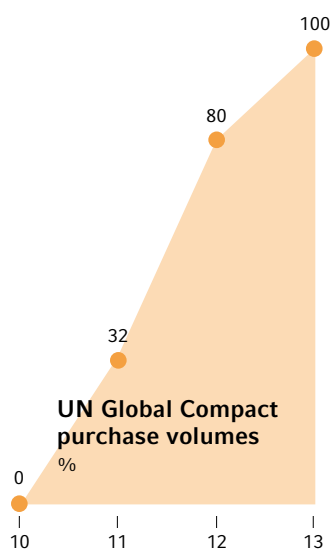
+6%

In 2013, efficiency technologies and renewable energies once again made up the largest share of the Vaillant Group's product sales.



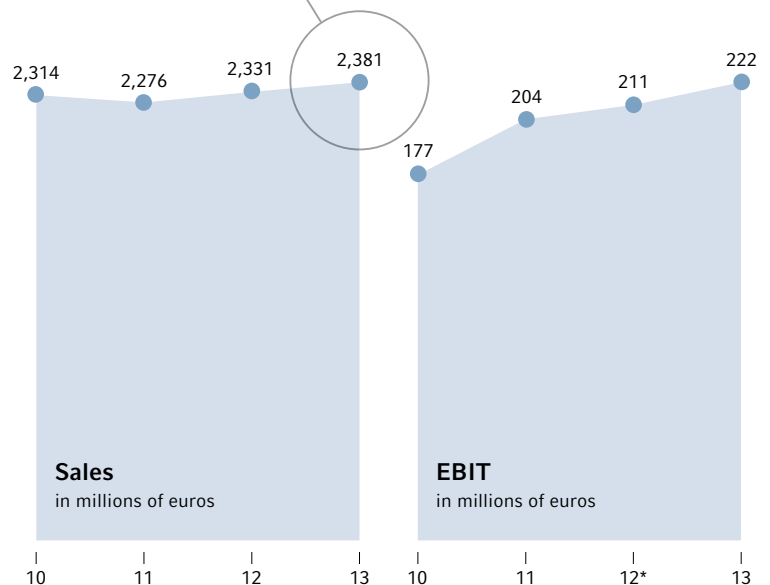
81 million euros

The Vaillant Group is still experiencing growth. The company recorded its second highest sales figures in company history and a clear increase in earnings.



Global Compact

The Vaillant Group signed up to the UN Global Compact in October 2011. Our target to assign 80 per cent of our total purchase volume to suppliers that recognise the Ten Principles of the UN Global Compact was reached as early as 2012. We have now gone one step further and already managed to meet the next target – 100 per cent – which was originally set for 2020.



*€186 million after exceptional items

A SUSTAINABILITY REPORT WHICH DESERVES ITS NAME

We are **increasingly using the Internet** to distribute this report. And the printed edition follows all the principles of **sustainable production** that one might think of. The paper is made 100 per cent from **recycled material** and has been given the **EU Ecolabel, Blue Angel** certification and **FSC approval**. The inks and all other consumables such as printing plates are either based on **renewable raw materials** or are **recyclable**. Our printing contractors use **green electricity** and reuse the heat from the printing machines for heating purposes. Moreover, we save further **resources** by also publishing a condensed sustainability brochure which is specifically intended for our customers.

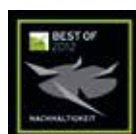


**Deutscher
Nachhaltigkeitspreis**
Deutschlands nachhaltigstes
Produkt 2011



reddot design award

DESIGN PLUS



Renewables Awards



Published by
Vaillant GmbH
Berghauser Straße 40
42859 Remscheid
Germany

www.vaillant-group.com
sustainability@vaillant.de

VGC Corporate Communications,
Sustainability Management & Politics
Phone +49(0)2191/18-2754
Fax +49(0)2191/18-2895

Design
gerlach&partner, Cologne

Photos
Alex Buschor, Uli Deck, Michael Egloff,
Bernd Gabriel, Horst Gerlach, Bruno Helbling,
Gerti Hoxha, Katerina Ilievska, iStockphoto,
Mike König, Marko Maegi, Mario Pavlovic,
photorunning.fr, René Schmid, John Snowdon,
Vaillant Group

Illustrations
Tobias Dahmen

Printing
Kunst- und Werbedruck, Bad Oeynhausen

www.vaillant-group.com



sustainability@vaillant.de

