

Code

of

CODE OF CONDUCT

WE PROTECT OUR COMMON VALUES.

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# Trust and integrity

Dear colleagues,

Besides entrepreneurship and passion, trust and integrity are the main pillars of Vaillant Group's corporate values. In our daily work, mutual trust and integrity mean that we can rely on each other, act responsibly and comply with laws and regulations, and that we take decisive action against any violation of laws and internal directives. By adhering to these values and principles, we are also able to maintain the trust that our customers and business partners place in us. This is the only way to prevent financial losses and reputational damage and to guarantee the long-term and sustainable success of our family business.

Of course, any kind of violation of the law also constitutes a violation of our corporate values and will not be tolerated. To prevent such violations, we have implemented a Compliance Management System that is based on our values and makes a significant contribution to the success and growth of our company. This Code of Conduct is an important component of the Vaillant Group's Compliance Management System. It is mandatory for everyone at Vaillant Group – for both employees and management. The content of the Code of Conduct sends a clear message about our commitment and our obligation to comply with internal and external rules.

Our compliance rules create a safe framework that serves as a binding compass for all employees of the Vaillant Group. A compass which helps us to live compliance in our daily work.

If there are doubts in certain situations, ask yourself:  
Would the behavior cause negative attention if it were made public?

For information on the topics contained in the Code of Conduct, please address the relevant contact persons. We have also set up a compliance organization that serves as an additional point of contact in the event of further questions. Please do not hesitate to ask your colleagues for advice if you are unsure about your actions or correct behavior.

Remscheid, 1 July 2019

Yours sincerely  
The Management Board



**WE PROTECT OUR  
COMMON VALUES.**

**COMPLIANCE: WITH RESPONSIBILITY.  
WITH DEPENDABILITY. TOGETHER.**

# Our social responsibility

## PROTECTION OF HUMAN RIGHTS AND WORKERS' RIGHTS

WE RESPECT THE APPLICABLE REGULATIONS REGARDING THE PROTECTION OF HUMAN RIGHTS AND WORKERS' RIGHTS WORLDWIDE. FOR THE VAILLANT GROUP, THE "UNIVERSAL DECLARATION OF HUMAN RIGHTS OF THE UNITED NATIONS" REPRESENTS THE BASIS FOR HUMAN RIGHTS AND WORKERS' RIGHTS.

As a globally active family business, we at Vaillant have a global social responsibility. The United Nations have defined ten principles for social responsibility – in the areas of human rights, labor standards, environmental protection and the fight against corruption. The Vaillant Group has recognized the Global Compact principles since 2011. An important Global Compact principle is dedicated to the protection of human rights. We respect internationally recognized human rights and are committed to complying with human rights at all our sites. We reject all forms of slavery and child labor. No one must be employed against their will or forced to work.

In addition, Vaillant respects the right of all employees to form or join trade unions and employee representations within the framework of the applicable legal provisions, as well as the right to negotiate and conclude collective agreements and take collective action. Members of workers' organizations face neither advantages nor disadvantages.

We grant and protect the freedom of opinion of our employees and the right to freedom of expression.

Vaillant observes the applicable laws and regulations regarding remuneration and ensures that its employees are adequately remunerated. We comply with the applicable safety and working time regulations worldwide.

We also expect our suppliers to acknowledge the ten principles of the UN Global Compact. This is laid down in our General Purchasing Terms and is checked as part of supplier audits.

## CORPORATE SOCIAL RESPONSIBILITY

**WE CONSIDER OURSELVES A GOOD CORPORATE CITIZEN AND A FAMILY-RUN COMPANY THAT IS COMMITTED TO SOCIAL CHANGE.**

In its sustainability vision, the Vaillant Group aims to set standards regarding all aspects of a sustainable business. With this vision in mind, we are committed to our Corporate Social Responsibility (CSR). We make a positive contribution to social progress and the welfare of the people in the countries in which we operate. We focus on supporting family, educational and social institutions. Our commitment to SOS Children's Villages is particularly important to us and is part of a long-term partnership to which many employees show great dedication.

## PRODUCT SAFETY AND QUALITY

**WE CONTINUOUSLY WORK ON IMPROVING OUR PRODUCTS AND PROCESSES IN ORDER TO BE ABLE TO OFFER OUR CUSTOMERS THE BEST POSSIBLE SOLUTIONS ALONG WITH HIGH-QUALITY AND SAFE PRODUCTS.**

We consider the customer's demand for quality wherever quality is generated in the development of new products and continuously learn from the behavior of our analog and digital products with regard to the customer. We do this together in an integrated control loop over the entire product life cycle – from development to purchasing, production and use, all the way through to service and recycling.

The Vaillant Group has implemented management systems for the control of corporate processes with regard to environmental protection, occupational safety and quality, all of which are determined by standards valid throughout Europe. The application of these standards is regularly reviewed by independent institutions as part of a multi-site certification process.

Our guidelines for environment and quality are derived from the vision of the Vaillant Group. They also form the basis for the design of the integrated management system which shapes our processes.

## ENVIRONMENTAL PROTECTION

THE VAILLANT GROUP TAKES ECOLOGICAL RESPONSIBILITY AND IS ACTIVELY COMMITTED TO CLIMATE AND ENVIRONMENTAL PROTECTION.

With the Paris Agreement in 2015, for the first time (with a few exceptions), the countries of the world reached a binding agreement to limit global warming to less than two degrees.

As a provider of highly efficient heating, ventilation and air-conditioning technology, we are able to contribute to achieving this goal with energy-saving and intelligent solutions that increasingly use renewable energy sources. More than 40 percent of primary energy in the EU is consumed in and for buildings. The core business of the Vaillant Group is, thus, one of the biggest factors for the energy transition. This is reflected both in our vision "Taking care of a better climate. Inside each home and the world around it.", as well as in our strategic orientation.

# Our behavior towards colleagues

## HEALTH AND SAFETY AT WORK

HEALTHY EMPLOYEES ARE AN ESSENTIAL PREREQUISITE FOR THE ECONOMIC SUCCESS OF THE VAILLANT GROUP.

All employees of the Vaillant Group are actively involved in shaping occupational health and safety. Everyone in the company is obliged to consistently ensure that accidents and work-related illnesses are prevented in all operational activities.

With a proactive occupational health and safety management, potential hazards and weaknesses are detected at an early stage and mitigated using suitable measures. Corresponding processes, procedures and methods have been implemented and are continuously improved.



## EQUAL OPPORTUNITIES AND RESPECTFUL TREATMENT

**WE DO NOT TOLERATE DISCRIMINATION AND TREAT EACH OTHER FAIRLY AND RESPECTFULLY.**

We judge all employees and applicants solely on their qualifications and ability, suitability, attitude and whether they share our corporate values. We base our actions on this judgment.

We do not tolerate discrimination or harassment based on characteristics such as gender, age, race, religion, sexual orientation or political opinion. Any form of discrimination and harassment in the workplace is unacceptable.



# Our handling of company resources & information

## INTELLECTUAL PROPERTY

**WE PROTECT BUSINESS AND TRADE SECRETS AND TREAT THEM IN STRICT CONFIDENCE.**

Business and trade secrets, such as inventions and knowledge, are essential for an efficient and successful company. Therefore, we use this information only for business purposes and in the interests of the Vaillant Group. We keep confidential information a secret and do not pass it on to unauthorized or external persons.

## INSIDER INFORMATION

**WE RESPECT THE RULES GOVERNING THE HANDLING OF INSIDER INFORMATION AND OBSERVE OUR DUTIES OF CONFIDENTIALITY.**

Insider information is information which is not publicly known, but which, if it becomes known, may significantly influence the stock market price of a company.

Even though the Vaillant Group, as a family business, is not subject to any capital market regulations, we treat any insider information that we may receive about listed business partners confidentially. We do not use information that may influence the market price of our business partners for our own benefit and do not pass it on to third parties.

A tall, narrow stack of white paper stands in a grassy field. The stack is composed of many thin sheets of paper, creating a textured, layered appearance. The background features a line of trees and a clear blue sky, suggesting a natural, outdoor setting. The lighting is soft, indicating either early morning or late afternoon.

## USE OF COMPANY RESOURCES

**WE TREAT COMPANY RESOURCES WITH CARE AND DO NOT WASTE OR MISUSE THEM.**

The company resources provided serve to achieve the objectives of the Vaillant Group and are therefore only to be used for this purpose. The efficient use of resources contributes to the company's success. Therefore, we act in a cost-conscious manner, handle company property carefully and protect it from damage, destruction and theft.

# Our behavior in the business context

## ANTITRUST

**WE ARE COMMITTED TO FAIR COMPETITION  
AND TO COMPLYING WITH ALL LEGAL  
PROVISIONS RELATING TO ANTITRUST LAW.**

Antitrust law protects free markets and equal competitive conditions for all market participants. It prohibits behavior by companies that hinders, restricts or distorts free competition.

Fair competition is a prerequisite for free market development and the associated social benefits. We are committed to fair competition and therefore to ensuring that prices, conditions or market divisions are not agreed upon and that sensitive information is not exchanged with competitors, customers or suppliers. In the event that Vaillant Group companies have a significant market share in a particular market, antitrust law imposes a specific responsibility on them and particularly strict standards apply.

Antitrust violations can have serious consequences both for the Vaillant Group and for the employees involved. Vaillant Group employees are informed about antitrust regulations via internal directives which are designed to raise awareness and enable employees to identify antitrust issues and contact the responsible Compliance Officer in the event of critical situations.

## ANTI-CORRUPTION

WE STRONGLY OBJECT TO ANY FORM OF CORRUPTION AND WOULD RATHER REFUSE A BUSINESS OPPORTUNITY THAN BREAK THE LAW.



The maintenance of existing or potential customer relationships is an essential part of our business and indispensable for the continued success of our company. It is therefore important that the maintenance of customer relationships takes place within a legal framework. The reason for this is that corruption may have serious consequences for the companies and employees involved. It is therefore very important that employees of the Vaillant Group are always able to assess which principles must be considered when maintaining any existing or potential relationships with private business partners and public officials.

Corruption can occur in active form (granting benefits) and passive form (accepting benefits). In most countries, these are criminal offences. Benefits can be granted to or received by public officials and persons from the private sector.

For the Vaillant Group, a good relationship with customers, suppliers and other business partners is very important. In most countries, occasional invitations, hospitality, gifts and other benefits, within reasonable limits, are a generally accepted means of maintaining business relationships. In order to avoid the appearance of corruption, it is essential to observe binding principles when granting benefits.

Internal directives and the approval requirements contained therein ensure that only admissible benefits are granted or received. Therefore, our internal directives also serve to protect our employees from criminal consequences.

## DATA PROTECTION & DATA SECURITY

**WE HANDLE PERSONAL DATA CAUTIOUSLY AND RESPONSIBLY.**

The Vaillant Group is aware of the importance of data protection, especially with regard to extensive data protection requirements, e.g. by the EU General Data Protection Regulation (GDPR). Violations of data protection regulations may have significant consequences and result in considerable fines.

Therefore, we collect and process the personal data of our employees, customers and business partners only in accordance with the law and without unreasonably impairing their privacy. We protect the confidentiality of personal data and only transfer personal data within the Vaillant Group if it is required in order to process data in accordance with its intended purpose. The Data Protection Handbook and the Group Directive Data Protection implement the legal requirements within internal processes and define internal rules for processing personal data.

**WE PROTECT THE DATA ENTRUSTED TO US AND IMPLEMENT THE NECESSARY TECHNICAL AND ORGANIZATIONAL MEASURES.**

The Vaillant Group has implemented a number of technical and organizational measures to protect data from unauthorized access, unauthorized or improper use, loss and destruction. These measures take into account the legal framework, which is also incorporated into internal directives and manuals.

## ANTI-MONEY LAUNDERING

**WE DO NOT PARTICIPATE IN MONEY LAUNDERING ACTIVITIES AND ARE COMMITTED TO PREVENTING MONEY LAUNDERING.**

Money laundering generally means the processing of the proceeds of criminal activities to disguise their illegal origin and to make them appear legal.

We take all necessary measures to mitigate the risk of money laundering activities in our business operations. In the event of unusual financial transactions that may lead to a suspicion of money laundering, our employees are requested to exercise anti-money laundering due diligence on the business partner. If such due diligence cannot eliminate the suspicion, the responsible Compliance Officer must be involved. These provisions are established in internal directives regarding anti-money laundering.

## TAX COMPLIANCE

**WE FULFILL OUR TAX OBLIGATIONS AND COMPLY WITH THE TAX REGULATIONS OF EACH COUNTRY IN WHICH WE OPERATE.**

Non-compliance with tax obligations can lead to financial risks from payments of tax arrears and fines. However, it can also result in consequences under regulatory or criminal law and long-term damages to our reputation. In order to ensure compliance with tax obligations and requirements, we have implemented a Tax Compliance Management System, particularly for VAT, which regularly monitors and constantly improves existing management and reporting processes on the basis of the continuous monitoring of changes in legislation, administrative opinions and case law.

## FOREIGN TRADE COMPLIANCE/ EXPORT CONTROL

**WE OBSERVE ALL PROVISIONS OF FOREIGN TRADE LAW RESULTING FROM NATIONAL OR INTERNATIONAL LEGAL REGULATIONS APPLICABLE TO US.**

As an internationally active company, free trade in accordance with the applicable legislation is of great importance to us. Misconduct can lead to restrictions on our trade activities with third countries (e.g. by withdrawing our export privileges) as well as to fines and penalties. In our daily business – especially regarding cross-border transactions – it is therefore essential that the necessary export control checks are performed. These checks are defined in internal directives and are performed using a software module.

## CONFLICTS OF INTEREST

**WE AVOID CONFLICTS BETWEEN OUR BUSINESS AND PRIVATE INTERESTS.**

As employees of the Vaillant Group, we must not engage in any activities that constitute a conflict between our personal interests and those of the Vaillant Group. In order to avoid conflicts of interest, we disclose such circumstances at an early stage.

In our professional activities and in business decisions, we neither pursue personal interests nor use the business opportunities of the company to our personal advantage or to the advantage of persons close to us.

## COMPLIANCE WITH THE CODE OF CONDUCT

This Code of Conduct is a central component of the Vaillant Group's Compliance Management System which is designed to ensure compliance with all applicable laws and internal directives. The Compliance Management System protects the Vaillant Group and its employees and partners from misconduct.

## WHISTLEBLOWER SYSTEM

If you become aware of violations of applicable law, this Code of Conduct or our internal rules and regulations, the relevant contact persons can be addressed.

It is also possible to use the web-based whistleblower system of the Vaillant Group ("BKMS"). Via BKMS whistleblower system, (alleged) violations can be reported, anonymously or by stating a name.

The BKMS whistleblower system is available on the Internet at <https://www.bkms-system.net/vaillant>.

All incoming tip-offs will be treated strictly confidentially.

## CONTACT INFORMATION

For further information on the Compliance Management System of the Vaillant Group, please contact the responsible Compliance Officers ([compliance@vaillant-group.com](mailto:compliance@vaillant-group.com)).

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