

## 1. CEO Statement

Dear Readers,

The Viessmann family regards sustainability as a key pillar of our purpose: We co-create living spaces for generations to come. As a family business with a 105-year history, we have always been a family for positive change, focusing on true innovation and climate solutions. Curiosity and courage to explore new pathways are strong parts of our DNA.

Now is the time to prove those skills. Because we know that we have little of our global carbon budget left. We need rapid actions and systemic changes in order to fight climate change and global warming. It is the only way to enable ourselves, and more important all generations to come, to live and thrive on our planet realizing a society of equal opportunity for everyone.

We know this is a complex challenge that asks for continuous improvement and accelerated co-creation. This is why we are focusing on what we can do ourselves as a technology leader in the building sector, knowing that we are part of a large system that needs to be transformed now.

Today, the energy use of our buildings accounts for up to 40 percent of greenhouse gas (GHG) emissions globally.<sup>1</sup> At the same time, our global population is rapidly growing with 7.9 billion people today, requiring increasingly more resources of energy, materials, water, and food.<sup>2</sup> This leads to very stressed and depleted natural systems, while increasing urbanization and the rise of large cities need more homes and public infrastructure to be built and maintained. By the year 2030, in total 5.5 billion people are expected to live in urban settings.<sup>3</sup> One thing is clear: The building sector plays an undeniably important role in keeping these developments within sustainable planetary boundaries. It is up to us in this industry to realize a system transformation as first movers.

With Viessmann's climate strategy [LEAP to Net Zero](#), we have taken the first step in leading this system change. However, our global climate strategy is just a good start. It requires us all of us to look beyond our businesses and our interactions within the broader system we operate in.

As we have embarked on this journey, we are looking forward to approaching the new with a lot of positive energy, courage and entrepreneurial spirit. We are glad that this year's Communication on Progress puts more focus on the environmental United Nations Global Compact than ever before.

We are looking forward to co-create living spaces for generations to come with you!

Sincerely Yours,

A handwritten signature in dark ink, appearing to be 'M. Viessmann', written over a horizontal line.

Max Viessmann, CEO Viessmann Group



## 1. Human Rights Principles

### 1.1 Assessment, Policy and Goals

Viessmann adheres to **UNGC Principles 1 and 2**: we protect internationally proclaimed human rights and make sure we are not complicit in human rights abuses.

Throughout the Viessmann value chain, covering our own operations and day-to-day conduct, the operations, goods and services of our upstream suppliers as well as our downstream partners, all humans are **equal**. We prohibit any kind of **discrimination** based on race, colour, sex, language, religion, political or other opinion, national or social origin, property, birth or other status. At Viessmann, everyone has the right to **freedom of opinion and expression**. Everyone has the **right to rest and leisure**, including reasonable limitations of working hours and periodic holidays with pay. At Viessmann, everyone has the right to a **standard of living** adequate for the health and well-being of him-/herself and of his/her family, including food, clothing, housing and medical care and necessary social services. At Viessmann, **motherhood** is entitled to special care and assistance.

The protection of these human rights is ingrained in our company culture: At Viessmann, we refer to family members and not employees. Within our **Vi Ways of Working**, we define how family members do things at Viessmann, for example: “As a family, we care for each other, and value the relationships we have. We believe that all family members can be trusted. We support and empower our colleagues to choose how, where and when they wish to work.” Our **corporate values** form the basis of our company culture and are responsible, team-oriented and entrepreneurial. Human rights are mirrored within them with social competence (within value responsible), fairness (team-oriented) and diversity (entrepreneurial).

Further, [Viessmann's Code of Conduct](#) includes our public position on human rights: We adhere to the **United Nations Declaration of Human Rights** as well as the OECD Guidelines for Multinational Enterprises. In our Code of Conduct we state clearly: “We commit to act in accordance with human rights. We expect the same from our customers, suppliers and other business partners.” Moreover we state that we adhere to the legal regulations to ensure fair working conditions, including regulations on remuneration, working hours and protection of privacy.

### 1.2 Implementation

Our **corporate values** and **Vi Ways of Working** are implemented through multiple means. They are included in our onboarding process for new employees. Almost 2000 employees learned and practiced concrete leadership behaviors in our **ViLead Essentials training**. Another example are **regular employee surveys** which provide feedback on how our Vi Ways of Working are lived at Viessmann everyday. Prevention of human rights abuses is further supported via a self-paced awareness **training** on ethics accessible to all employees

and temporary workers. Further, our onboarding process includes the Viessmann's Vi Ways of Working as well as the Viessmann Code of Conduct.

**Breaches** of family members, customers, suppliers and other business partners with our **Code of Conduct** - and therefore the set human rights rules - can be reported personally or anonymously, directly or by email or telephone, to a supervisor, the Viessmann Compliance Officer and through established complaint mechanisms with the respective workers councils at the various manufacturing sites. To make our process even more robust a whistleblower hotline has been established. **Disciplinary measures** can be up to and including termination of employment, depending on the nature and severity of the violation. Violations of the law may be subject to civil and/or criminal prosecution by a governmental authority or a court. It is further ensured that no one who participates in the investigation of our company or cooperates honestly will be subject to retaliation.

More detailed underlying human rights rules are defined in our corporate policies. For example, our **procurement policy** makes it mandatory to regularly check important suppliers during audits regarding their adherence to human rights. In addition, our self-assessment questionnaire for our suppliers includes all ten UNGC principles.

We have further established a robust **risk management** process on value chain human rights **due diligence** which covers our own operations as well as the up- and downstream value chain. This risk management process encompasses training and knowledge building, systematic risk assessments and evaluations and continuous improvement - all in line with our certified management systems.

Lastly we support human rights through our **philanthropic activities** of our four [Viessmann foundations](#). For example, in cooperation with UNICEF, we donated 275,000 Euros to a school project in [Malawi](#) where 3,000 students aged 8-13 are receiving access to clean drinking water and sanitary facilities. Another example is a donation of 100,000 Euros to [schools around our headquarters](#) for 200 laptops/tablets to enable access to remote lessons during the COVID-19 pandemic. A last example is our recent ["Match your Donation" initiative for Ukraine](#): For every one Euro donated by employees, the Viessmann Foundation adds another one. A first donation package of 300,000 Euro was given to Unicef, Doctors without Borders and the Global Aid Network.

### 1.3 Measurement of Outcomes

Our process to ensure no breaches with Viessmann's CoC - and therefore with human rights - has shown no breaches in the past years.

In a next step, we are currently conducting a **sustainability baseline assessment** to define a global sustainability strategy and by doing so we will also assess our actual and potential human rights impacts on a more detailed level. To do so, we apply one of the most robust, science-based tools: the Future-Fit Business Benchmark. Future-Fit Business Benchmark takes the Doughnut Model<sup>4</sup> and breaks it down into concrete indicators for a company. As a result we will have a clear, long term destination towards our social and environmental

break-even point, where Viessmann has zero negative impacts and only positive ones on people and planet.

As integral part of this process, as well as preparing for the German Supply Chain Due Diligence Act, our **actual and potential human rights impacts** are being systematically assessed in detail and differentiated into aspects of employee health, living wages, fair employment terms, employee discrimination and employee concerns. Once this baseline assessment is done, we will define our sustainability strategy based on the findings, track progress and communicate about it in our first Integrated Report as well as in our next UNGC Communication on Progress.

## 2. Labor Principles

### 2.1 Assessment, Policy and Goals

We commit to respect the rights of our employees, including those outlined in the **ILO Declaration on Fundamental Principles and Rights at Work**.

Viessmann adheres to **UNGC Principle 3**. Viessmann recognizes its employees' lawful right to **freedom of association** and rights under applicable law to choose a **collective bargaining** representative, if desired. Employees of several of our global business subsidiaries, e.g. in [Germany](#), have organized themselves in Works Councils and/or Enterprise Bargaining Units, and Viessmann maintains positive, productive relationships with those groups through our company leadership teams to the benefit of our employees.

Viessmann further adheres to **UNGC Principle 4 and 5**: we uphold the elimination of all forms of **forced and compulsory labor** as well as the effective abolition of **child labor**. In Viessmann's Code of Conduct we commit to act in compliance with the rules against **child labor**. And we expect the same from our customers, suppliers and other business partners.

Last, Viessmann adheres to **UNGC Principle 6**: we uphold the elimination of **discrimination** in respect of employment and occupation. Eradicating discrimination and advancing diversity are vital to our wider ambition to contributing to a more prosperous and just society. Within Viessmann's Code of Conduct, our position on **anti-discrimination** is clearly defined: We respect differences and treat each family member with respect. Diversity, equal opportunities and tolerance are our priority, and we respect the personal dignity, privacy and personal rights of each individual. Each of us is entitled to fair, dignified and respectful treatment. For this reason, we do not tolerate discrimination in the workplace and want to ensure that no one is discriminated against in our large Viessmann family. We strictly prohibit any kind of discrimination based on race, colour, sex, sexual orientation, disability, age, language, religion or belief, political or other opinion, national or social origin, property, pregnancy or parenthood, marital status, birth or other status, any other reason covered by anti-discrimination laws. This applies both to dealings with colleagues, customers and business partners and to personnel-related decisions such as hiring, promotion or dismissal of employees.

Our corporate values include **diversity** and on our [website](#) we state: “Diversity is the driver of our productivity. The more diverse a team, the more successful. This is a simple rule of thumb that we at Viessmann live by each and every day.”

## 2.2 Implementation

To ensure freedom of association we do have **collective bargaining** agreements and formally-elected employee representatives in place, if desired by our employees and under applicable law.

Viessmann’s Code of Conduct states: **Discrimination**, discriminatory insults, sexual harassment or harassment of any kind and bullying will not be tolerated and will result in appropriate punishment. How Viessmann handles breaches with the set rules of the Code of Conduct, including our rules for anti-discrimination, has been described already in detail in the previous section (Human Rights Principles). Further and as we state on our [website](#): Viessmann complies with all applicable laws governing the **equal pay of employees** globally. Demographic information, such as age, gender, or marital status, are not factored into remuneration. We have set up processes to clarify matters should an employee feel discriminated against. The first step is to talk to the manager. If this fails, the HR contact person and the workers council are the right addressees, as is the Chief People Officer. The CEO will also step in if things cannot be cleared up at this level.

We implement **diversity** through multiple means that we explain on our [website](#). For example, we hire qualified employees who best represent our buyer groups in the different Viessmann countries and who differ in characteristics, such as age, nationality, gender, physical ability, religion, sexual orientation, life experience, socioeconomic background, personality, etc. With regard to **gender diversity**, we face the fact – like many businesses – that there is a very low proportion of women working in science, technology, engineering, and mathematics. As a result, the talent pool for recruiting is small. The challenge is to make us an attractive employer for young, talented women. As a family-operated company, uniting work and family life – for both men and women – is a topic we make possible through multiple measures such as e.g. childcare services, mother/father child rooms or empowering employees to choose how, where and when they wish to work.

As defined in our internal [procurement policy](#), we regularly check our important supplier during audits regarding adherence of avoidance of **child labor** and other sustainability topics. In addition, we ask our suppliers to fill out sustainability self-assessment questionnaires covering all UNGC principles.

We provide self-paced e-learnings on diversity and our employee onboarding process includes the Viessmann Code of Conduct.

## 2.3 Measurement of Outcomes

We do have workers councils formed that have the mandate to collectively bargain for our employees in accordance with local laws. Further, our set measures to prevent discrimination and child labor have not detected any incidents so far in the last years.

As mentioned earlier, in a next step, we are currently conducting a **sustainability baseline assessment** to define a global sustainability strategy and by doing so we will also assess our **actual and potential labor principles impacts** and hence report in more detail in our next Communication on Progress.

### 3. Environmental Principles

#### 3.1 Assessment, Policy and Goals

Viessman adheres to **UNGC Principles 7, 8 and 9**: we follow a **precautionary approach** to environmental challenges, undertake initiatives to promote greater **environmental responsibility** and encourage the development of **sustainable technologies**.

As part of Viessmann's **management systems**, we have global environmental, energy and occupational health & safety **policies** in line with EMAS, ISO 14001, 50001 and 45001 requirements which cover environmental impacts such as energy consumption, GHG gases, water, local pollution, materials, chemicals, waste, employee and customer health & safety. As part of the regular Plan-Do-Check-Act cycles we set ourselves global as well as site specific environmental, energy and occupational health & safety **goals** to ensure continuous improvement of Viessmann's global performance.

To move beyond continuous improvement, we set ourselves a global climate strategy with a **1.5°C target** approved by the [Science-based Targets Initiative](#) (SBTi). As a climate solutions company, we want to accelerate actions specifically for humanity's most urgent sustainability challenge which is to limit global warming to 1.5°C.

Our climate strategy "**LEAP to Net Zero**" builds upon four pillars: **Lead**, **Empower**, **Advocate** and **Partner** - "**LEAP**". We want to make a leapfrog, in other words a giant step forward towards net zero of our own operations and the systems that we are part of. All four strategic pillars are connected to our company's purpose. This is because our purpose has guided our strategy formulation and vice versa, our strategy enables us to live up to our purpose.

The following sums up briefly what we committed to do for each pillar:

- We **lead** by example. Our operations will be net zero, regenerative, circular and embedded in healthy ecosystems.
- We **empower** people to act. People will be empowered to radically reduce their CO2 emissions and be prosumers - through our many climate solutions.
- We **advocate** to foster a movement. Employees and partners will be climate heroes. Our brand will be the trusted partner for climate action. We will be the thought leader for climate policies.
- We **partner** to scale impact. Suppliers and partners will be empowered to radically



reduce their CO2 emissions. The region around our headquarters will be net zero. Our venturing and innovation activities will contribute to net zero.

Our thorough **assessment of our GHG emissions** according to the [GHG Protocol](#) across all scopes has resulted in a total of 103,293 kt CO2e for the selected SBTi base year 2019. Our first **climate target** set based on this is to reduce the **emissions from our own operations** by at least 48% in absolute terms by 2030 (Scope 1 & 2, compared to 2019). This means a 75% reduction compared to 2005. Our **second climate target** is to reduce our value chain emissions by at least 55% in economic intensity terms by 2030 (Scope 3, compared to 2019). Both targets are in line with climate science to stabilize global warming at 1.5°C, approved by SBTi.

### 3.2 Implementation

Our management system implements occupational health and safety standards according to ISO 45001 certification for 10 sites, environmental standards according to ISO 14001 for 23 sites and energy management standards according to ISO 50001 for 194 sites/locations. Examples of respective actions are for example the provision of regular **mandatory training** for all managers or the execution of **environmental risk assessments** for all sites.

While our well established and robust management system ensures our precautionary approach, employee's focus on environmental topics as well as continuous improvement of our environmental performance, the Viessmann **climate strategy** "LEAP to Net Zero" accelerates the company's impacts and positive contributions specifically on climate. Our [climate report](#) summarizes all planned and ongoing actions that we committed to undertake to become a 1.5°C company with a 1.5°C product portfolio. For example, we committed to invest 60 million € to decrease our Scope 1 and 2 emissions across all **sites**. Another example is our massive **portfolio shift** from fossil fuel based products to ones which can be powered by renewable energies. This shift is currently done at accelerated speed to respond to the urgency of the required system transformation in the building sector through - for example - new manufacturing capacities and revamping of existing production facilities. Another example is conducting detailed **life cycle assessments** for our products to understand environmental hotspots and develop and implement respective mitigation strategies, such as the use of alternative natural refrigerants and recycled secondary raw materials.

### 3.3 Measurement of Outcomes

We regularly measure and review our environmental, energy as well as occupational health and safety performance as part of our management system review. For example, **incidents**, **CO2 emission**, **total energy consumption trends** show continuous downward trends and the latter two are accelerated at sites where we started first investments to reach our science-based 1.5°C targets as part of our climate strategy. Another example is **recycling**. To ensure high value recycling of different waste from our operations today, we are already collecting over 100 different types of waste. At our headquarters operations in Allendorf,



Germany, we have achieved a waste separation collection quota of more than 96%, enabling us to successfully recycle and recover over 90% of the waste we collect.

## 4. Anti-Corruption Principles

### 4.1 Assessment, Policy and Goals

Viessmann's Code of Conduct includes our rules on anti-corruption policy that enable us to continuously work against **corruption** in all its forms, **including extortion and bribery**, as defined in UNGC principle 10.

Within **Viessmann's Code of Conduct** we state the following on corruption: We define corruption as the abuse of one's own position, of whatever nature, for one's own benefit or for the benefit of another person. Corruption includes bribery, extortion, protection payments and nepotism. Corruption does not correspond to our corporate values. It harms competition, hinders fair play and exposes the Viessmann Group and every family member to unnecessary liability risks. For this reason, we pursue a zero tolerance policy against bribery and corruption in any form. We do not accept bribes from anyone, and we do not bribe anyone else, which means that we may not hand over or receive any item of value if this could give the impression that we are granting or seeking to grant or receive improper advantage. This prohibition applies not only to government officials, employees of supervisory authorities and other public servants, but also to employees of business partners at home and abroad and to our colleagues. Preventing corruption is the duty of every employee. We reject all forms of corruption and ensure that the applicable anti-corruption laws are complied with at all times and in all places where we do business. We promote anti-bribery and anti-corruption practices among everyone who works for our company. We do not knowingly allow or ignore indications that someone is acting on our behalf to pay or receive bribes or kickbacks. If someone requests or offers a bribe or kickback, we must refuse and report it immediately. Business dealings and transactions, especially in unusual circumstances, must be evaluated and documented in detail. This is to ensure full transparency and traceability, enabling an expert third party to understand the facts and their legality within a reasonable period of time. Furthermore, we observe and respect the local legal regulations in the country of the respective Viessmann company.

### 4.2 Implementation

To prevent any incidents of corruption it is the responsibility of each managing director to maintain the required level of awareness about the rules set in our Code of Conduct among his or her employees. For business areas, which have a higher risk for potential incidents, such as sales, procurement or the construction department, Viessmann's Compliance Officer conducts regular trainings himself.

How Viessmann handles **breaches** with the set rules of the Viessmann Code of Conduct, including our rules for anti-corruption, has been described already in detail in the first section (Human Rights Principles).

### 4.3 Measurement of Outcomes

Our set measures to prevent corruption have not detected any severe incidents in the last years. As mentioned earlier, in a next step, we are currently conducting a **sustainability baseline assessment** to define a global sustainability strategy and by doing so we will also assess our **actual and potential anti-corruption principles impacts** on a more detailed level and hence report in our next Communication on Progress.

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#### Endnotes

<sup>1</sup> <https://ourworldindata.org/emissions-by-sector>

<sup>2</sup> <https://www.worldometers.info/world-population/>

<sup>3</sup> <https://www.destatis.de/EN/Themes/Countries-Regions/International-Statistics/Data-Topic/Population-Labour-Social-Issues/DemographyMigration/UrbanPopulation.html>

<sup>4</sup> developed by Kate Raworth building upon the planetary boundaries defined by the Stockholm Resilience Center