

Environmental Policy

Background information

The building sector is facing a major challenge to reduce its impact on the climate and the environment and to find sustainable solutions for energy-efficient and CO₂e-neutral housing. A large share of Europe's energy consumption and thus greenhouse gas (GHG) emissions is attributable to real estate, in particular to the production of heating and hot water.

As a service provider and heat supplier, Techem has a responsibility to contribute to environmental and climate protection by precisely measuring energy and water consumption, intelligently controlling heating systems, and providing heat with the lowest possible emissions. The company seeks to fulfill this role in the transformation of the real estate and heating sector and meets society's demands for environmental and climate protection by setting ambitious targets for reducing greenhouse gas emissions as a result of its own business activities. In addition, a holistic energy and environmental management system ensures that we continuously improve our own performance.

Techem's environmental policy represents the company's commitment and level of ambition and is aimed at reducing negative environmental impacts and actively promoting climate protection while complying with all legal requirements for environmental protection.

Validity

Every employee at Techem contributes to ensuring that the company's environmental standards are met.

The Environmental Policy applies to all employees and all organizational units of Techem worldwide. This covers the activities of all employees, including managers, board members, trainees and interns within the company as well as suppliers and contractors. It is intended to serve as a framework for local implementation guidelines where appropriate. In the event of any conflict between this Environmental Policy and other local policies, this policy shall prevail.

Violations of this policy must be reported to the management, the local management, the supervisor or anonymously via Techem's [Whispli](#) whistleblowing system. The whistleblower tool is also accessible to external parties. Confidentiality and protection of the reporting party from negative consequences shall be maintained to the extent permitted by law.

Environmental policy and objectives

Our Environmental Policy is intended to clarify the collective responsibility of all Techem employees for environmental and climate protection and to define clear goals for important protected goods and topics.

According to the Techem materiality analysis, environmental and climate protection in our own operations and the climate friendliness of buildings supplied by Techem are focus topics with high or very high relevance for stakeholders and our own business.

Accordingly, Techem aims to achieve climate neutrality in its building stock and a reduction in environmental impact throughout its own value chain and through its business activities.

Techem is committed to setting concrete requirements for its own company and implementing appropriate measures:

- Compliance with all binding obligations, such as relevant legal requirements for environmental protection
- Training of all employees on environmental awareness with a special focus on energy-saving measures in the company
- Anchoring environmental management
- Regular updating of the materiality analysis and integration of possible future environmental and climate risks
- Embedding environmental and climate risks within the company-wide risk management system

Climate protection and energy:

- Continuous monitoring and improvement of energy-related performance in terms of efficiency and greenhouse gas emissions from our own business activities in line with Techem's decarbonization plan and energy policy
- Continuous measurement and internal and public reporting of energy consumption, greenhouse gas emissions and climate risks according to GRI¹ standards, GHG² Protocol and TCFD³ to stakeholders.

- Consistent reduction of GHG emissions⁴ from our own business activities as well as from the upstream and downstream value chain (Scope 1-3) to achieve net zero by 2045 according to the Net Zero Standard of SBTi⁵, in particular by way of:
 - A product portfolio for decarbonizing heating solutions through the use of renewable energies and offering climate-friendly solution packages (Scope 1)
 - Purchase of electricity and heat from renewable sources at all sites (Scope 2)
 - Reduction of the CO₂e footprint of all our own heating systems and appliances, taking their entire life cycle (Scope 3) into account

Services for environmental and climate protection:

- Promotion of resource-conserving behavior among tenants by providing consumption information during the year (HKVO; EED⁶) as well as further awareness-raising measures
- Advising customers on efficient and sustainable heat supply solutions as part of the contracting business
- Cooperation and applied research to develop innovative solutions for increasing energy efficiency and decarbonizing the building sector

Material, waste and water:

- Compliance with specifications for material management as well as specifications according to international standards such as REACH, RoHS and CE marking
- Minimizing the use of office supplies at all sites, in particular a complete switch to recycled paper
- Development and rollout of a Group-wide waste management & recycling concept for the entire operation, including packaging
- Introduction and maintenance of water-saving measures, in particular awareness-raising among employees

¹Global Reporting Initiative

²Greenhouse Gas Protocol

³Task Force on Climate-Related Financial Disclosures

⁴See Techem Sustainability Report 2021 for description of decarbonization plan with specific target and measures.

⁵Science-based targets initiative

⁶Heating Costs Ordinance; Energy Efficiency Directive

Product responsibility:

- Application of the principles of the circular economy in equipment design and processes, in particular by extending its service life
- Increased application of environmentally friendly materials in equipment manufacturing in cooperation with suppliers
- Consistent and complete return as well as proper disposal of old equipment at the end of its service life
- Ensuring the safety of heating systems and measuring devices for the protection of the customer

Metrics and monitoring of target achievement

Techem will continuously monitor compliance with these targets as part of reporting on its sustainability performance and measure and evaluate it in accordance with relevant reporting standards, in particular those of the GRI. This implies the recording of relevant performance indicators at the level of all sites in Germany and abroad, in particular:

- Total consumption of renewable and fossil energy (in MWh)
- Greenhouse gas emissions to Scope 1,2 and 3 (in CO₂e)
- Waste generation (in t)
- Total water consumption (in m³)
- Number of employees trained on environmental issues
- Share of recycled starting materials in materials used

With the help of these indicators, continuous improvement of environmental management is to be ensured and the achievement of the Group-wide sustainability targets is to be made possible.

Responsibilities

Our management reviews and approves the Environmental Policy. It delegates responsibility to the Techem Research Institute on Sustainability (TRIOS) and provides the necessary resources. TRIOS implements the environmental policy as part of the Techem sustainability strategy together with the division managers (in particular also the Techem Sustainability Stewards) and the Managing Directors of the national companies (Techem Sustainability Delegates). Reporting on the implementation of the Environmental Policy during the year takes place in the Techem Sustainability Council under the leadership of the CEO. The Environmental Policy is to be reviewed annually. Stakeholders are to be informed of the progress made in the annual Sustainability Report.