Techem Sustainability Report
2021

OUR NUMBER ONE: ZERO

Together to a climate-neutral building stock by 2045

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Foreword

Dear readers,

At a time of overlapping geopolitical and pandemic crises, climate change remains one of the greatest challenges of our time, for us humans and for our planet. Achieving the 1.5 degree target is a key challenge. That's why we all need to act quickly – by adopting concrete measures and binding targets. For a future in which we can live healthier, greener and smarter.

I am pleased to be able to give you deep insights into our entrepreneurial activities with the second Techem Sustainability Report – for the first time for the entire Techem Group including national companies and with an external audit of a large number of parameters. We have geared our corporate purpose to achieving climate neutrality in buildings. Energy efficiency and decarbonization lie at the core of our beliefs and our entrepreneurial commitment. We feel both personal and corporate responsibility to make our contribution as a sustainable company.

The content of the report focuses on the ESG criteria (Environmental, Social, Governance). These form the framework for seven fields of action on which Techem is concentrating. Based on the guidelines of the Global Reporting, this report also serves as a progress report on the Global Compact of the United Nations.

The effects of climate change are being made clear to us year after year, including in 2021. Just think of the flood disaster in Germany and Eastern Europe, which also directly affected Techem customers and their tenants. Here at Techem, we quickly and unbureaucratically took supportive measures. After all, we as a company also want to assume our social responsibility in extraordinary situations, but of course also meet it in the long term and with foresight. We are therefore expressly committed to the United Nations Sustainable Development Goals and, above all, we will further intensify our commitment to combating climate change.

In addition, Russia's war against Ukraine clearly shows how important a sustainable company strategy is – with a view to short-term supportive measures as well as long-term geopolitical issues. Due to the current situation, the topic of security of supply and energy transition is also becoming increasingly important for the real estate industry. The fact is: moving away from fossil fuels is a key element in countering climate change. But it is also a question of independence in terms of energy policy. In order to provide quick help for refugees, Techem and its employees donated a total of around 120,000 euros to the UN refugee aid and the Save the Children aid organization. The people there experience unbelievable suffering. They have our sympathy and our solidarity.

Another major driver towards climate neutrality is significantly higher energy efficiency in order to achieve the climate protection goals by 2045 – also because energy will remain expensive. And this is where we at Techem come into play.

» Our goal is to make the Techem Group climate-neutral by 2045. «

Our focus is on efficient and increasingly digitalized building technology that effectively reduces energy consumption and CO_2e emissions for heating and hot water by involving our customers and their tenants. Through submetering and heat contracting, CO_2e savings can actually be achieved in a particularly cost-effective manner compared to other energy efficiency measures. At the same time, our business activity in the field of heat contracting is emission-intensive due to the use of fossil fuels and is also the main driver of Techem's CO_2e footprint. Against this backdrop, we developed an ambitious decarbonization plan at the beginning of 2022 based on the requirements of the 1.5-degree climate target of the Science Based Targets Initiative (SBTi), thereby setting guidelines for the future of our company. Our goal is to achieve climate neutrality for the Techem Group by 2045 and thus, together with our customers, drive climate neutrality forward in the building stock.

The focus of the communication of our CO_2e emissions in our Sustainability Report is on the reduction of Scope 1-3 emissions according to the Green House Gas Protocol (GHG Protocol), the most widely used calculation standard worldwide. We mainly communicate the CO_2e savings potential, which tenants leverage as a result of our billing services in accordance with the specifications of the Heating Costs Ordinance, in our consumption and CO_2e key figure study.

In addition, we founded the Techem Research Institute on Sustainability (TRIOS) at the beginning of 2022. In addition to the sustainability-related research activities, the activities for controlling our sustainability management are also anchored here. Our ESG goals are implemented in all areas of the company. As a company, we pull together with our employees – in order to position ourselves sustainably and to make the maximum contribution to climate-neutral buildings for our customers.

We would therefore also like to thank our employees in particular, who help shape the necessary change every day. In order to become even more diverse and inclusive as a company – and thus to be able to meet the diverse demands and challenges of our customers even better – we have created a diversity roadmap with key areas of action, measures and parameters. We not only work hand in hand with our customers for greater energy efficiency and decarbonization. We would also like to set a good example ourselves: By receiving the DGNB Gold Certification, we have made our headquarters in Eschborn fit for the future and brought it up to date in terms of energy. The platinum level is to be reached in the next step. Here we were able to directly leverage our expertise as an energy service provider and, at the same time, have applied our knowledge to practical advice to our customers on their way to a climate-neutral building.

I wish you informative and stimulating reading!

Sincerely yours,

Matthias Hartmann

CEO of Techem GmbH

Techem at a glance: Making buildings green, smart and healthy

This year, we look back on 70 years of company history – on which we have been building energy expertise, real estate know-how and innovative strength. We are thus optimally positioned to support the real estate industry with the challenges of the energy transition as a leading energy service provider.

On the market for over 70 years

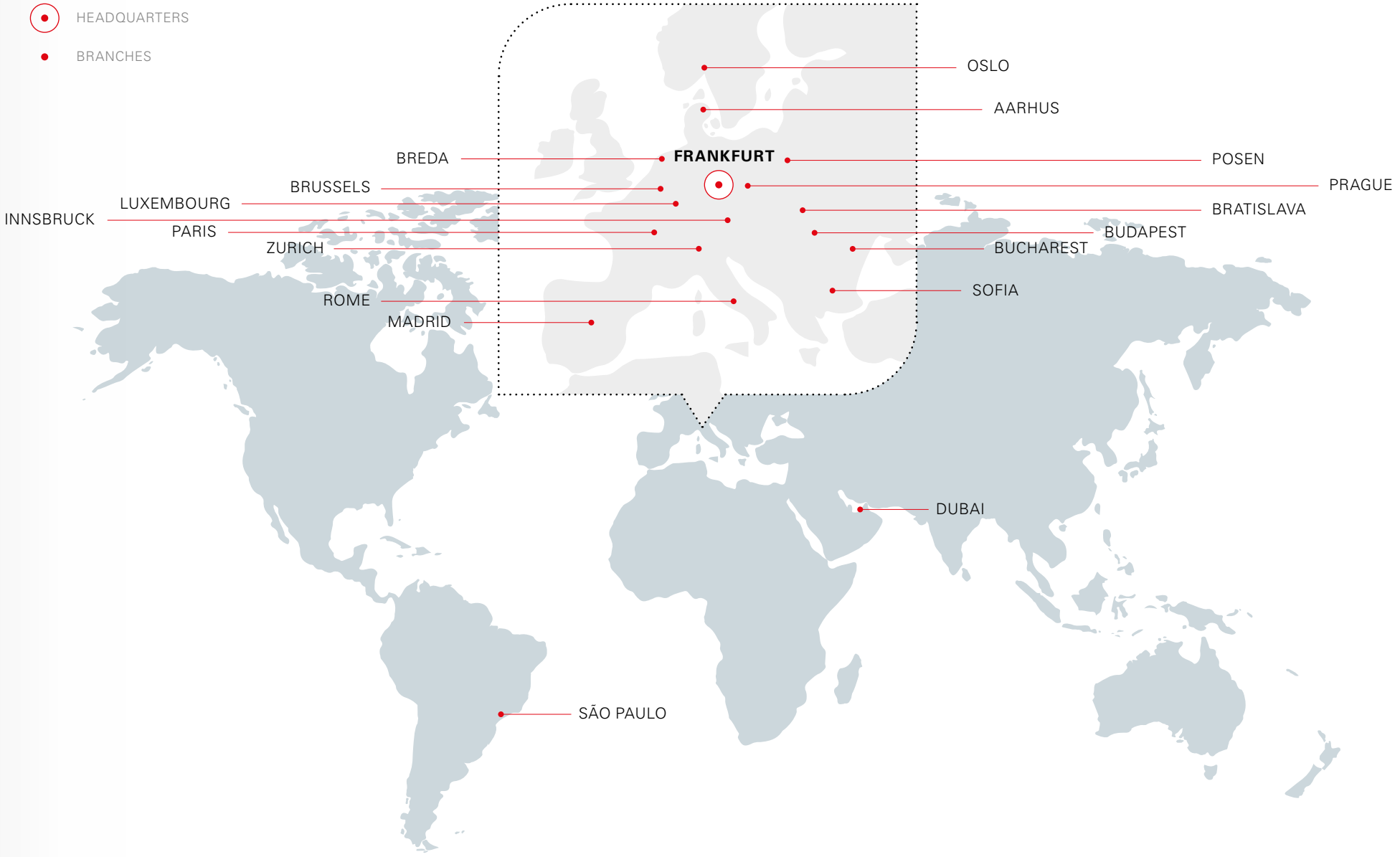
Techem was founded by Friedrich Ott in 1952 and was one of the first companies to contribute to distributing heating costs fairly according to consumption – and thus to saving energy – by recording the individual heat consumption of apartments. From the simple, analogue installation and reading of evaporator tubes on radiators, a broad-based, internationally active provider of energy and other services for healthy and livable real estate has developed over 70 years.

From a measurement service provider to a digital service provider

Techem combines decades of experience in the acquisition and processing of energy data with comprehensive know-how on the requirements and processes of energy systems in real estate – both in the area of generation and supply as well as the billing and optimization of energy flows. Based on the intensive examination of the needs of customers and tenants, Techem has also developed innovative services in the areas of drinking water quality and fire detection. This is how the meter reading company became a service provider for smart and sustainable buildings.

Active across Europe

Techem is now active in 19 countries with over 3,900 employees. We offer our services in more than twelve million apartments across Europe as well as in Dubai and Brazil. The company is managed from Eschborn near Frankfurt/Main by Matthias Hartmann as Chief Executive Officer of Techem GmbH, Dr. Carsten Sürig (Chief Financial Officer and Chief Performance Officer) and Nicolai Kuß (Chief Sales Officer). The Techem Group has various locations and companies in Germany and abroad. The parent company is Techem GmbH. The main business units in Germany are Techem Energy Services GmbH, Techem Solutions GmbH, Techem X GmbH, DMG Beteiligungsgesellschaft mbH and bautec Energiemanagement GmbH.


HEADQUARTERS
BRANCHES
OSLO
AARHUS
BREDA
FRANKFURT
POSEN
BRUSSELS
PRAGUE
LUXEMBOURG
BRATISLAVA
INNSBRUCK
PARIS
BUDAPEST
ZURICH
BUCHAREST
SOFIA
ROME
MADRID
DUBAI
SÃO PAULO

Our owners

Since July 2018, Techem has been owned by a group of investors led by the Swiss Partners Group (PG) as the majority shareholder and the Canadian pension funds Caisse de dépôt et placement du Québec (CDPQ) and Ontario Teachers' Pension Plan (OTPP). The owners of Techem are organized in the Luxembourg Investment Company 261 S.à r.l. (LIC 261).

Our Advisory Board

Techem's owners have established the Advisory Board at the LIC 261 level. It forms the highest control body in the Techem Group. The Advisory Board supports the management of LIC 261 in its decision-making and reviews or decides on business transactions of the Techem companies that require approval. It consists of nine members who either belong to one of the owners or advise as independent members with selected expertise on energy, digitalization or follow-up issues as well as on strategic topics concerning the company's development. As an independent member, Andreas Umbach is Chairman of the Advisory Board.

Please see p. 59, p. 111 and p. 137. for more information on governance and the composition of the Advisory Board.

Techem as a sustainable investment

Good to know

Techem's majority shareholder is Partners Group, one of the world's leading managers of private market investments in the areas of private equity, private real estate, private infrastructure and private debt. Partners Group has adhered to the United Nations sponsored Principles for Responsible Investment (PRI) since 2008. These include the financial relevance of ecological and social criteria as well as requirements for good corporate management (Environmental, Social, Governance – ESG for short). Partners Group also launched its new investment strategy "PG Life" in 2018.

The strategy is aligned with the United Nations Sustainable Development Goals (SDGs) and has the dual mandate of increasing returns on investments for customers and delivering measurable positive impacts on the environment and society. Techem was also acquired with this idea in mind.

Our financial figures

Our management-relevant financial key figures are sales, EBIT and free cash flow. We invest consistently in the digitalization of the energy transition – our capex in fiscal year 2021 was approx. 150 million euros. More financial figures can be found in the Consolidated Financial Statements in the Federal Gazette.

Key financial figures (in thousands of euros)

	Comparative period 2020[1]	Fiscal year 2021[2]
Sales	783,493	818,618
EBIT	111,654	114,021
Free cash flow	154,042	52,832
Capex	126,614	148,622

[1] This data covers the period from 10/01/2019 to 09/30/2020. This corresponds to the six-month short fiscal year ending September 30, 2020, and the six months preceding it (unaudited). Due to the presentation of the twelve-month comparison period, the key figures differ from those in the Sustainability Report 2020, in which only the six-month short fiscal year was covered.

[2] This data covers the period from 10/01/2020 to 09/30/2021 and was audited by an auditor. The audit opinion was published in the Federal Gazette.

Our customers

Techem's direct customers are companies in the housing industry, homeowners and property owners or cooperatives as well as operators of commercial real estate, hotels, office buildings or shopping centers, for example, and increasingly also developers of urban residential and / or commercial quarters.

Business activity at a glance

The tenants of the properties benefit from the services provided by Techem through lower energy costs, more security in the building and better drinking water quality. Techem's products and services also make a contribution to climate-friendly buildings.

Techem's top-selling business activity continues to be classic submetering, i.e. consumption-based heating cost billing. In addition, the company offers professional heat supply for apartment buildings and commercial properties.

The increasing digitalization of submetering and the infrastructure this requires are the basis for further services that focus on process efficiency, energy efficiency, CO_2e reduction and healthy living in real estate.

More specifically, Techem accompanies and supports property owners and managers in evaluating procedural, technical and structural optimization measures with a view to a clear goal: CO_2e-optimized and efficient technical building operation.

Networked consumption recording and control devices as well as sensors already enable energy savings of between 10 and 15 percent in heating and heating systems (see p. 19, p. 69). Regular consumption recording, analysis and visualization paired with digital and networked radiator control ensure that tenants can better influence their energy balance. Climate protection thus does not lead to a loss of comfort for tenants.

Sustainable technologies, such as heat pumps powered by green electricity, are increasingly being used to generate energy at the building and district level. Together with real estate owners, Techem enables the transition from fossil to renewable energy sources. Thanks to Techem's holistic data overview, photovoltaic and solar thermal systems can also be integrated into the district supply across several buildings. The sector coupling of heat and electricity is expanded by the connection of building operation and mobility. Techem offers e-charging solutions here, powered by climate-neutral electricity generated in the district. Techem also entered the smart metering business as a competitive metering operator at the beginning of 2021 and will be able to offer bundled consumption recording for submetering, electricity and gas in the real estate industry in the future (see p. 21).

Wireless technology as the key

One basis for Techem's wide range of product solutions is the interoperable digital radio infrastructure that has been developed over decades. The recording devices and sensors networked in this way and the pool of energy and process data based on them make it possible to optimize and automate work processes in real estate. Here, data protection and data security are the top priority.

Increasing health and safety in the home

Techem already offers solutions for more legal certainty and efficient building operation in the area of health in the home, which both landlords and tenants benefit from: smoke alarm devices with regular, radio-supported function tests or legionella tests meet the legal requirements and increase protection against fire or bacteria in drinking water. Drinking water technology services contribute to protecting the water quality and the pipe system. Further solutions will be added in the future, especially with a view to digitalization, networking and the increased use of sensors. Possible examples include keyless access to the building, checking the air quality or the digital and energy-efficient operation of elevators.

Devices and installations

01. Heat pump
02. Combined heat and power plant
03. Wireless smoke alarm
04. Wireless heat cost allocator
05. Wireless cold & warm water meter
06. Wireless heat meter
07. Smart thermostat
08. Smart readers
09. House water meter
10. Drinking water treatment
11. House electricity meter
12. Smart meter gateway
13. Hot water tank
14. Gas condensing boiler
15. Gas meter
16. Smart monitor
17. E-charging
18. Photovoltaic

Services

- Consumption recording and billing
- Energy management
- Regular consumption information for owners and tenants
- Energy certificate
- Holistic energy supply concepts & solutions
- Legionella test (see p. 19.)
- Smoke alarm service

Techem in numbers

193,654 tons
Scope 1 CO_2e emissions

19
countries

12.2 million
apartments in service

74
apprentices and dual students

2,763 tons
Scope 2 CO_2e emissions

818.6 million euros
in total sales

428,000
customers

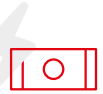
24.7%
percentage of women in management positions

117,343 tons
Scope 3 CO_2e emissions

52.8 million
measuring devices worldwide

3,944
employees worldwide

11.5%
staff turnover rate



1,016,362 MWh
energy sold

Magazine

OUR VISION FOR A BRIGHT FUTURE

In our magazine, we present solutions to the biggest challenges in the housing industry and discuss current key projects.

The huge task ahead: Climate neutrality by 2045

Techem sheds light on key issues relating to the green building stock.

Techem sees itself as an active player in the energy transition. We offer owners and managers of apartment buildings and commercial real estate products and services as individual solution modules for CO_2e reduction. To this end, the company has developed a set of measures that address various aspects of the building. We show how a climate-neutral building stock can be made possible through a joint effort by political and economic players, the real estate industry and other stakeholders.

» What is good for the climate becomes cheaper – what is bad, more expensive. «

From the 2021 coalition agreement in Germany "Mehr Fortschritt wagen" (Dare to make more progress)

According to the European Commission, the building sector is responsible for 36 percent of all CO_2e emissions in the EU. These need to be drastically reduced. However, this is a complex task due to different interests, competitive technologies, political framework conditions and social implications. And in fact important questions need to be answered: Who is responsible for reducing emissions? And who will bear the costs? Do we have to build new buildings or renovate the ones we have? Does heat consumption even matter if the fuel is CO_2e-neutral?

A long way to go in reaching the goal

55 percent lower greenhouse gas emissions – in 10 years! The announcement of the Green Deal by the European Commission in 2020 was like a bang for climate policy. The large package of investments, laws and strategies is intended to make many areas of life, such as agriculture, transport, the energy industry and construction, more climate-friendly throughout Europe. The EU wants to be climate-neutral by 2050. Ambitious goals that are being implemented with the package of measures "Fit for 55" and that make the European countries responsible.

Laws and resolutions are driving climate targets forward in the individual countries, too. For example, the German Federal Constitutional Court made it clear in April 2021 that the government has already committed itself to protecting the natural basis of life for future generations.

The correspondingly tightened targets for climate protection – Germany wants to be climate-neutral by 2045 – weigh doubly heavily for the building sector in that previous targets have repeatedly been missed. The new traffic light coalition will further increase the pressure to act with the planned "Easter and summer packages" and show how the goals can be achieved with the help of new regulatory solutions.

No panacea for climate neutrality

There is no panacea and no blueprint for achieving such ambitious goals. Even if the building stock in Germany is relatively clearly broken down into categories and classes and an energy classification can be carried out, it is heterogeneous: diverse, very individual starting situations for the owners and managers of real estate, investments that have already been made, different renovation cycles, the financial resources available and strongly varying efficiency of individual measures. Added to this are new technological developments and the uncertainty with regard to changing regulatory framework conditions at the country and European level. This makes it impossible to formulate a one-size-fits-all approach.

Changes in regulations for energy sources and support measures

The regulatory environment in which real estate companies operate is characterized by four developments in particular. These include the CO_2 price, the abolition of climate-damaging subsidies, the discounts for climate-friendly alternatives and a reduction in electricity prices.

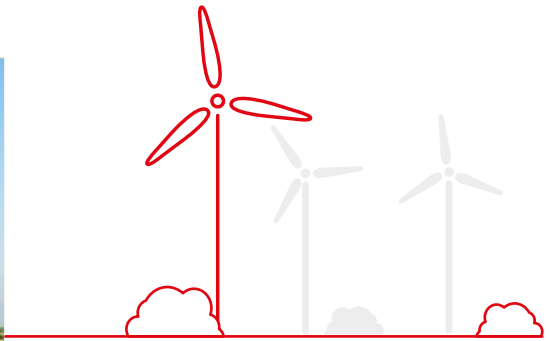
In the future, subsidies and tax breaks for climate-damaging energy sources are to be reduced and abolished. In return, climate-friendly energy sources are to be discounted. In order to implement this, the promotion of renewable energies is the top priority: The German coalition agreement provides for two percent of the country's area to be dedicated to wind energy and suitable roof areas to be used for photovoltaic systems.

This will soon be made mandatory for new commercial buildings and the norm for new private buildings. It is probably only a matter of time before a similar regulation is introduced on renovating existing buildings. The further the expansion of renewable energies progresses, the cheaper energy will become in the future. The EU instrument of taxonomy also supports the switch to environmentally and climate-friendly solutions and thus drives climate protection from within the financial market.

Germany is taking the first steps to making electricity applications cheaper and thus more economical than natural gas, for example: the complete abolition of the EEG surcharge by the end of this year is the declared goal of the federal government. Network charges, taxes and levies currently account for around 80 percent of the electricity price. If these were to be eliminated in the future or at least drop drastically – as announcements suggest – electricity in Germany could soon cost only a fraction of what it normally does today.

General overload

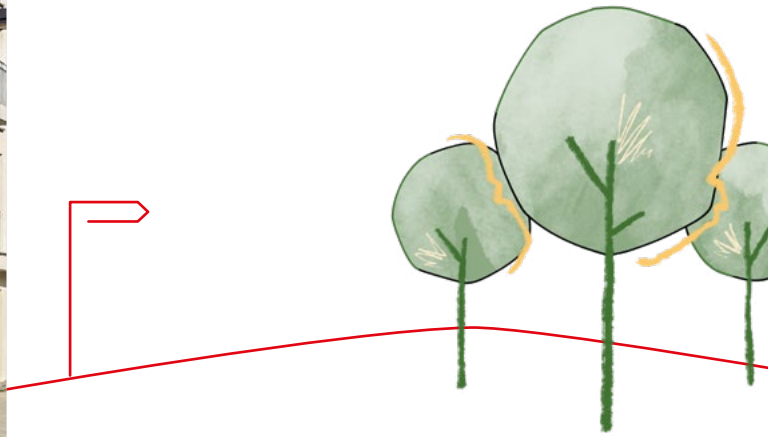
Due to the very different conditions and requirements, uncertain future developments and a range of options for action, many owners and managers of real estate rightly feel overwhelmed. Techem therefore presents a framework for taking action, defines criteria and has developed a solution kit that the real estate industry in all European countries can use according to individual needs. Each building block brings society one step further towards the common goal of a CO_2e-neutral building stock.



According to the coalition agreement, 2% of the country's area is to be designated for wind energy.

What needs to be done? Reduce and transform!

From a technological point of view, a set of measures is available for CO_2e minimization, which Techem divides into two types: **1.** those that reduce the final energy consumption of the building stock, and **2.** those that cover the remaining consumption in a CO_2e-neutral manner. From the company's point of view, these should be **3.** embedded in a comprehensive digitalization strategy that also takes the use of Artificial Intelligence (AI) into account.



1. Efficiency first

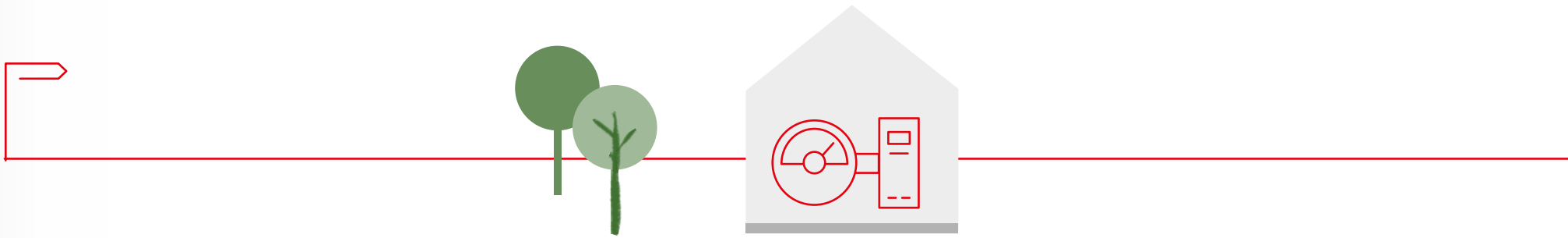
Studies by Techem show that three main modules are necessary to sustainably reduce the final energy consumption of building stock: An improved building shell, the proper setting of the system technology for heating and hot water as well as the involvement of the tenants.

The shell has potential: Depending on the type of building and the scope of the measures, renovations to the building shell can save around 30 to 60 percent of the final energy consumption. Massive amounts of energy can be saved, in particular by insulating the facade, basement ceiling and roof and by installing new windows and doors.

The efficiency of the system technology as a key lever: Only every fifth heating system is set properly. An intelligent digital control that is well adjusted to the building can save 10 to 15 percent of the final energy consumption. It is also a fact that around 55 percent of all heating systems in Germany are more than 15 years old. In the long term, the low level of energy efficiency is no longer sustainable: The more oil and natural gas is burned or fossil-based district heating is used to generate heat, the higher the CO_2e emissions. Digital monitoring and control technology can make a significant contribution to improving a building's carbon footprint. Techem is already supporting its customers in this regard. In some cases, however, the replacement of the systems is unavoidable due to their age.

Measuring creates awareness: Even if tenants have little influence on the energy sources and systems used in the building, the right heating and ventilation behavior can be decisive for efficient heat consumption and save a lot of energy. Transparency through regular consumption information and concrete recommendations for action lead to more conscious use of energy. The European Energy Efficiency Directive (EED) and the revised German Heating Costs Ordinance (HKVO) have required monthly consumption information since January 2022 (see p. 142). Techem provides the appropriate technology and software for this.

Every single measure contributes to greater energy efficiency in the building. Real estate owners and managers can implement them individually depending on their individual requirements and thus take a step towards climate neutrality. However, they work best together: the combination of renovation of the building shell, involvement of the tenants and optimized system operation reduces energy consumption in buildings in the most sustainable way.



2. Set up a CO_2e-neutral energy supply

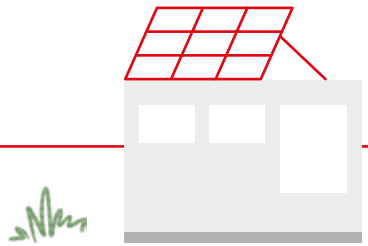
We will continue to heat, even if savings are possible with the measures mentioned. The energy required for this must be emission-free, however. From Techem's point of view, there are two overarching goals: on the one hand, the expansion of local regenerative energy production via solar thermal energy and photovoltaics, on the other hand, the integration of these forms of energy into the supply system of the properties and the use of electrical heating systems. So what will the climate-neutral building and neighborhood of the future look like?

Greater use of roof space: This makes sense in order to be able to cover the growing demand for CO_2e-neutral electricity. The electricity generated from sunlight can be used directly on site in the building – without having to go through the public power grid. In order to put this into practice, consumption-based billing of the parties must be ensured. Techem already offers the relevant technologies for smart districts – via smart metering, i.e. the operation of digital electricity and gas meters, as well as the billing of shared charging stations for e-cars, for example.

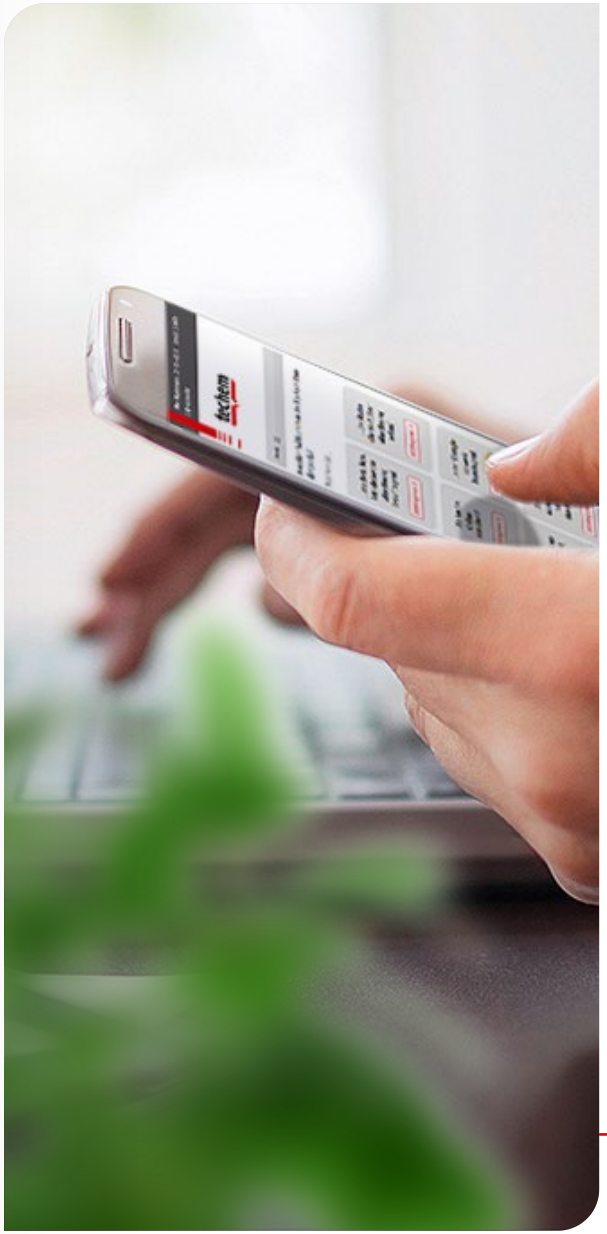
Heat from electricity: In order to heat and generate hot water, electricity has to be converted into heat. This is also feasible by using CO_2e-neutral heating systems in the buildings themselves. For example, electric heat pumps offer great potential for this. Another possibility is to supply heat to larger buildings via decarbonized district heating or low-carbon energy sources such as biomethane, synthetic fuels and other decarbonized energy sources.

Is hydrogen the future? Besides the heat pump, green hydrogen has also been hotly debated for some time. This technology could play an important role in the future, especially as a solution for sustainable districts, because, with the right infrastructure, it can be used ecologically and economically efficiently in the district.

The real estate industry has a wide variety of options for different requirements to cover the remaining energy consumption in a climate-neutral manner.



Electric heat pumps offer great potential on the way to climate-neutral buildings.



3. Expand networking and digitalization

The megatrend of digitalization will have a major impact on the building stock. Up to 14.7 million tons of CO_2e can be saved by 2030 through building automation. Only those who know the current energetic status of their building and can monitor it know which measures can be used to achieve the highest CO_2e reductions with optimal economic efficiency. This will only succeed with a digital infrastructure. Techem is helping to build this up with new products such as intelligent metering point operation and is working together with PropTechs (Property Technology) and information technology companies.

With digitalization to the energy transition: With the metering point operation law and the amendment to the district heating ordinance, the foundation has been laid for metering systems for electricity, gas and district heating to also be operated by third parties. As a metering point operator, Techem is now able to equip real estate with digital smart meter gateways across all sectors, so that owners and administrators can receive all the data digitally from a single source.

Small investments, big effect: A digital infrastructure also offers the possibility of using AI-controlled processes for heat generation and distribution. A particularly great opportunity lies in efficiently connecting the electricity, gas and heating networks with the help of data, thereby leveraging efficiency potential and contributing to the system and supply security of the networks.

Digitalization is not a buzzword, not a "nice to have" or "simply taking part in a megatrend," but rather a basic requirement on the way to a climate-neutral building stock. The big advantage of digital solutions is that they usually require little investment and hardly any or no structural work.

2045

Techem is building a digital infrastructure for monitoring buildings by launching new products.

Decarbonization in the building stock

Building blocks

Valuation & Refurbishment of the building shell
- Facade, basement-ceiling, roof
- Windows, doors

User behavior
- Transparency, visualization
- "Measuring creates awareness"

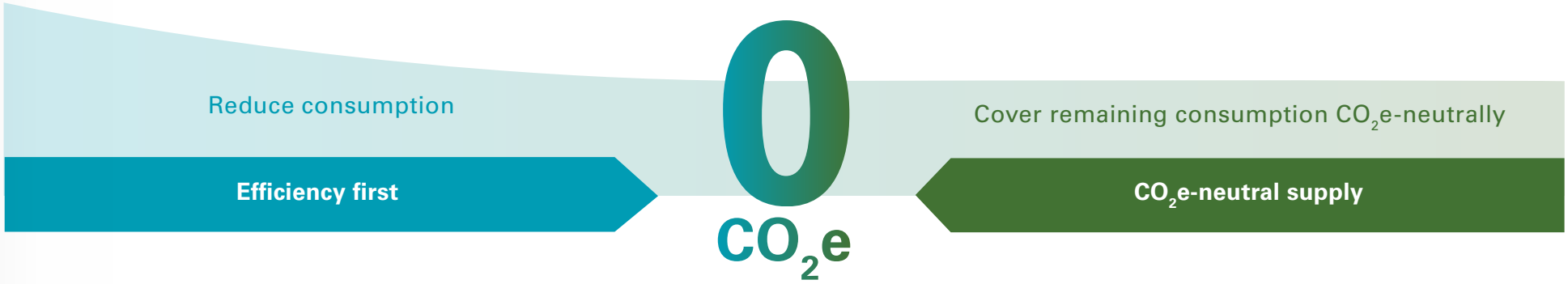
Optimization of system operation and technology
- Monitoring
- Controlling
- Operation

Expansion of local regenerative generation
- Solar thermal
- Photovoltaics

Electrification of the heat supply
- Heat pumps powered by renewable electricity

Decarbonization of energy sources
- Biomethane
- Green hydrogen

Decarbonization of heating networks
- Green local and district heating networks

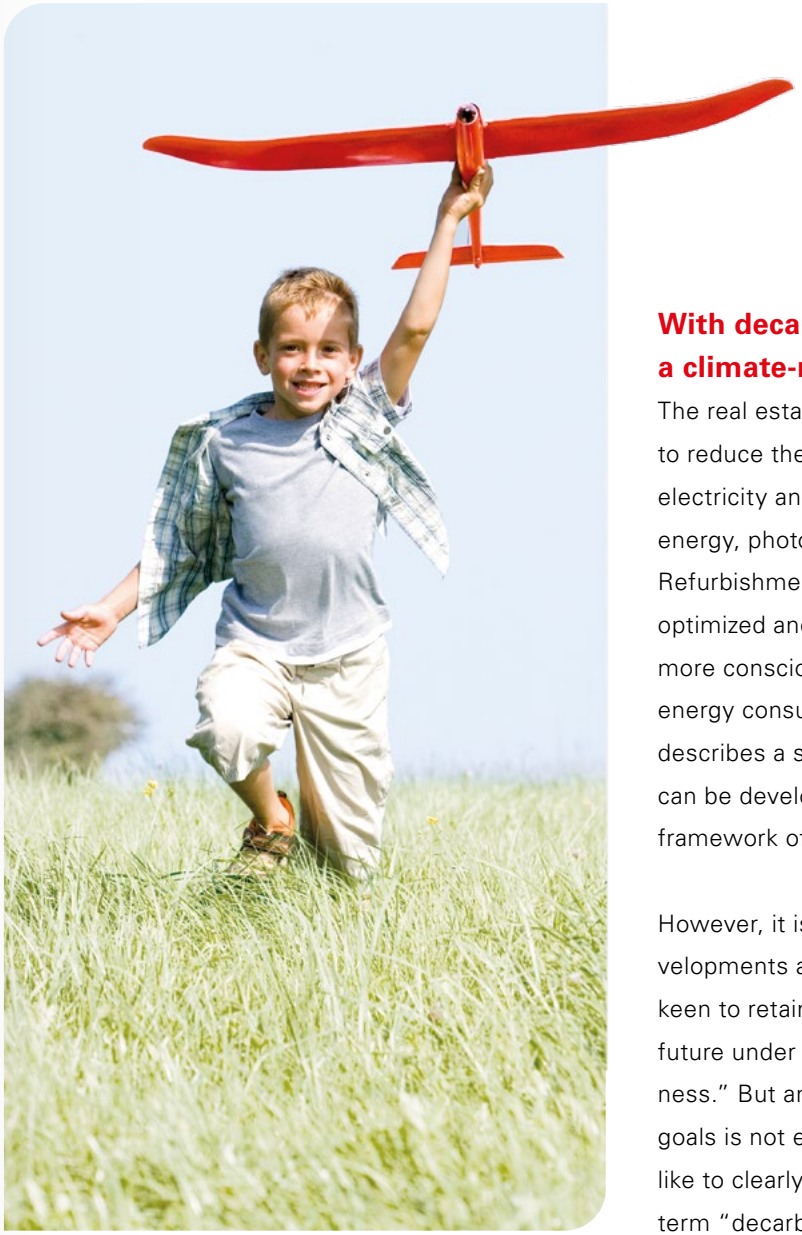


Foundation

Digitalization

(Transparency of energy consumption, costs and CO_2e)

- Building Information Modeling (BIM)
- Sub & Smart metering
- System monitoring
- Artificial Intelligence (AI) for operational optimization



With decarbonized technology openness to a climate-neutral building stock

The real estate industry has many options available to reduce the CO_2e footprint of buildings – be it green electricity and technologies such as solar thermal energy, photovoltaics, heat pumps or green hydrogen. Refurbishment and insulation of the building shell, optimized and efficiently adjusted heating systems and more conscious heating behavior also help to reduce energy consumption. With its set of measures, Techem describes a scope for action in which the building stock can be developed in a CO_2e-neutral manner within the framework of the political regulations.

However, it is important to remain open to new developments and technologies. Some companies are keen to retain business models from the past for the future under the cloak of the term "technology openness." But anything that is not in line with the climate goals is not expedient or sustainable. Techem would like to clearly differentiate itself from this and use the term "decarbonized technology openness."

As a player in the energy revolution, Techem is committed to the goal of CO_2e-neutral buildings by 2045. With its products and services, the company is already helping to significantly and continuously reduce CO_2e emissions in the building stock. Techem will expand and advance this strategy in the future – also by means of its own decarbonization plan (see p. 80) and the newly founded Techem Research Institute on Sustainability (TRIOS) (see p. 103).

The next few pages deal with some aspects of this, provide background and insights into the work of the company and also show that ultimately the major task of making the building stock climate-neutral can only be achieved together with political and economic participants. Techem is therefore calling on all those responsible to set out together with us. The path won't be easy, but the goal is worth it!

Grow climate-neutrally and transform the building stock

Techem reduces the CO_2e footprint and brings sustainable and economical solutions for customers into buildings.

Heat contracting accounts for a large part of Techem Solutions' business. At the same time, it is responsible for around 85 percent of the Group's CO_2e emissions, since many existing systems are still operated with fossil fuels. As an innovative and green energy manager, Techem wants to reduce this carbon footprint to zero by 2045 – this can only be done together with our customers!

Contracting – optimized heat supply that offers many benefits

Good to know

Contracting is an outsourcing offer from Techem for its customers that relieves them of the responsibility for the energy and heat supply in their properties. Techem ensures that supply systems are optimally planned, built, financed and operated in an energy-efficient manner. The company takes on the investment in new systems. At the same time, it operates and maintains the systems to save time and money. Contracting customers pay for the service as part of a leasing contract over the term of the systems. For them, this means financial relief while at the same time increasing efficiency. The latter is the core element of contracting solutions and has a positive effect on the environmental balance. As an expert on energy management, Techem advises its customers on the most sustainable and economical solutions and sees itself as an accelerator of the energy transition in buildings.

Holger Suschowk and Gero Lücking, Managing Directors of Techem Solutions GmbH, explain in an interview how Techem is on its way to achieving climate neutrality together with its customers.

» We must actively draw our customers' attention to the changed (...) framework conditions. «

Gero Lücking
Managing Director of Techem Solutions GmbH

» Today, we already have very innovative heat supply solutions in our portfolio. «

Holger Suschowk
Managing Director of Techem Solutions GmbH

Holger, honestly: What will the Techem Solutions portfolio look like in 2022?

Holger Suschowk: Our system portfolio is very typical of a contracting service provider in the real estate industry. Especially in the area of heat, the energy industry is still very gas-dominated today because it was easily available cheaply for a long time as the fossil fuel with the lowest CO_2e emissions. Our portfolio is therefore essentially characterized by gas units in which we generate heat for our customers from natural gas – but in many systems, electricity from combined heat and power generation is also added. Where no public gas infrastructure is available, we use wood pellet systems. In this way, we work with our customers to gradually replace oil systems that are still in operation on an individual basis. In addition, many real estate portfolios are located in areas supplied with district heating. We optimize the heat consumption and the connection work for our customers and take over the complete energy management.

With regard to our 2022 system portfolio, one can basically speak of a mix that is clearly dominated by gas. But what I can say is that we already have very innovative heat supply solutions available.

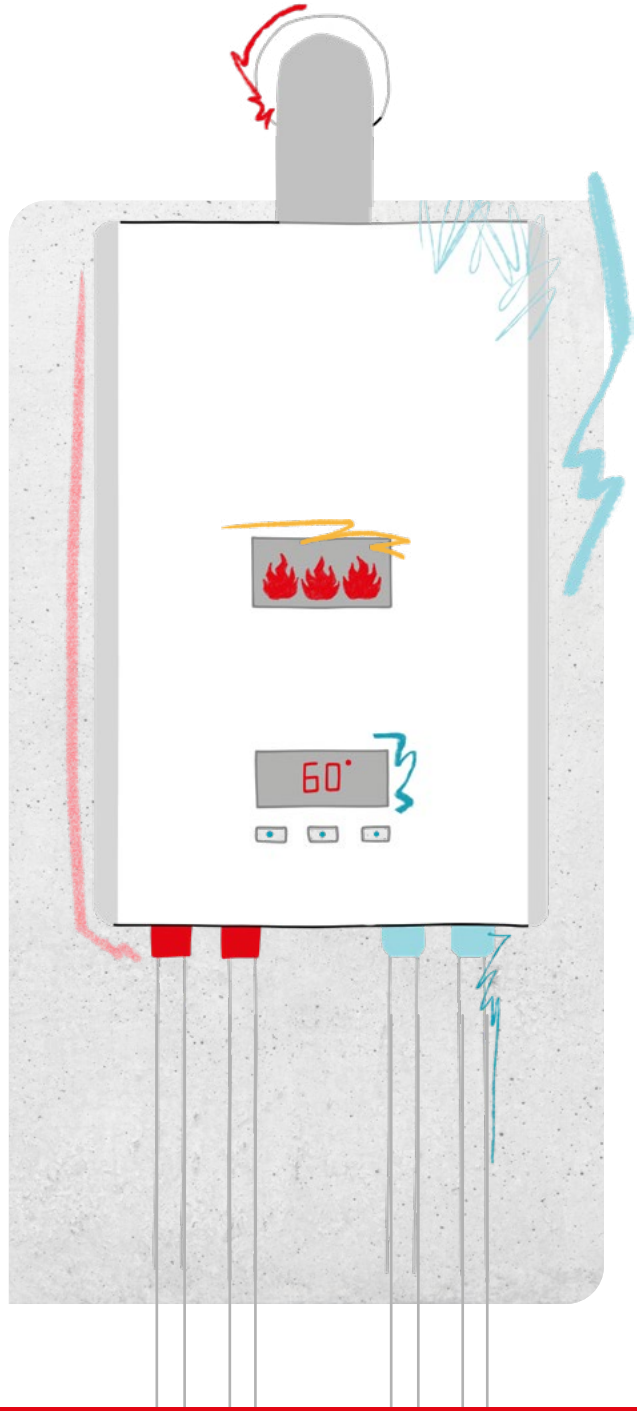
For example, we use waste heat from the wastewater from commercial plants in combination with heat pumps to heat residential properties. In addition, we are currently running the first pilots with fuel cells in order to expand our know-how in this area as well.

The contracting business accounts for the lion's share of Techem's CO_2e emissions. How does that come about?

Gero Lücking: As Holger already mentioned, our investment portfolio is characterized by a typical real estate portfolio in Germany that we have to work with. This also has an impact on our emissions because we have to report the CO_2e emissions associated with the Techem contracting business in our CO_2e balance sheet. Ultimately, however, the choice of technology and fuel lies with our customers, since they commission us. That's why we want to bring about change together with our customers.

What steps is the company taking to attract customers to sustainable solutions?

Gero Lücking: We must actively draw our customers' attention to the changed economic and regulatory conditions.



In the past, our customers were mainly concerned with the technical feasibility and economic efficiency of the systems. Today, you can no longer avoid dealing with sustainability when it comes to this topic. In addition, fossil fuels are becoming more and more expensive due to CO_2 pricing, among other factors, and sustainable, green energies are getting cheaper and cheaper. The efficiency of a system appears in a completely different light and changes over the duration of its (contract) term. Whereas for many property owners and managers the investment amount used to be the main factor in purchasing a new and more efficient system, today it is the total costs – i.e. the sum of the investment and operating costs. Due to the currently historically high gas prices and the taxation of CO_2, fossil solutions are disappearing on the market anyway, also with a view to the necessary reductions in emissions. Climate-friendly solutions are consequently becoming the standard.

Holger Suschowk: We want to give our customers appropriate advice on this because, as a contractor, we enter into a long-term, trusting partnership with them. We believe that investing in efficient and sustainable systems is not only good for the environment, but also saves money over its lifetime.

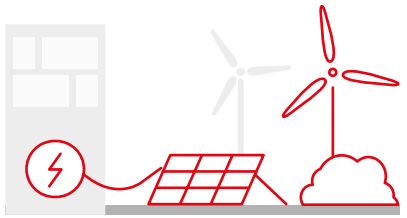
We are already seeing positive changes: customer awareness of greater energy efficiency in buildings has become much stronger. In addition to the ongoing sensitization of our customers, this is certainly also due to the public focus on climate protection in recent years. Of course, the war in Eastern Europe since February 2022 also plays a major role. Now even those who hesitate understand that we have to get away from relying on fossil fuels.

Gero, let's take a look into the future: What will the current systems have to look like in 2045 in order to achieve the climate targets?

Gero Lücking: One thing is clear: they will have to be emission-free and that means that they will be much more electricity-oriented. We will have switched off coal and nuclear power plants by 2045, while electricity is only generated by wind and solar energy. Apartment buildings with up to 25 residential units will then mainly be equipped with electric heat pumps that provide CO_2e-free heat. Photovoltaic systems will also generate the electricity needed directly on site. The roofs will therefore be blue. Large quarters and districts will be supplied with local and district heating, which will be provided in a CO_2e-neutral manner using green hydrogen.

This will be the great electric transformation! It will lead to the coupling of the electricity, heat and transport sectors, which were previously fed separately from nuclear and coal-fired power, natural gas, oil, petrol and diesel.

Holger Suschowk: Digitalization will also play an important role. Our buildings will be a lot smarter by 2045. With digital solutions, the current energy status of buildings can already be analyzed today. This is the basis for deriving measures to improve energy efficiency. In the future, digital monitoring solutions such as the Techem Smart Monitoring System will increasingly take over the control of the systems in order to operate them as efficiently and sustainably as possible. The digital recording and provision of consumption data can help to adapt our usage behavior because, even if energy is provided from renewable sources in the future, we have to use it more efficiently and carefully overall. Renewable energy is a rare commodity – the sun doesn't shine 24 hours a day and the wind doesn't blow all the time either. There should therefore be no more wasting of energy!

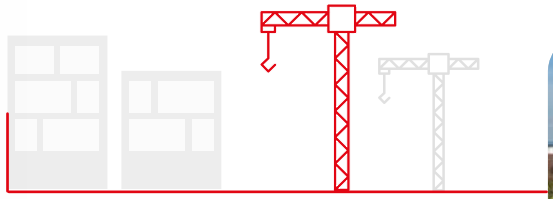


Our goal: The building stock will be much more electricity-oriented by 2045. Electricity will only be generated by wind and solar energy.

What will be the biggest challenges along the way?

Holger Suschowk: We can't radically change the stock from one day to the next – it's a process. Gas systems that were only built a few years ago might continue to run for a while before the installation of a new climate-friendly system can be economically presented to our customers. In general, affordability, technical feasibility and sustainability must always be considered together in the decision-making process. This applies in particular to necessary investments in existing properties. Techem has set up a decarbonization plan to promote the implementation of green solutions as soon as the contracts expire. This also means that we will provide every new customer with a green offer.

Gero Lücking: There are still question marks with specific technologies. For example, green hydrogen is not yet available for the housing industry – so this is an option for the future. However, it will not be possible to distribute it to every house via the natural gas grid. It will be mainly available to industry and combined heat and power plants, which will supply entire districts with heat via local and district heating networks. Today, we must focus on solutions that can be used immediately, such as photovoltaic systems and heat pumps.



In new buildings in the district network, current-led, regenerative systems can be optimally planned and integrated from the outset.

Both are already state of the art in single-family homes in 2022. Now it is a matter of transferring them to apartment buildings and scaling them up for districts. We still have a good 20 years to achieve our goals. By then, a lot will continue to happen technologically. In this respect, however, we will not rely on decarbonized types of technology until the change takes place. The challenge is too big and the time too short. Many climate-friendly options are already available to us today.

You mentioned that Techem also has district solutions in its timetable. What role will they play on the way to climate neutrality?

Gero Lücking: We are firmly convinced that supply solutions that include multiple properties are ultimately much more economical than individual solutions. They will therefore establish themselves more easily and quickly on the market. In new buildings in the neighborhood network, power-driven, regenerative systems can be optimally planned and integrated from the start. A significantly lower temperature level is then sufficient for the heat supply. The building fabric can also be optimally designed in terms of insulation, windows and heating surfaces, so that comfort, design and sustainability requirements can be linked and met. Through digital networking, districts can be controlled efficiently and smartly from a central location.

With current properties, on the other hand, you can't simply start on the drawing board. Here it is becoming more detailed and complicated to install and network new technologies, since the conditions in an existing building must be taken into account. But here, too, there are already effective approaches in the quartet of energy saving, energy efficiency, the CO_2e-neutral provision of the unavoidable residual demand and digitalization.

Last but not least: Techem wants to grow and at the same time become climate-neutral. Can this go hand in hand?

Holger Suschowk: Absolutely! Green solutions are becoming very attractive as a result of the changes in the market, in the political framework and the funding mechanisms, but also due to the desire to limit CO_2e emissions. Climate-neutral products and services therefore offer great growth potential. Techem has already positioned itself well for the two megatrends of digitalization and climate protection. After all, growth and climate neutrality are not mutually exclusive for us.

Gero Lücking: Every building must be addressed by 2045. New buildings that we add to our inventory must be green from the start so that we can put our decarbonization plan into action. If we as Techem bring along the green, climate-neutral solution and make corresponding offers to our customers, that opens up great growth potential for us – and we want to work hard to develop this potential.

See p. 80 for our decarbonization plan.

» Growth and climate neutrality are not mutually exclusive for us. «

Holger Suschowk
Managing Director of Techem Solutions GmbH

The company headquarters as a beacon for a sustainable building stock

Techem is aiming for DGNB Platinum certification in Eschborn.

Techem starts with its vision of “Making buildings green, smart and healthy” at its own company headquarters. Together with the owner, the energy service provider is bringing the 20-year-old property up to date with energy-related refurbishment measures and is demonstrating through certification by the DGNB how sustainability can be achieved in the building stock. From its own experience, Techem is gaining important insights to provide its customers with practical advice.

» Techem is turning its headquarters into a showpiece for energy efficiency and green solutions in existing properties. We rely on our own products and solutions, which we are constantly developing by testing them under real conditions. «

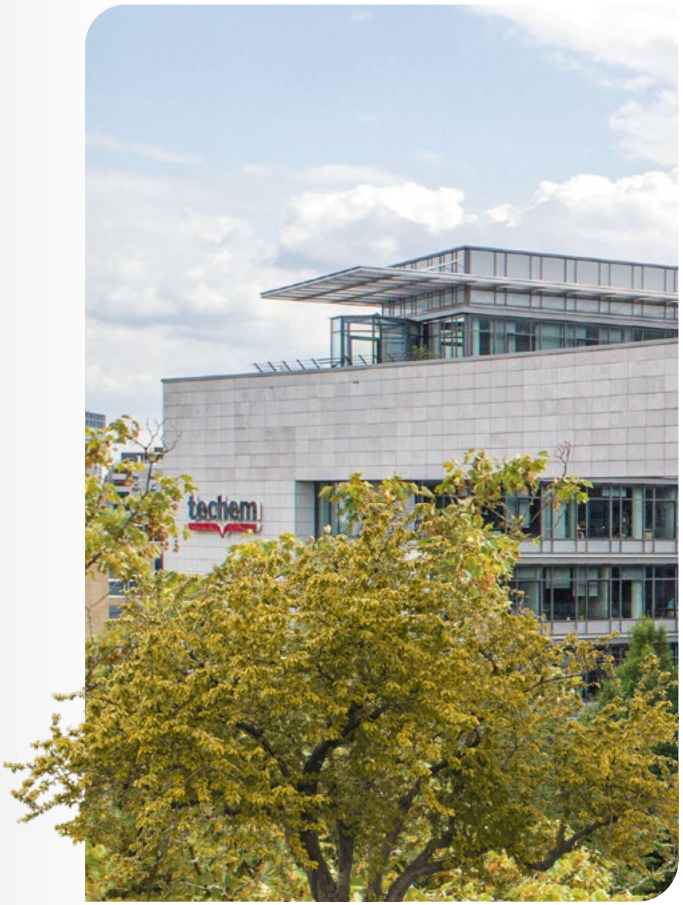
Ulrich Winz

Head of Central Engineering at Techem

Good to know

Network for sustainable building – the DGNB

Since it was founded in 2007, the German Sustainable Building Council (DGNB) has been committed to demonstrably good buildings, livable neighborhoods, in short, to a sustainably built environment. The basis for this is a holistic understanding of sustainability that includes ecological, economic and socio-cultural aspects. In order to make sustainable building practically applicable, measurable and thus comparable, the DGNB has developed its own certification system. This is based on three main paradigms: life-cycle consideration, a holistic approach and performance orientation. The certification is based on nine defined criteria within the key sustainability areas of ecology, economy and socio-cultural issues. These are included in the evaluation with different weightings. Measures that have already been implemented as well as those that are planned are taken into account. The DGNB certification system is divided into four levels: Bronze, Silver, Gold and Platinum, which correspond to different degrees of fulfillment of the defined criteria.



Sustainably operated building
DGNB Certificate in Gold

Gold for corporate headquarters

Techem already received Gold certification for its headquarters in 2021 according to the DGNB system for buildings in use. A comprehensive audit was carried out as part of the certification, in which the status quo was gradually recorded for each evaluation criterion and the need for optimization was identified. The result: Techem already meets around 75 percent of the sustainability criteria set by the DGNB with regard to ecology, economy and socio-cultural measures. The company benefited from the fact that it had been supplying its headquarters with energy itself for years and thus had a good overview of the systems and energy flows in the building. This experience also made it easier to work with the owner in defining solutions.

With the receipt of DGNB certification in Gold, Techem has put its company headquarters to the test in terms of sustainability. The Platinum level is to be reached in the next step. Techem can combine its expertise as an energy service provider with its solutions directly in the ecological dimension, and places a focus on this.

In the case of Techem, the decisive factor for the successful certification in Gold was the digital monitoring of electricity, heat and water consumption on a monthly basis already in use. This forms the basis for certified energy management according to DIN 50001. The energy management system used also received a positive rating. In addition, the Techem Smart Monitor was classified as particularly innovative in the DGNB certification process. The resulting efficiency reports help to derive measures for efficient heating and cooling operation. Monitoring using the Techem Smart Monitor also reveals malfunctions or incorrect settings in the heating system and can be rectified in a timely manner.

The evaluation also included the management of recyclables, the development of operating costs, user comfort, the integration of various mobility offers and the sensitization of employees to the topics of sustainability and resource conservation. Every year there is a recertification by the DGNB. All evaluations in the individual areas are checked, which also supports the continuous improvement process.

The path to Platinum

The owner of the building and Techem are not satisfied with Gold, however. The common goal is to achieve the highest level: certification in Platinum. To achieve this, the company headquarters must meet at least 80 percent of the criteria set by the DGNB. For this purpose, Techem took a close look at the ecological aspects of building operation and developed a concept for optimizing the heating and cooling supply.

The building is currently supplied with heat by two large gas boilers and by large air conditioning systems on the roof. After nearly 20 years, the system technology has now arrived in the usual investment cycle. The installation of two heat pumps on the roof turned out to be the ecologically and economically best variant in the concept development. As green electricity-based, regenerative energy sources, these bring environmental heat into the building and work at a lower temperature level.

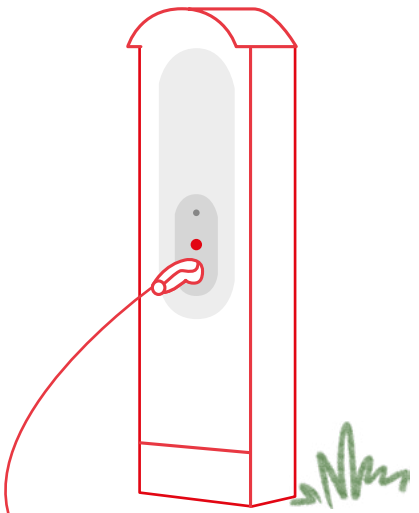
An additional advantage is that, with them, existing surface systems, such as those usually used for the cooling supply in office buildings, can be used equally for cooling and heating. This is also the case at Techem headquarters: the cold water piping installed inside the false ceilings can be used for both cooling and heating.

The installation of the heat pumps and the resulting increase in the efficiency of the systems means that the CO_2e footprint of the Techem company headquarters can be reduced by up to 90 percent. Accordingly, the concept is a helpful blueprint for a contemporary, sustainable heating and cooling supply for existing commercial properties. Techem uses the practical experience gained in this way to advise its customers.

System optimization and the resulting increase in efficiency will bring Techem a decisive step closer to Platinum certification. In addition, the optimization of the water and heating system in the building by means of sensors and actuators is to be added and thus the introduction of digital hydraulic balancing.

Further measures are also planned, such as the installation of photovoltaic systems on the roof or a bicycle garage on the company premises, to promote sustainable mobility. Techem has already implemented an initial measure in this area by installing charging stations for e-cars in the underground car park. In the area of outdoor facilities, a sustainable redesign for more biodiversity is planned. As a basis for the new concept, a biodiversity check of the Techem outdoor area in Eschborn was carried out by the Global Nature Fund.

Full steam ahead on the way to a traffic turnaround with Techem E-Charging



Techem is actively contributing to the expansion of charging possibilities with flexible service packages.

The traffic turnaround is vital to achieving the climate goals. Nevertheless, it can only succeed if everyone pulls together across sectors. Efficient concepts need to be developed and intelligent solutions must be found to ensure sufficient charging options. With Techem E-Charging services, we are making an active contribution to the expansion of the charging infrastructure together with the real estate industry.

The transport sector is one of the main causes of CO_2e emissions worldwide. Year for year, it falls short of its climate targets. In 2019 alone, it was responsible for around 20 percent of the greenhouse gas emissions in Germany. In the EU as a whole, its share is even 30 percent, 72 percent of which is related to road traffic.

The EU climate protection goals envisage reducing transport-related greenhouse gas emissions by 60 percent by 2050 compared to 1990 levels. Germany wants to reduce its emissions from transport by at least 70 percent by 2030 – an ambitious plan for a sector whose contribution to reducing emissions has stagnated for decades.

In order to achieve the climate goals, it will not be enough to look at the individual sectors separately. This becomes clear using the example of traffic: CO_2e emissions can be reduced to a large extent by consistently switching to electromobility with electricity generated from renewable sources. However, for a complete turnaround in transport, synergies between the electricity, heat and transport sectors must be used intelligently and the charging infrastructure for e-cars must be expanded. Despite the boom in e-mobility – new registrations of electric cars in the EU rose by 63 percent in 2021 – the latter is still insufficiently developed, which is often cited as an obstacle to switching from the combustion engine. Intelligent charging options in real estate and residential areas make the decision easier. This will require digital solutions for the operation and for the billing of charging power consumption, which Techem offers with its E-Charging services.

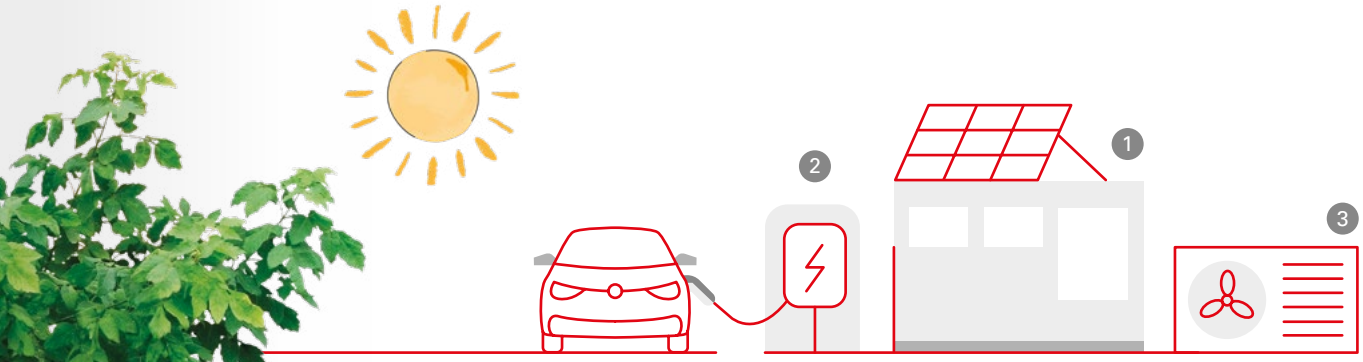
Sector coupling

So far, the electricity, heat and transport sectors in the energy industry have mostly been considered independently of one another. However, this silo thinking limits the efficiency of the energy system as a whole. If more and more renewable energies become available in the future, the electricity generated in this way can be transferred to other sectors and be used for heating or electromobility, for example. With a holistic data overview, photovoltaic systems can be integrated into the district supply across several buildings and the electricity generated can be distributed as needed. Heat pumps are also increasingly supplementing the portfolio of sustainable forms of generation in the district. The sector coupling of heat and electricity is being expanded by connecting mobility and electricity.

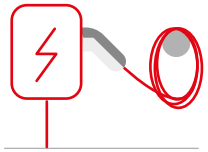
Power supply

The increasing number of electric vehicles is pushing our current power grids to the limit of their capacity. The network infrastructure needs to be expanded and optimized accordingly. Intelligent load management, which specifically controls the energy consumption during the charging process, is important here.

The electricity is ideally generated from renewable sources, via the solar system on one's own roof, for example. In this way, the green electricity can flow directly from the house via the wall box to the electric vehicle.



Electricity from 1 photovoltaics is used for the 2 E-Car charging station and 3 heat pump. These use the energy directly or act as cross-sector energy storage systems for the energy generated via photovoltaics.



7 million charging devices are to be installed in private homes across the EU by 2030.

Charging infrastructure

The expansion of the public charging infrastructure in Europe is still progressing too slowly. Therefore, public charging points alone are not enough. In particular, solutions are needed at work and in the private sphere. On average, 70 to 90 percent of the charging processes take place at home or at work. Since vehicles are usually parked there for several hours, charging devices with an output of 11 or 22 kilowatts are sufficient. These are much cheaper than the superchargers used in public spaces with a charging capacity of up to 250 kilowatts. Techem's focus is therefore specifically on equipping apartment buildings and office buildings with the appropriate charging infrastructure.

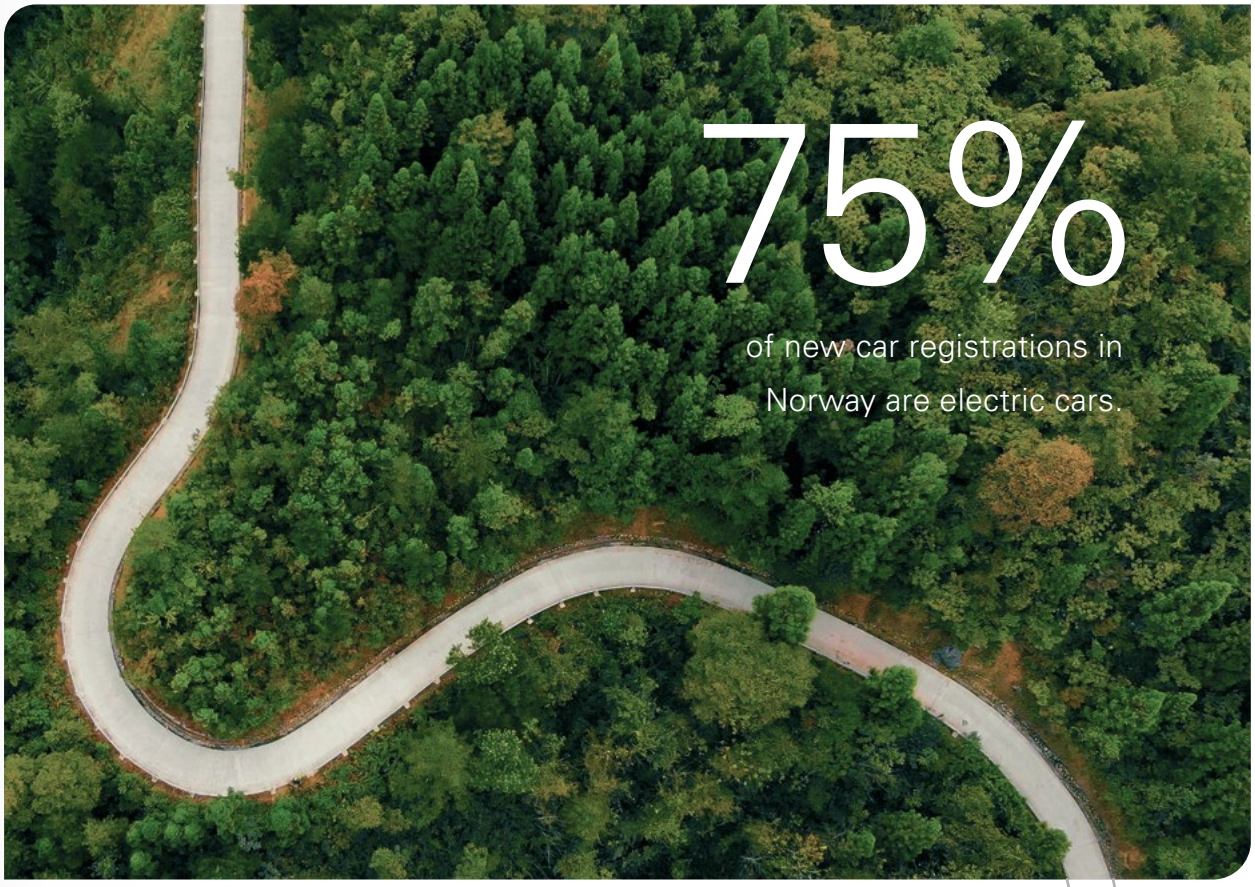
One thing is certain: politicians, companies and the real estate sector must work together more closely on establishing a nationwide charging infrastructure.

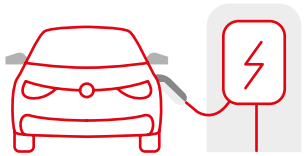
Billing

Coming up with a solution for consumption-based billing of the charging current costs is also immensely important in apartment buildings. Techem offers this: The electricity consumed is billed via a meter integrated in the charging device that is connected to a recording and billing system. Authentication via radio procedure enables the individual allocation of consumption for shared parking spaces. The solution thus fits seamlessly into Techem's billing service for real estate.

Techem Services

Charging options can still be expanded, especially in apartment buildings. With flexible service packages, Techem offers a comprehensive all-in-one solution to promote expansion together with the real estate industry. This includes the creation of a charging concept for the property, the professional and standard-compliant installation of the charging infrastructure as well as technical maintenance and the billing of the charging current. Rental and financing solutions are also part of our offer. Techem hopes to operate more than 10,000 charging stations powered by green electricity in apartment buildings across Europe by the year 2025.





According to the plans of the EU Commission, at least 30 million zero-emission vehicles will be on Europe's roads by 2030 in order to achieve the climate targets.

Successful start of service in Norway

A look at Norway shows how this can already be achieved: electric cars already account for around 75 percent of new registrations there. As part of a pilot project, Techem started the roll-out of its E-Charging service in 2018 after customers with the need for charging options and consumption-based billing in their properties approached Techem directly as a partner.

The expansion in Norway is favored by less strict regulations and a large percentage of new buildings in which charging options are often included in the overall concept right from the start. An important thing for Techem to learn: The initial demand for charging current options differs from the medium and long-term demand. To start with, only one or two tenants usually apply for a charging device, but over the years more will be needed. This needs to be taken into account during planning and be incorporated into holistic energy concepts. Techem therefore not only offers the charging device and the billing service, but is also a partner for the entire electrical infrastructure in the building. Depending on the customer's requirements, this is designed to be so scalable that it can be easily retrofitted if the need increases.

The experience from Norway will help Techem to expand the service, which has been gradually rolled out in other European markets since 2021.

Successful in an innovative and energy-efficient future

Techem drives digital building concepts and strategic partnerships.

In order for the energy transition to succeed in the building sector, innovative approaches and solutions to increase energy efficiency are needed. Holistic digitalization of building operation creates new possibilities for reducing CO_2e at minimal cost. Techem is therefore gearing its innovative strength towards this and relies on cooperation with customers and tech companies for visionary food for thought.

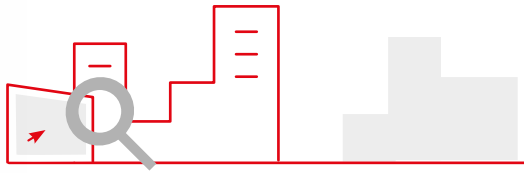
» There is no blueprint for the new, digital and sustainable real estate industry. «

Alexander Ubach-Utermöhl
Head of Strategic Business Development

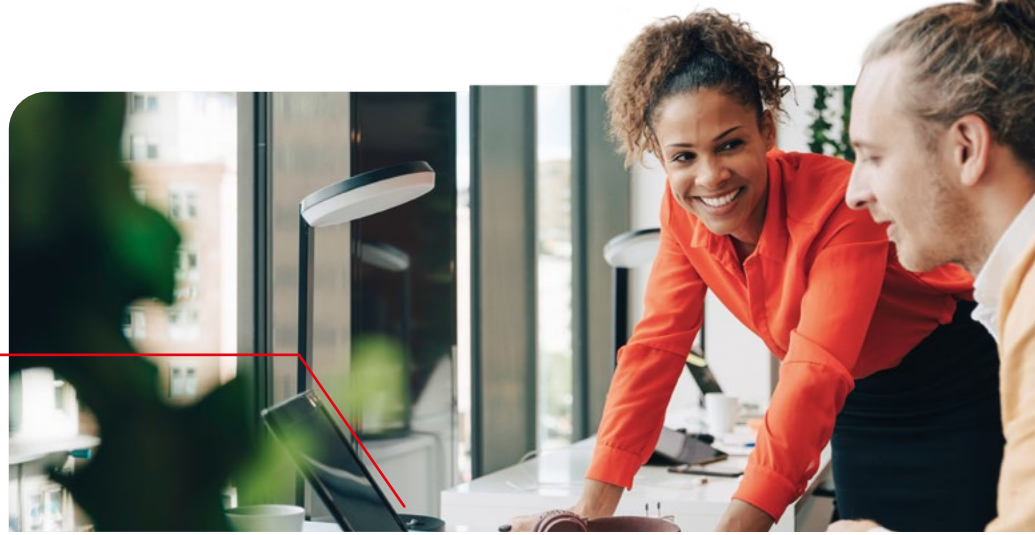
Alexander Ubach-Utermöhl, Head of Strategic Business Development, provides insights into innovation processes at Techem and explains the importance of the partner ecosystem.

The energy turnaround in buildings is a major and long-term task that can hardly be tackled alone. How do you approach this challenge?

That's right. The path to a climate-neutral building stock will demand a lot from all players in the real estate industry. That is why we rely on partnerships, allian-ces and networks at all levels. In cooperation with our customers, we ensure that we develop solutions in the right direction and openly discuss how buildings will be managed in the future. Technology companies contri-bute by providing new perspectives and their know-how regarding what is technically feasible today. Finally, we bring along our experience with digital infrastructure and our cost-effective scaling power. If these three parties work towards the same goal, then we are on the right track and can achieve a lot together. In addition, we increasingly involve tenants. This type of interaction is important, especially for the integrated operation of the heating system.



So-called proof of concepts are used to test innovative digitalization approaches from the start-up scene for the construction and real estate industry.



Techem X, our digital incubator, is yet another reliable partner. Their employees have a lot of experience in venture building, in other words the development of new digital business models. We define where there is a need, work out focal points and Techem X finds solutions for how we can implement innovations.

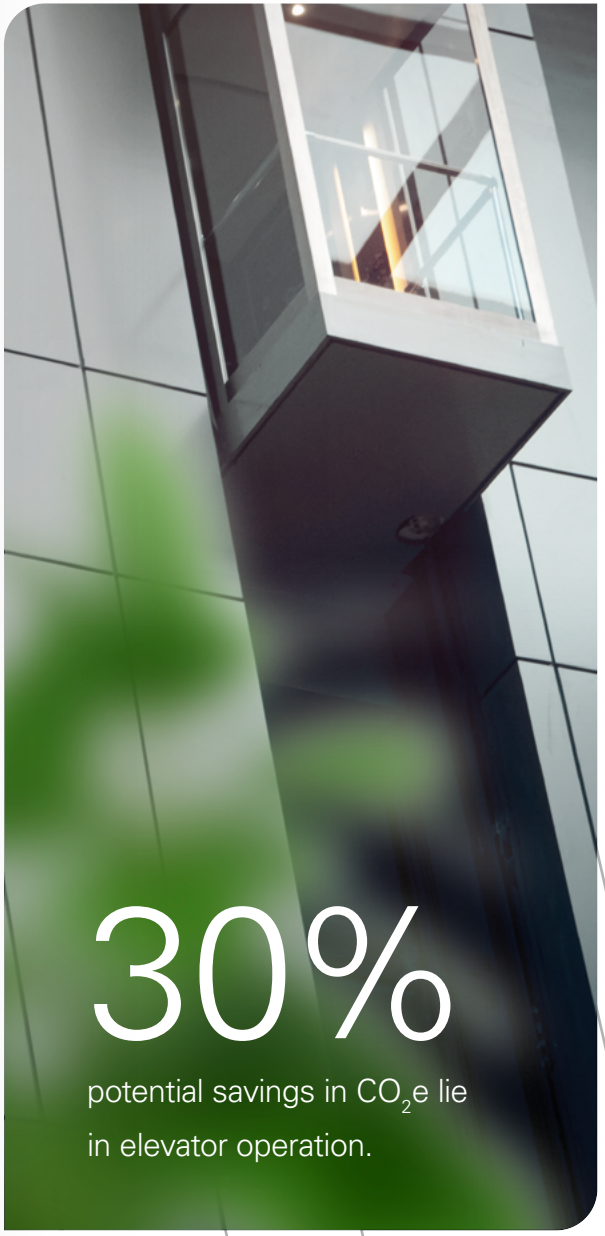
Why is this partner ecosystem so important in the real estate industry – also with a view to Techem's business development?

The real estate industry is changing because the pressure to change due to political and economic conditions is very high. At the same time, however, there is no blueprint for the digital and sustainable real estate industry. This is challenging for our customers and partners.

We are already seeing the impact on our business today. In the meantime, we have evolved from being a traditional measurement service provider into a partner for energy efficiency. As such, we assume responsibility for the efficient management of real estate for our customers. In order to ensure that Techem's offerings and solutions are consistently geared to customer needs in the future, we must develop new strategic business areas and ask the right questions. Partnerships give us visionary food for thought. Together, we are looking for new, digital solutions for buildings and working on developing future-oriented products and services – always with the goal of achieving maximum energy efficiency without incurring additional costs for customers and tenants.

How do you get to know new partners?

We have our ears very close to the tech industry: For example, since 2017, we have been working with the platform blackprint, which drives digitalization in the construction and real estate industries. They are very well connected in the start-up scene, so we quickly become aware of new companies and potential partners. And when we have identified interesting solutions or technologies, we use the tech company that has the right customers in so-called proofs of concepts. This gives us the opportunity to test innovative digitalization approaches under real market conditions and to integrate them into current processes.



Let's take a look at a specific example.

I would like to draw your attention to a part of the building that you don't necessarily associate with Techem at first: the elevator. The savings potential in a 10-party apartment building via the lever heat chain (generation, distribution and use), hot water processing and electricity is around 8 tons of CO_2e. Of this, around 3 tons of CO_2e are attributable to elevator operation. Why is that so? Well, heat is constantly lost through the lift shaft, which is often open to the outside. We asked ourselves how heat loss and thus CO_2e emissions can be reduced to a minimum while at the same time avoiding these system-related additional costs for customers. To do this, we work together with a partner company that develops solutions for the digitalization of elevator operations. Together, they created a new service that relieves the owners and administrators of having to manage the elevator fleet and the related operator obligations and risks. At the same time, our solution ensures that the system is operated as efficiently as possible and heat loss is reduced.

What are Techem's plans for the future with a view to achieving the climate targets?

Our goal of significantly saving energy with digitally optimized operational management will keep us and the real estate industry busy for a while. It is important to us to support our customers in reducing consumption with the current systems as quickly as possible and at the same time not to burden customers and tenants any further by keeping the costs as low as possible. To this end, we will continue to enter into partnerships and work on open, interoperable systems.

Parallel to the technology, we will involve tenants on the way to climate neutrality. We need to show them that energy efficiency is possible with the help of digital solutions without sacrificing comfort. To do so, it will also be necessary to overcome any reservations about new technologies and to get involved with new, highly automated systems that then also control temperatures in the home and optimize consumption.

One thing is certain: all parties involved must have the greatest interest in saving as much energy as possible as quickly as possible. Every kilowatt hour less benefits us all.

For more information about our partnerships, please see p. 102.

A question of the climate: diversity as a driver of culture

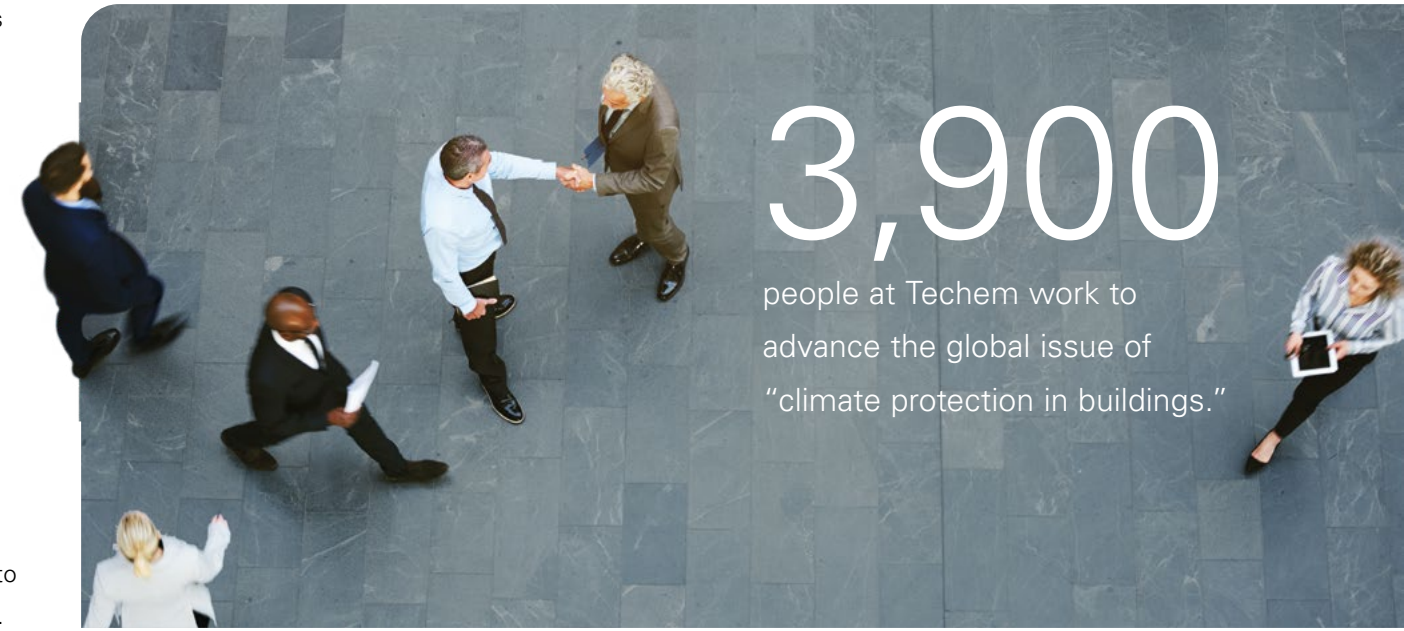
Techem is on the way to becoming a diverse and inclusive company.

Companies are examining their own culture more and more intensively and are focusing more on the topic of diversity and inclusion. Listening to the workforce and allowing for controversial discussions leads to changes. Techem has actively initiated this process and identified a specific need for action.

» Changes require innovation and out-of-the-box thinking – we can only do that with a diverse workforce. «

Kira Kern
Head of Human Resources & Legal

Kira Kern, Head of Human Resources & Legal, provides insights into the status quo of diversity efforts. In doing so, she points out challenges and levers within the framework of Techem's overall social responsibility.



Kira, how important are diversity and inclusion for Techem?

Techem works with around 3,900 people worldwide to promote the global issue of climate protection in buildings. The related changes require innovation and out-of-the-box thinking – we can only do that with a diverse workforce. Climate change does not stop at national borders or different views. In the first step, of course, we want to convince our customers with our message to tackle things together. Here, too, we see diversification. We achieve this when we communicate at eye level and without prejudice. It is therefore very important that our employees as Techem ambassadors have diverse backgrounds and perspectives in order to be heard as widely as possible.

Techem has the opportunity to have an impact on society as a whole. Not only in terms of climate protection, but also in terms of diversity and inclusion. If we all manage to take a diverse and inclusive attitude together, it has a positive effect on society because this understanding and the resulting behavior is carried into private life and not brushed off at the office door.

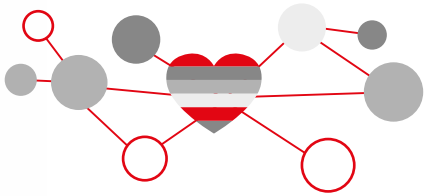
How diverse is the workforce at Techem today?

Ultimately, our workforce reflects the mood of society. I have been part of the Techem team for close to twenty years and have experienced the process of change in society as a whole over the past few decades. When it comes to diversity in particular, we can observe a huge change: on the one hand, this is expressed in numbers. Nearly half of our workforce is now female – in view of the industry and our technical environment, this is a great success. On the other hand, it is reflected in the openness of management and employees. Cultural diversity is highly appreciated at Techem. Most of our employees do not question where someone comes from, what nationality or what socio-cultural background the person has. A recent diversity and inclusion survey confirmed this. But of course there is still a great need for action with regard to the many aspects of diversity.

» Our everyday life is often still too much oriented towards the majority society and we do not think inclusively enough. «

Kira Kern

Head of Human Resources & Legal



The self-confidence of people with diversity characteristics is to be strengthened through networks such as an LGBTQ community and events that allow for exchange.

For example, the share of women in management positions?

That's right. Unfortunately, the equal distribution between women and men is not yet reflected in the filling of management positions. Techem is still far too masculine at this level. Therefore, it is important to actively support women as early as possible and encourage them on their way. It's a process and doesn't happen overnight. However, we have set ourselves the clear goal of significantly increasing the percentage of women in management positions – with success. Thanks to targeted support, we were able to staff close to half of our young talent support program with women this year. In addition, the percentage of female managers in Germany rose by nearly five percent last year.[1] Our newly introduced women's quota and the related measures have already taken effect. The task now is to keep at it and to transfer the successes to the Techem Group.

So a lot has already happened! Are there other fields of action in which Techem is already taking countermeasures?

Yes, of course other dimensions of diversity are just as important. Our everyday life is often still too much oriented towards the majority society and we do not think inclusively enough. It starts in the communal kitchen: cups and glasses are on the top shelves or doors cannot be opened automatically. An everyday problem of discrimination for people with physical disabilities. This is why we make modifications to buildings to ensure accessibility wherever possible. We want to understand the needs of people with disabilities even better in the future, because our diversity survey unfortunately showed us that these employees feel less well integrated. Other diverse groups of people have also received too little visibility in the company. By forming networks such as an LGBTQ community and events aimed at exchange between the groups, we want to strengthen their self-confidence and better meet their needs in the future.

[1] The period from May 2021 to April 2022 (time of the interview) is considered here. This positive development is not yet reflected in the audited indicators.

Discrimination inside companies is getting much more attention today. How do you deal with misconduct at Techem?

Unfortunately, discriminatory behavior and unwanted comments also take place at Techem. This is why we must sensitize all employees and encourage them to reflect on their own behavior. This is the only way we can bring about changes in our common culture and attitude. For a working environment in which everyone feels comfortable, the motto should be: "Zero Tolerance" towards inappropriate misconduct. On the one hand, corresponding consequences must follow. On the other hand, we want to create an atmosphere in which it is easy and natural to report these abuses. To this end, we want to further strengthen and expand our reporting channels.

We want to further strengthen and expand our reporting channels for grievances.

How does the company ensure that it thinks long-term and that things do not return back to normal a short time later?

Here, continuity is extremely important. We constantly need to evaluate where there is a need for action and reassess our solutions. Today, our focus is on women in management positions. Five years from now, completely different topics could be relevant. Basically, it is extremely important to keep the awareness high in the minds of the entire workforce, to listen and to remain actively in exchange. After holding a diversity training course that is mandatory for all colleagues at Techem Germany, we just experienced that the discussion about the relevance and content has changed a lot in people's minds – especially because not all voices were positive. Controversy is worth its weight in gold. As an organization, we have gained just as many insights through targeted in-depth interviews and group discussions. I experience a great deal of openness in the company and believe that the implementation of our efforts should be as diverse as the term implies. I therefore call on everyone to be brave and keep trying out new formats.

Finally, a personal question: You are a woman in a management position at Techem – how does that influence your perspective?

If I'm completely honest, it bothers me a lot. We must admit that our management team is not very diverse yet. This applies to all aspects of diversity. As a woman in this position, I would be happy to bring in a female mindset even more, together with other women. I am convinced that more diversity at this level will make Techem an even more successful company in the future because different people can give different impulses. It is therefore only right that we are so ambitious in tackling this issue. At the beginning, this sometimes requires pressure through concrete quotas that need to be achieved. After that, it can, at best, take on a life of its own, because various managers serve as role models for future generations.

Our management is fully behind the diversity and inclusion efforts. This is extremely important. And with Yvonne Leuschner, we have had the first woman on the Management Board since the spring of 2022. But we are all ambassadors for the cause: If diversity and inclusion are practiced by large parts of the workforce and especially by managers, we can change a lot in a short time. I would like to get so far with Techem that we no longer have to actively put these topics on the agenda, but rather they become a completely normal part of our everyday life. There are colleagues with whom we still have to achieve such rethinking. Overall, however, we have already taken some significant steps on our diversity journey.

For our Diversity Roadmap, please see p. 92.

» I therefore call on everyone to be brave and keep trying out new formats. «

Kira Kern

Head of Human Resources & Legal

As a Techem Diversity Ambassador in the BeyondGenderAgenda network

Good to know

BeyondGenderAgenda is committed to diversity, equality and inclusion in companies. The network strives to achieve cultural change in the areas of politics, society and business, as well as to secure and expand the international competitiveness of German business in the long term. Katharina Bathe-Metzler, Head of Corporate Communications & Regulatory Affairs, is a member of the Advisory Board for Techem on the initiative: "We have to live diversity and make it part of our daily business if we want to change things. As an individual and a company. Only if we integrate all facets of diversity can we create a culture of well-being. This requires exchange, role models and courage. This is why I am part of the BeyondGenderAgenda initiative. With it, we have found a network that promotes exactly what we stand for at Techem: a diverse and equal company culture."

Katharina Bathe-Metzler
Head of Corporate Communications

Resource protection with foresight for clean water in the global south

Techem supports water projects of the Water Is Right Foundation.

For Techem, water is an important resource that deserves protection. Over two billion people worldwide do not have access to clean drinking water. Climate change is making the problem and water stress a global problem. To counteract this, Techem specifically supports the water projects of the Water Is Right Foundation (WIR).

» WIR is convinced that access to affordable and clean drinking water is a human right. «

Rolf Stahlhofen
Founder of the Water Is Right Foundation

Rolf Stahlhofen, founder of the Water Is Right Foundation, explains in an interview what drives him and the organization and why joint commitment is so important. The musician, known through the band Söhne Mannheims, was appointed UN-Habitat Water Ambassador "Messenger of Truth" for his commitment by the United Nations.

Rolf, in a nutshell: What is Water Is Right and what makes the foundation special?

WIR is convinced that access to affordable and clean drinking water is a human right. This needs to be recognized globally. Water is an asset, not a currency! That's why we are committed to a world where local water is appreciated and distributed safely.

In order to change something concrete, our focus is on projects for drinking water and sanitation in countries of the global south, together with local communities. To date, we have been able to implement water projects for five million people in this way. However, we also see it as our responsibility to raise awareness of the issue among people all over the world. What else makes us special? Many musicians and artists support Water Is Right: We use the stage to emotionally charge the topic.

You yourself are a musician and became known, among other things, as the singer of the Söhne Mannheims. You founded Water Is Right in 2011, what motivated you to do so?

I grew up in various African countries where access to clean drinking water usually could not be guaranteed. When I came to Germany, I couldn't believe that you can simply drink water from the tap here. That was a formative experience for me.

In 2002, I played my first charity concert for the victims of the flood disaster on the Elbe. This was followed by another that funded solar water pumps in Eritrea. It was then that I realized that you can make a difference with music. I started to finance drinking water and sanitation projects with every tenth part of the income from concerts and events.

If I have been able to implement water projects for around five million people with a small team and a little music over the past ten years, then we can all achieve much more together. Our goal at Water Is Right is therefore to work with artists, companies like Techem and communities to implement water projects for 100 million people.

Since the foundation was founded, you have already completed many different drinking water projects in the countries of the global south – what exactly are you doing there?

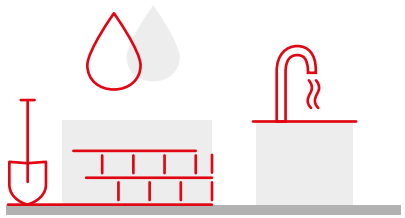
That's right. Over the last 10 years, we have completed around 25 projects in 14 countries and also done a lot of educational work at the political level so that the human right to water is strengthened and enforced worldwide.

In concrete terms, the situation is as follows: In regions without access to clean drinking water, we provide innovative water treatment systems and ensure that the water that is locally available is in the desired quality – without unnecessary transport routes or plastic production, sustainably and responsibly. Our team also trains local professionals to make water management in communities self-sufficient and improve sanitation standards. Together with schools and communities as well as cultural organizations and companies, we also organize "City Clean Ups" where we provide information about the dangers of contaminated drinking water. In addition, we advise institutions, companies, cities and communities on all aspects of water – here in Germany, too, where certain regions must temporarily deal with water shortages.

What have you learned from ten years of development cooperation?

Above all, don't let mistakes discourage you. From my point of view, they are even important for learning and progressing. The world in the global south is different than here in Germany. It is all the more important that you meet the people on site as equals, get involved with the local conditions and involve the entire community in the projects. To do this, you need contacts on site and projects must function in the long term and finance themselves so that a small business can develop from them.

Here is an example from a cooperation with the Udo Lindenberg Foundation: Together, we installed a water treatment system in a school from which teachers, students and their families can obtain clean drinking water free of charge.



Around 25 projects in 14 countries have been completed over the last ten years.

Around 25 projects in 14 countries have been completed over the last 10 years. The rest of the water is sold to the community. The school can finance itself from the money raised and there is even some money left over that goes to several local families.

Which project is specifically supported by Techem's donations?

Techem's current donations go to a sanitation project in Nairobi, Kenya. In the Mathare slum, where around 600,000 people live, the soccer club "Young Soccer Women of Mathare" has turned a rubbish dump into a sports field. As a place for soccer, leisure activities and encounters, this has become a self-organized community center. WIR supports the community by installing sanitary and washrooms to ensure the supply of clean water on site.

Especially in a slum like Mathare, such an upgrade project is an important sign. The goal is for the community to manage the facilities itself after they are completed. The optimism of young people increases tremendously when they help themselves and improve their situation while cooperating with one another respectfully. In addition, the project contributes to five of the United Nations Sustainable Development Goals. It sets new standards in terms of reduced inequalities, quality education, health and well-being as well as clean water and sanitation.

Our business and commitment to water

Good to know

Water plays an important role on the way to a digital, energy-efficient building stock. Techem creates transparency on water consumption, the basis for the efficient use of the resource. Through monitoring, Techem also wants to combine legionella prevention with energy efficiency and thus contribute to climate and resource protection in the building sector. At the same time, we are aware that, when it comes to water, especially in the global south, there is often a fundamental lack of access to clean water and sanitary facilities. This is why we support Water Is Right. Please refer to p. 105 to learn more about our multifaceted commitment to the foundation.

OUR CONTRIBUTION AS A COMPANY

Here, we provide an overview of the status of our sustainability performance and show how we intend to contribute to sustainable development in the future.

STRATEGY & ORGANIZATION

In order to continuously develop our sustainability strategy, we measure our successes, exchange ideas with our stakeholders and take our employees along with us. We focus on the key issues where we have a lot of leverage. The topic of sustainability is anchored across disciplines at Techem and is coordinated by our sustainability management from TRIOS. This is how we live up to our responsibility to society and the environment.

Anchoring sustainability

The need for coordination in the area of sustainability also grows with the demands. At Techem, sustainability is understood as a cross-cutting issue that is anchored across disciplines in the company. Sustainability is a matter for the top management at Techem. Our CEO Matthias Hartmann heads the Techem Sustainability Council and is responsible for the company's sustainability performance.

Clear responsibilities for sustainability

The Techem Research Institute on Sustainability (TRIOS), which was newly founded in early 2022 under the direction of Dr. Arne Kähler, interlocks Techem's research, analysis and implementation expertise in energy efficiency and CO_2e reduction with Techem's sustainability management (see p. 103). TRIOS reports directly to Techem CEO Matthias Hartmann.

The Sustainability Management department is responsible for managing Techem's sustainability-related activities and developing them holistically – and taking internal and external stakeholders along on this path. Sustainability management is headed by the Head of Sustainability Jana Nikolin, in close direct, professional coordination with the CEO Matthias Hartmann. The main tasks of sustainability management include:

- Inclusion of current sustainability topics and developments
- Implementation and further development of the Techem sustainability strategy
- Continuous cooperation with Sustainability Stewards[1] and Sustainability Delegates[2] to achieve our ESG goals anchored in the sustainability program (see p. 120)
- Preparation of the annual Techem Sustainability Report
- Stakeholder dialogue, partnerships and Corporate Citizenship
- Sensitizing our employees to sustainability
- Identification and commissioning of ESG ratings and support with ESG investor inquiries
- Coordination of the Sustainability Council
- Working with our owners on ESG topics

The finance department supports Techem's sustainability management by coordinating the external ESG key figure check and is the primary point of contact for investor inquiries.

[1] Department heads and experts relevant to the topic of sustainability.
[2] Managing Directors of the national Techem companies.

Involvement of the Advisory Board in directional decisions

The Advisory Board is the main supervisory body of Techem (see p. 8, p. 111 and p. 137). Its advisory and decision-making function with regard to sustainability issues is embedded in various processes. For example, the Advisory Board was involved in an advisory capacity in our materiality analysis (see p. 60)). In addition, the Risk and Audit Committee of the Advisory Board discusses relevant ESG issues such as climate risks several times a year.

Members of the Advisory Board provide Techem with advice on specific strategic initiatives. This also includes the ESG initiative. The Chairman of the Advisory Board, Andreas Umbach, and the Advisory Board member, Professor Dr. Achleitner, meet with Techem's CEO, Head of Finance, the TRIOS manager and the Head of Sustainability. In the meetings of the ESG initiative, current key focuses and issues are addressed and the Advisory Board members are involved in the most important sustainability-related decisions.

The Sustainability Council has an effect in the departments and countries

The Sustainability Council brings together the Sustainability Stewards – the department heads and experts relevant to the achievement of sustainability-related objectives. The Sustainability Delegates – the Managing Directors of the national companies – are also members of the Council. They are responsible for the integration of sustainability aspects into Techem's global business activities. The Sustainability Council meets several times a year under the leadership of our CEO. Sustainability Management is responsible for coordinating and preparing the content. In the winter of 2021, this included a half-day workshop with the Sustainability Stewards to discuss certain ESG topics with external guest speakers in attendance, but also a workshop with the Sustainability Delegates in the fall of 2021 to integrate the national perspectives.

The people responsible for sustainability at Techem are selected on the basis of their expertise and thematic relevance to their own area of responsibility and are given appropriate powers and resources.

Key Topics

In order to live up to our responsibility to society and the environment, it is important that we focus our commitment on what is important. Our sustainability activities are therefore based on our materiality analysis.

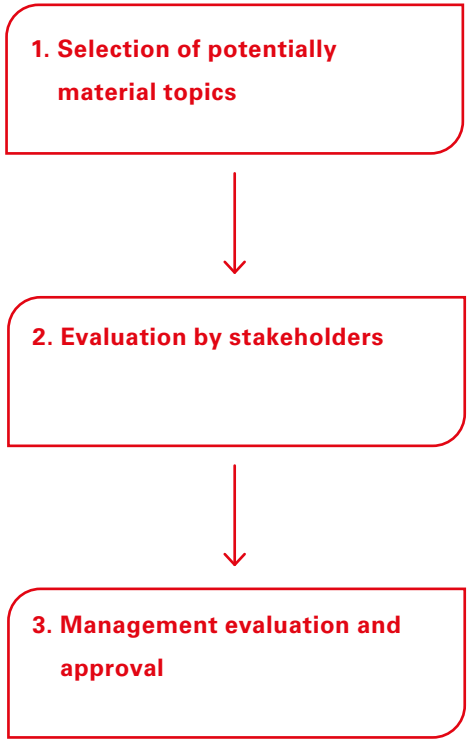
Initial materiality analysis as a basis

Techem's first materiality analysis was carried out at the end of 2020 with a focus on Germany. It formed the basis for the development of the Techem sustainability program and set the framework for the Techem Sustainability Report 2020 and 2021. The analysis was carried out in three phases: [1]

1. The first step included a context analysis to gain an overview of internal and external sustainability-related developments and requirements and to select relevant topics on this basis.

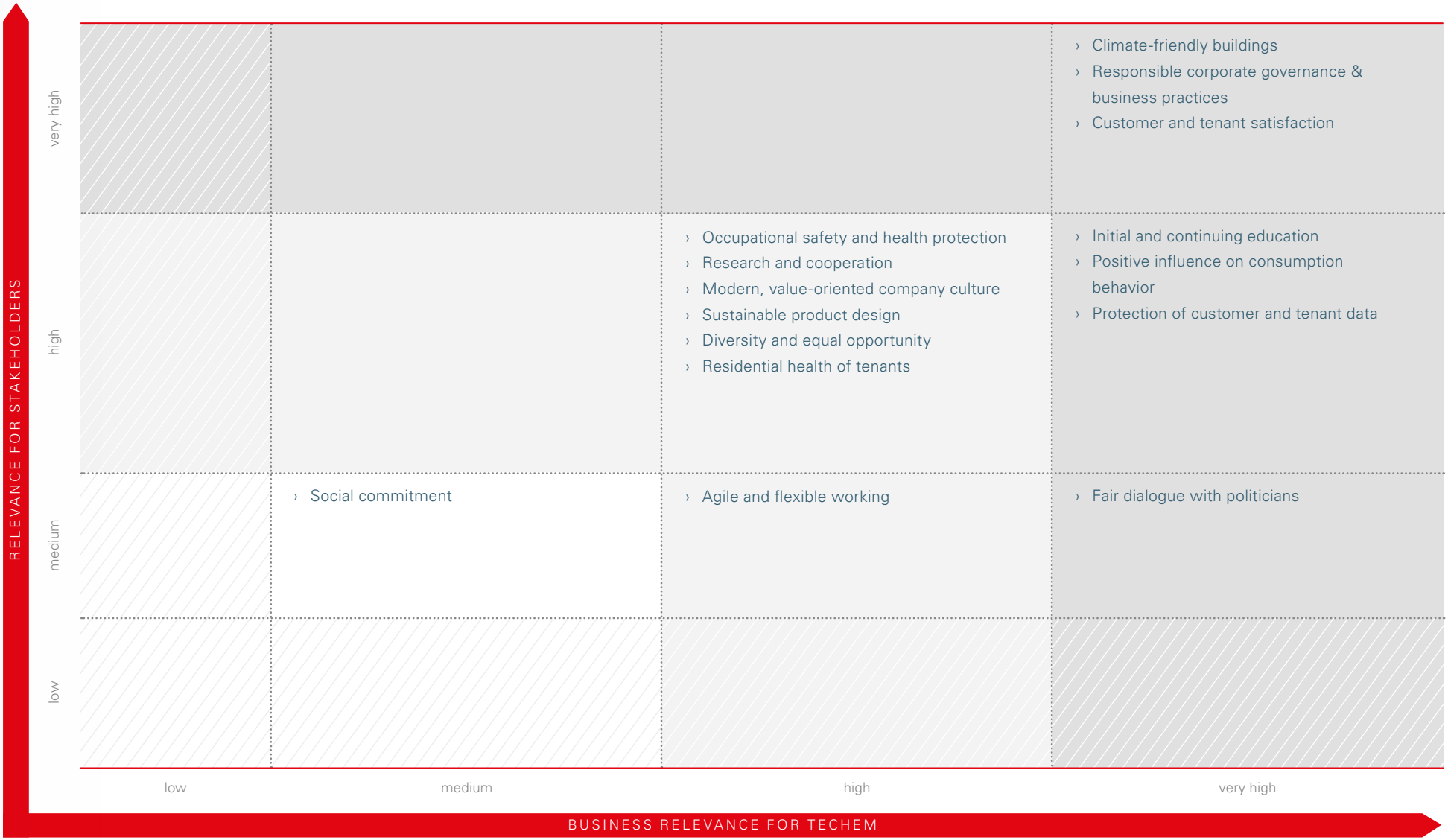
2. In the second step, around 500 stakeholders – half internal and half external – prioritized the issues with regard to their expectations of Techem using an online survey. Employees, customers, tenants, suppliers, subcontractors, investors, politicians, associations and sustainability experts were involved. The survey was supplemented by around 20 one-hour interviews with external stakeholders and members of management.

3. In the final step, the Sustainability Stewards evaluated the issues from Techem's perspective. This assessment was then validated by the management. The final matrix was presented, discussed and approved by members of the Advisory Board in February 2021.



[1] For a detailed description of the materiality analysis process, see the Techem Sustainability Report 2020.

Our focus topics



Our focus topics

All topics assessed (see graphic on p. 61) have at least medium relevance for Techem or our stakeholders and are taken into account in reporting and in our sustainability program (see p. 64 and p. 120). The order of the topics within the fields does not represent a prioritization. Our impact on people and the environment, as provided for by the Global Reporting Initiative (GRI), was qualitatively worked out in the in-depth interviews, but not included in the matrix.

The focus topics are reflected in the seven fields of action of our sustainability program (see p. 63).

Further development in planning

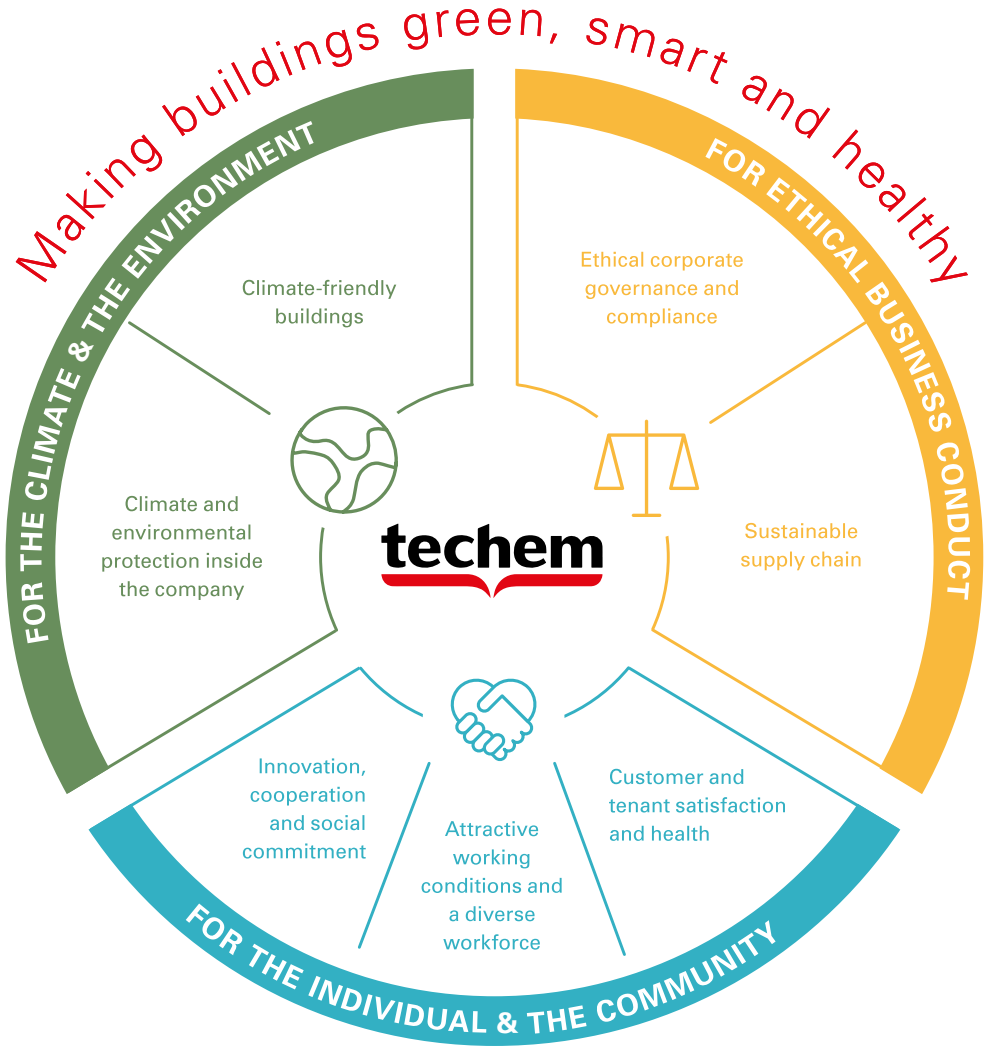
Techem will update and further develop the materiality analysis by the fall of 2022. The analysis will build on the requirements of the GRI Standards (2021) and take the evaluation of positive and negative effects into account more comprehensively. In addition, Techem Germany's focus is to be extended to the Group.

In exchange with stakeholders

A continuous dialogue with internal and external interest groups is important to Techem. In recent months, Techem Germany has involved employees in the development of the diversity strategy by conducting a comprehensive survey on the topics of diversity and inclusion (see p. 92). We regularly exchange information with our customers, via satisfaction surveys (see p. 99), for example. We maintain contact with research institutions and start-ups as part of various partnerships (see p. 102). We also contribute our expertise to the political discourse and association work and take the expectations placed on us with us from the dialogues (see p. 113 and p. 136). We have addressed many of the concerns of our internal and external stakeholders – also from the materiality analysis 2020 – over the past few months and have been able to make progress. These are made transparent in this Sustainability Report. In the future, as well, we want to continuously identify the expectations of our stakeholders and work to meet them.

Fields of action and sustainability program

We bundle our sustainability activities in the three priority areas “For the Climate & the Environment,” “For the Individual & the Community” and “For Ethical Business Behavior.” The seven Techem fields of action are assigned to them. Together they form the framework for our sustainability program.



Our key areas in focus

For the Climate & the Environment

Techem improves energy efficiency in buildings with its digital products and solutions and avoids CO_2e emissions by using renewable energy sources in heating systems. In this way, we are making a positive contribution to the energy transition and the climate protection plan 2050. In our own operations, as well, we are implementing measures to protect resources and reducing the impact on the climate. This also includes optimizing our devices throughout their product lifecycle.

For the Individual & the Community

Techem creates added value for employees, customers and society. This includes a safe and healthy working environment in which employees receive the best possible training and further education, individual needs are taken into account and diversity is seen as an enrichment. Techem takes its customers and tenants seriously and benefits from fast, unbureaucratic service and solutions for more healthy living. An overarching contribution to society is made through research and development on smart and climate-neutral living, successful partnerships and collaborations, and our leading role in raising awareness in society for resource-saving behavior.

For Ethical Business Behavior

Our actions are based on a modern, value-oriented company culture and responsible corporate management and control geared towards long-term value creation. This includes fair competition, a transparent pricing policy and ethical conduct that obeys the law and avoids corruption. The exchange with politicians is fair, transparent and fact-based. We also apply the highest standards with regard to the security of customer and tenant data. The appreciative treatment of employees and their training on fair behavior form the foundation. Our responsibility also extends to our subcontractors, suppliers and contractual partners, whom we require to comply with environmental and labor standards in the supply chain and monitor through audits.

Our sustainability program

The Techem sustainability program brings together all the goals that we have set ourselves as part of a strategy process based on our first materiality analysis. We have been able to achieve important goals since the Sustainability Report 2020. This includes, among other achievements, the development of a climate roadmap for climate neutrality in Scope 1-3 by 2045, the implementation of lifecycle analyses for specific devices or the certification of our headquarters according to the DGNB Gold Standard. A few goals could not be achieved in the period planned or are currently being revised. A comprehensive table provides transparency regarding all goals and the status of goal achievement (see S. 120).

Following the renewal of our materiality analysis, we also want to validate our sustainability program in the fall and winter of 2022 and strengthen the Group-wide anchoring of ESG issues.

Contribution to the Sustainable Development Goals

The United Nations Sustainable Development Goals (SDGs) are at the heart of the Agenda 2030 for Sustainable Development. The 17 goals with their 169 sub-goals are intended to guide politicians, companies and civil society in dealing with the greatest economic, social and ecological challenges. Techem is committed to the SDGs and contributes directly to their achievement with its business model.

Through our activities as an international company, we contribute to a large number of the SDGs along the value chain and with a view to our sustainability-related activities. However, we see our greatest positive contribution in the SDGs that are directly related to our services and products. Against this backdrop, we have identified six goals and ten sub-goals of particular relevance.

Focus goal

SDG 7: Access to renewable, safe and widely available energy sources for all

Relevant sub-goals: 7.1, 7.2, 7.3

As part of the consumption-based heating bill, we make an important contribution to energy efficiency: by receiving information on consumption throughout the year, tenants are made aware of their own energy consumption and the resulting CO_2e emissions and are encouraged to act in a more resource-saving manner. In addition, we contribute to their energy efficiency through the intelligent control of heating systems. Through our contracting business, we ensure that our customers are supplied with heat. In order to play an even more active role in shaping the energy transition in the future, we have drawn up a decarbonization plan. Among other objectives, Techem wants to use CO_2e-neutral heating solutions when equipping new construction projects and gradually replace current fossil heating systems with lower-emission technologies.

SDG 3: Ensure healthy lives for all people of all ages and promote their well-being

Relevant sub-goal: 3.9

Techem services such as the smoke alarm service or the legionella test contribute to tenants living healthy lives. We are researching innovative solutions that should continue to increase safety and health in apartments in the future.

SDG 6: Ensure the availability and sustainable management of water and sanitation for all

Relevant sub-goals: 6.3, 6.4

Techem creates transparency on water consumption – the basis for the efficient use of the resource. Through legionella testing and drinking water technology for filter systems or decalcification systems, for example, we also ensure the quality of water in apartment buildings and protect the circulation system.

SDG 9: Build a resilient infrastructure, promote inclusive and sustainable industrialization and support innovation

Relevant sub-goal: 9.4

With around 60 million devices worldwide for recording heat, water, cold and electricity as well as smoke alarms, Techem is creating an infrastructure for sustainable buildings. The wireless share of our devices is already around 80 percent. We continuously invest in the maintenance and sustainability of our device infrastructure (Capex, see p. 9). The Techem portfolio also includes complete solutions for the charging infrastructure for e-cars in real estate – in this way, we also contribute to the success of the mobility transition.

SDG 11: Make cities and settlements inclusive, safe, resilient and sustainable

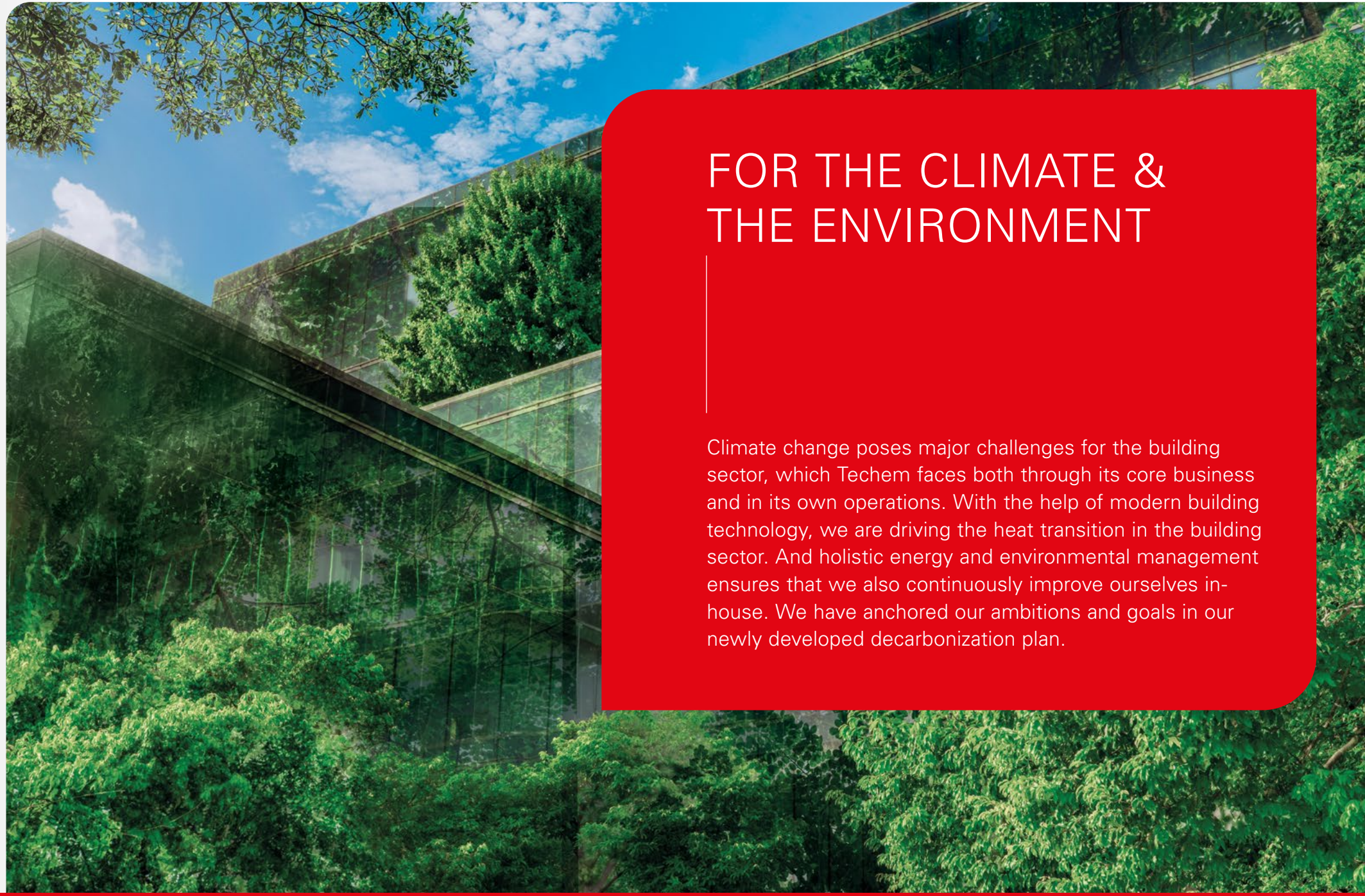
Relevant sub-goals: 11.3, 11.6

Techem is increasingly relying on district solutions, which is particularly relevant with regard to a sustainable heat supply and sustainable mobility solutions. We also research and cooperate on innovative concepts for modern quarters.

SDG 13: Take immediate action to combat climate change and its impacts

Relevant sub-goal: 13.3

Techem sees it as its task to create awareness in society for the careful use of resources and thus avoid CO_2e emissions. On the one hand, we contribute to the correct use of heat and hot water through public relations work. On the other hand, tenants receive transparency on consumption during the year – combined with the offer of additional consumption information over the course of the year. We also sensitize our employees to climate-friendly behavior.



FOR THE CLIMATE & THE ENVIRONMENT

Climate change poses major challenges for the building sector, which Techem faces both through its core business and in its own operations. With the help of modern building technology, we are driving the heat transition in the building sector. And holistic energy and environmental management ensures that we also continuously improve ourselves in-house. We have anchored our ambitions and goals in our newly developed decarbonization plan.

Climate-friendly buildings

Techem contributes to a climate-neutral building stock through its business activities. The focus is on efficient and smart building technology, which effectively reduces energy consumption and CO_2e emissions for heat and hot water by involving both the owners and tenants.

Levers for transformation of the building sector

Entire heat chain at a glance

The generation of hot water and heating accounts for around 85 percent of the final energy consumption in real estate. There is considerable savings potential here for the energy used and the resulting CO_2e emissions. The building shell, heating systems and usage behavior determine the level of energy consumption and thus also the level of CO_2e emissions. Techem's products and services address user behavior and heating systems in particular, and are already enabling efficiency gains and emission savings today. In order to achieve the climate targets, however, further potential must be exploited, especially with regard to the required CO_2e neutrality of heating systems: The further development of business activities in the direction of climate neutrality therefore plays a crucial role in the Techem decarbonization plan (see p. 80)

Measure resource consumption precisely

Techem solutions provide owners and tenants with transparent information about their energy and water consumption. Techem heat cost allocators, cold and heat meters and water meters record this consumption. Consumption information during the year provides the necessary digital data to raise awareness of one's own behavior and the resulting energy consumption and emissions.

True to the motto "Measuring creates awareness," the EU Energy Efficiency Directive (EED, please see p. 142) obligates building owners to provide monthly consumption information for tenants since 2022. Techem devices make this possible by using precise measuring devices that can be read remotely. Techem is already achieving a radio readout rate of around 80 percent, which is high compared to the rest of the industry. 90 percent of the devices in European properties are to be remotely readable by 2025.

In addition, the Techem Smart System offers a complete digital solution that combines our products and services into a holistic system. The infrastructure status and annual consumption measurement, which was previously only checked on a certain date, has now become continuous monitoring of the infrastructure status and consumption. Continuous monitoring of the data from the measuring devices by means of remote reading can show a need for replacement in the event of a defect, for example, or if the remaining battery capacity is low.

Energy monitoring is also based on remote reading of consumption. It creates higher transparency with regard to energy and water consumption during the year and thus promotes resource-conscious usage behavior.

Secure data transmission and data protection are fundamental criteria for Techem when it comes to remote readout: the data from the Techem radio 4 reading devices is transmitted in encrypted form in accordance with the BSI-compliant data security standard OMS of the fourth generation. Legal requirements such as the General Data Protection Regulation are thus complied with. With the liberalization of the metering point operation in the electricity and gas industry against the backdrop of the Metering Point Operation Act, the opportunity has opened up for Techem to combine the submetering of heat and water consumption with the metering of electricity, gas and district heating and thus bring both, previously separate, markets together. The intelligent measuring systems for the electricity, gas and district heating meters are now added to the submetering. In technical terms, more and more properties are being equipped with a smart meter gateway – i.e. with intelligent communication systems that can be used across sectors. Owners and tenants receive all consumption information digitally and from a single source. The holistic view of resource consumption also creates the necessary transparency to make effective investment decisions in favor of a CO_2e-neutral building.

Using the savings potential of heating systems

Newly installed, recently modernized or existing heating systems often do not fully exploit their full savings potential. The heating control is normally based on the maximum heat demand to be expected in the house instead of the actual heat demand of the tenants. This generates heat that remains unused and thus increases energy consumption and CO_2e emissions. Networked consumption recording and control devices, sensors for important process variables and Artificial Intelligence are used for intelligent system monitoring and operational optimization. They already enable us to save energy by an average of 10 to 15 percent with heat generation systems in current buildings.

For example, the Techem Smart Monitor (TSM) uses sensors to record temperature levels and generated energy quantities and flows. They can be used to record, calculate and monitor degrees of efficiency and utilization. This means the heating can be set more efficiently and around 14,000 tons of CO_2e emissions can be avoided annually in the customer portfolio.[1] Monitoring is no longer carried out in the individual boiler room, but rather in portals thanks to digital data acquisition and transmission. Housing associations and property owners can use these portals to centrally monitor and control hundreds of properties. Malfunctions are detected at an early stage. Ideally, they can be remedied "remotely" – i.e. from the control center – before customer complaints arise. We have set ourselves the goal of equipping all heating systems in Techem operations with TSM. We expect to achieve this by the end of fiscal year 2023. Besides the TSM, Techem also offers intelligent heating control for heating optimization: adapterm continuously adjusts the flow temperature to the actual needs in the building. The system takes the individual heating behavior of the tenants into account and measures the outside temperature. The result: it stays as warm in the apartments as before, however the energy consumption is significantly reduced. Around 41,000 tons of CO_2e emissions were avoided in this way in calendar year 2020.[1]

Replace, improve and control heating systems

The replacement and optimization of heating systems is a key prerequisite for the success of the heat transition. In Germany, Techem offers homeowners the opportunity to take on investments for the construction and modernization of central heating systems and in return to supply the tenants with thermal heat and, if necessary, hot water from a central heating system.

This so-called heat contracting is possible using both fossil and renewable energies, the latter for example with the help of photovoltaic systems or heat pumps operated with green electricity. Techem's goal is to gradually convert heating systems operated with fossil

[1]The emissions avoided were calculated by Techem and validated externally.

fuels into emission-free solutions. An important part of our decarbonization plan (see page 80) is therefore the use of electric heat pumps that are operated using green electricity. In the interim, they often need to be combined with gas-fired boilers to cover peak loads.

Raising customers' awareness of decarbonized heating solutions represents an important challenge for Techem. In principle, we will also include a solution that uses renewable heating systems in all our offers for heating systems in the future.

All-round solutions for e-charging stations to be offered

Techem's contribution to climate protection goes beyond optimizing consumption and CO_2e-neutral energy sources. The development of the infrastructure for e-mobility in apartment buildings or commercial properties is yet another important aspect. In order to equip real estate for e-vehicles, Techem has been offering complete solutions for e-charging stations since 2021. These range from a feasibility check on site or digitally, through a professional and standard-compliant installation of the wall boxes to taking over the technical operation of the charging stations and billing for the charging current. Across Europe, we have set ourselves the goal of having more than 10,000 charging stations operated with green electricity in service by 2025.

Climate and environmental protection in operation

Techem has stood for efficient use of energy and water with innovative solutions since 1952. Consistent climate and environmental protection begins in-house though. We also rely on holistic energy and environmental management for our own actions, which we continuously improve.

Reducing the environmental impact

Anchoring environmental management

Our activities have an impact on the environment along the entire value chain. As a company in the energy services industry, we meet the legal requirements and, where possible, even exceed them. To this end, we are increasingly evaluating and monitoring the value chain and deriving measures. By the end of fiscal year 2022, we plan to introduce an internationally valid guideline that combines our approach to environmental and climate issues. In order to take a uniform approach to climate and environmental protection throughout the Group and to use synergies for the development of innovative market solutions, we also founded the Techem Research Institute on Sustainability (TRIOS) at the beginning of 2022 (see p. 103). TRIOS is responsible Group-wide for the topics of energy, emissions and water and the resource-saving use of these. The Supply Chain Management and Procurement department is responsible for the issue of waste for Techem Germany and will also establish international waste management in the future. Other environmental issues, such as biodiversity, are managed on a country-specific basis. The Device Development department is responsible for the consideration of environmental aspects in device development.

We will introduce an environmental management system in accordance with ISO 14001 in Germany in fiscal year 2023.

Environmental effects in the supply chain

Our goal is to conserve resources, consistently avoid or reduce negative environmental effects, prevent risks and thus ensure our long-term business success. ESG criteria (Environment, Social, Governance) and our CoC (Code of Conduct) are part of our supplier selection and our supplier evaluation. Techem also reviews compliance with environmental and social standards at strategic direct pur-

chasing suppliers as part of quality supplier audits. New strategic suppliers are evaluated as part of quality supplier audits shortly after the conclusion of the contract, and current strategic suppliers every three to four years if possible. Specific sustainability audits in the supply chain are planned (see p. 116).

Sustainable product design

Techem seeks to develop and offer products and services that are as sustainable as possible. The manufacture of the devices and system components themselves is not in our hands, but is handled by qualified Techem partners. Depending on the product, however, Techem is fully or partially responsible for the product design. High product quality and a long service life are important goals in our product design. Last but not least, we also use our leverage to achieve our Scope 3 emissions targets (see p. 80), which essentially depend on the aspects of longevity, reprocessing, repairability and waste avoidance. In order to better understand the effects of our devices on the environment and climate, we analyzed our most important devices and systems in the reporting period and will draw up an action plan based on this (see p. 73). Individual measures such as extending the service life of Techem's wireless heat cost allocators over several years have already been initiated.

Techem consistently relies on end-to-end digitalization and radio reading of the devices and properties, which avoids having to travel to the site for reading. This enables us to implement the legal requirements for consumption information during the year in a resource-saving manner.

Use of recycling materials and the same types of plastic

When it comes to product design, we partly use recycled materials. For example, recycled granules are used to manufacture the housings for radio heat cost allocators. With a production volume of around 2.1 million units in fiscal year 2021, these are one of the most important Techem devices. In the reporting period, the share of recycled raw materials in the material used to manufacture Techem devices was 2.2 percent.[2] As far as the product is technically feasible, we want to increase this figure in the future.

By using the same plastic polymers in one device, we also create an improved utilization option for the final recycling of the devices. In addition, we have been able to significantly reduce the packaging of our products in recent years by merging product units – from one unit to 20 units per pack.

Lifecycle of our products and focus

The devices used by Techem in the submetering business are responsible for around a third of our Scope 3 emissions, and the lifecycle of our heat contracting systems is also associated with negative environmental impacts. In order to better understand these effects and to mitigate them in the future, we analyzed our portfolio during the reporting period.

Identify the main sources of emissions

In the first step, we determined the ten Techem devices and systems that have both the highest number of units and the highest material consumption in our portfolio. The findings from the analyses have been incorporated into the calculation of our CO2e footprint. In addition, we used the analyses to identify the main sources of emissions in our product portfolio and specifically selected a device for a comprehensive lifecycle assessment (LCA). Based on the ten devices and systems analyzed and the in-depth LCA, we will adopt our measures to reduce emissions from our products in the next step.

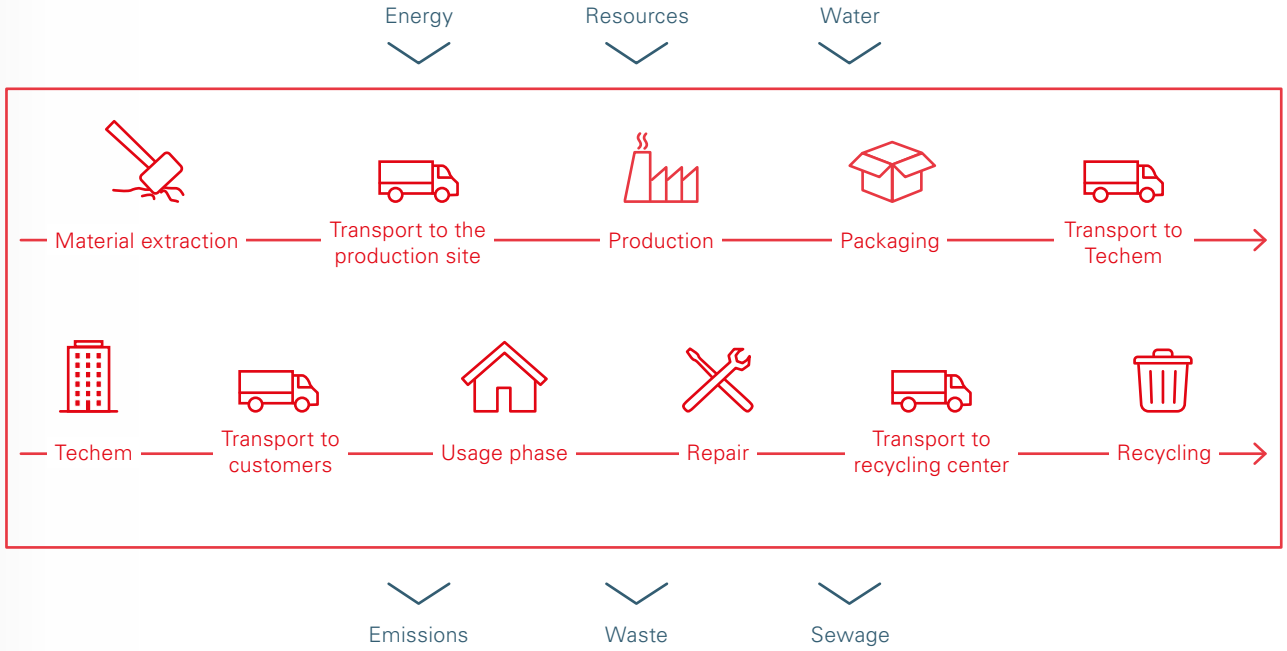
[2] Materials procured by the international companies that were not delivered via the central warehouse in Liederbach were not taken into account.

FOCUS

LCA: framework and objectives

A complete LCA covers all phases of a product's lifecycle – the extraction of raw materials, the manufacture of materials, components and products, transport, the use phase and disposal. The goal is to record as many inputs (e.g. energy, water, other resources) and outputs (e.g. waste, CO_2e emissions or waste water) as possible during the lifecycle of a product and, based on this information, determine the environmental and climate impact of our products. We used an ISO 14040 and ISO 14044 modeling framework for our LCA.

The lifecycle of our products



Heat cost allocators

Function and use

Our wireless heat cost allocator FHKV radio 4 measures, calculates, saves and reports current consumption values and is also used for energy-efficiency-enhancing solutions such as adapterm and Techem Smart Monitor. This makes the Techem wireless heat cost allocator a key tool for providing our "recording and billing" service and for evaluating and improving the energy efficiency of buildings. It is manufactured in large volumes (2.14 million in fiscal year 2021) and is therefore representative of our product portfolio.

We carried out the investigation as a cradle-to-cradle study, which means that all relevant value-added stages were included, from the extraction of raw materials through the use phase to the disposal or recycling of the device. We assumed a technical lifetime of ten years. The consequences were estimated for the categories greenhouse gas potential, freshwater ecotoxicity and human toxicity.[3]

[3] In addition to climate impacts (greenhouse gas potential), the emissions of some substances, such as heavy metals, can affect water (freshwater ecotoxicity) or human health (human toxicity). Toxicity assessments are based on tolerable air and water concentrations and daily intake thresholds. The calculation is made in equivalents of 1,4-dichlorobenzene (kg 1,4-DCB-eq).

Hotspots

Over its lifecycle, the radio heat cost allocator causes 1.08 or 1.54 kg of CO_2e emissions, depending on whether there is already a heat conductor on the radiator.[4] The human toxicity is 5.83 kg 1.4-DCB-eq and the freshwater toxicity at 0.313 kg 1,4-DCB-eq.[5] By comparison: a normal smartphone causes more than ten times the human and freshwater toxicity. The effects in detail:

Circuit board

The circuit board is responsible for 44 percent of CO_2e emissions, 72 percent of freshwater ecotoxicity and 66 percent of human toxicity.

Battery

The battery is responsible for 9 percent of CO_2e emissions, 21 percent of freshwater ecotoxicity and 20 percent of human toxicity.

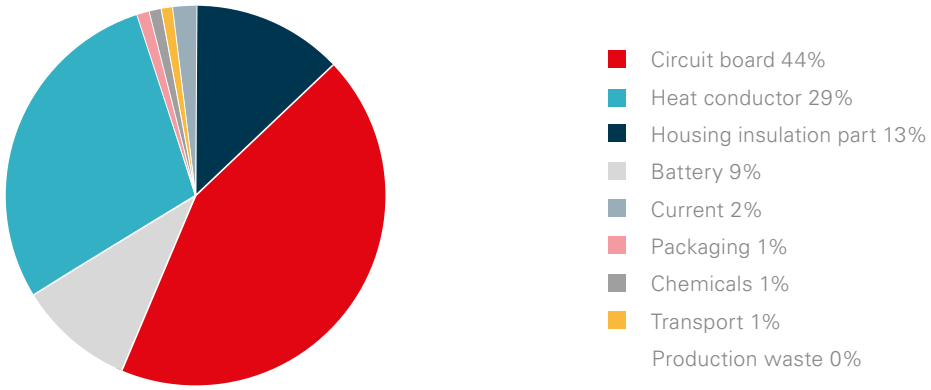
Heat conductor

The heat conductor contributes 29 percent of CO_2e emissions.

Housing

The housing accounts for 13 percent of CO_2e emissions. The contribution to freshwater ecotoxicity and human toxicity is 2 percent each. A recyclate is used. This choice of material saves 86 percent of the CO_2e equivalents per kilogram of material used. For the heat cost allocator, this currently adds up to savings of around 0.17 kg CO_2e per device.

With a heat conductor – greenhouse gas potential



Production, packaging and transport

Production, packaging and transport are responsible for around 5 percent of CO_2e emissions, 5 percent of freshwater ecotoxicity and 12 percent of human toxicity.

[4] The all-aluminum heat conductor is a component that needs to be considered when first installing a heat cost allocator. In this case, the CO_2e emissions increase over the lifecycle from 1.08 kg to 1.54 kg CO_2e emissions.

[5] Calculation is in equivalents of 1,4-dichlorobenzene (kg 1,4-DCB-eq). The calculation of the human and freshwater ecotoxicity was only carried out for the device without a heat conductor.

Courses of action

Based on the analyses and the in-depth LCA, several options for action were identified in order to reduce the environmental impact, in particular by extending the service life and using recycled material. Techem will review the feasibility of these options in fiscal year 2022 and draw up an actual action plan:

- Validation of the devices removed and returned at the end of the service life for remaining performance
- Random testing to extend the service life of water and heat meters
- Use of batteries with higher capacity
- Refurbishment and reuse of device components and assembly material
- Use of recycled materials, especially recycled aluminum and brass
- Use of environmentally friendly recyclates for plastic components

Energy and emissions

Climate protection potential through Techem's business activities

Techem shares responsibility for the energy transition in Germany through its business activities in the field of heat contracting. In addition, as part of the submetering business, the company makes a sustainable contribution to the development of energy efficiency potential in today's buildings (see p. 68). Climate-friendly energy management and energy efficiency are also crucial for the real estate Techem uses and for its own actions in order to keep costs and CO_2e emissions low. We bring together our approaches and goals for climate-friendly management – through our products and services as well as in our own operations – in our decarbonization plan (see p. 80).

Certified energy management

Our energy policy sets the guidelines for responsible use of energy. Among other objectives, we have stated that we want to conserve resources, protect the environment and improve energy efficiency and profitability in all properties used by Techem. Techem ensures that its energy management and energy-related performance (the measurable results in terms of energy efficiency, energy use and energy consumption) are checked regularly and constantly improved. For this purpose, we have introduced an energy management system according to ISO 50001 and had Techem Solutions GmbH certified. In this context, we have committed ourselves to invest in energy-efficient products and services and consider opportunities to improve energy performance in new or modified facilities and locations, among other objectives. We constantly check whether our organization is working in an energy-efficient manner and make improvements wherever possible. Regular tests and assessments contribute to this. Techem carries out energy audits at all its sites in Germany according to the specifications of DIN EN 16247-1 and the specifications of the Federal Office of Economics and Export Control (BAFA). For our sites in the EU with mandatory energy audits, we have audits carried out according to the national regulations there. The potential savings that are identified and relevant to us are discussed and tackled by management if the measures can be carried out economically.

Working energy-efficiently

The Techem Group does not own any real estate, but rather has rented all its sites. In this respect, we have no direct influence on the energetic condition of the building shell or on the technical building equipment. Our Techem headquarters in Eschborn, which we jointly had certified according to the DGNB Gold standard together with our owners and for which we hope to achieve Platinum certification (see p. 32) , is an exception. If sites are downsized or relocated, we pay attention to efficient and

low-emission building technology and energy supply in order to ensure the lowest possible energy consumption and emission values. The lighting in Germany and also at a few international sites was switched to energy-saving LED technology if this was not already installed. In addition, we place great importance on energy-saving and durable devices in our office and kitchen equipment. Techem has been using green electricity at its sites in Germany since 2015. We intend to purchase green electricity for our international sites as well. To this end, we contacted the national companies in the reporting period and, where the rental agreements permit, arranged for a switch.

Power consumption

A large share of the energy purchased is converted into useful energy, such as heat and electricity, by Techem Solutions (TS) as part of heat contracting (e.g. by burning natural gas) and sold to customers. The actual energy consumption therefore takes place with the customer himself. Techem fully accounts for the energy used to generate useful energy as its own energy consumption. In fact, only a small percentage of the energy purchased by Techem itself is used for office operations and the vehicle fleet.

The Techem Group's total energy purchases increased by around 4 percent in the reporting period compared to the previous year. The reason for this is the expansion of the installed capacity by TS in the course of organic company growth. At Techem excluding Techem Solutions (ToTS), increased use of working from home and the selection of rental space with energy-efficient equipment resulted in a 5.2 percent reduction in energy consumption. Overall, the Techem Group's energy consumption increased by 6.2 percent compared to the previous year.

Climate-friendly mobility

Techem relies on the most climate-friendly means of transport for its employees. Measures for this are implemented on a country-specific basis. In Germany, for example, the situation is as follows: In the travel guidelines, train travel is given preference over air travel. Flights that are taken are compensated for by the non-profit organization atmosfair. Employees can also apply for a subsidy of 50 percent for an annual public transport ticket. If justified, employees receive a 2nd class BahnCard free of charge. Techem Germany also offers discounted leasing of e-bikes and bicycles. A good infrastructure for cyclists is provided with bicycle parking spaces and showers at the headquarters in Eschborn. Starting in 2023, Techem is planning to expand the bicycle infrastructure to gradually include modern storage facilities, charging facilities and showers at the seven German sites. In order to also make Techem Germany's vehicle fleet climate-friendly, a complete conversion to alternative drives will take place by 2028.
Some Techem national companies have also established approaches and measures for climate-friendly mobility for their employees. For example, Techem Norway intends to convert its fleet to exclusively climate-neutral vehicles by 2025. In Spain, Denmark and Bulgaria, part of the vehicle fleet has already been converted to e-mobility. Several international locations offer incentives for using bicycles or public transport.

Energy consumption within the organization (in MWh) ☑

	Techem total		Techem Solutions (TS)		Techem without Techem Solutions (ToTS)	
	FY 2020	FY 2021[1]	FY 2020	FY 2021[1]	FY 2020	FY 2021[1]
Total energy purchases[2]	1,167,780	1,216,127	1,140,657	1,190,405	27,123	25,722
› thereof energy from non-renewable sources	1,106,270	1,156,090	1,081,440	1,132,546	24,830	23,544
› thereof energy from renewable sources	61,510	60,037	59,217	57,859	2,293	2,178
Total energy sales[3]	945,956	1,016,362	945,956	1,016,362	0	0
Total energy consumption within the organization[4]	954,416	1,013,190	927,293[5]	987,468[5]	27,123	25,722
Sales (in million euros)	783.5	818.6	88.2	97.9	695.3	720.7
Energy intensity[6] (in MWh / million euros in sales)	1,218.1	1,237.7	10,513.5	10,086.5	39	35.7

[1] Preliminary figures, as not all invoices were available at the time of going to press.

[2] Any energy that is purchased. Both electricity and district heating, which are required for our own offices and the operation of our own systems, as well as energy sources such as natural gas or heating oil, which are used in our own systems to generate heat and/or electricity.

[3] Any energy in the form of useful energy, e.g. electricity, heating or cooling, that is sold by Techem. This includes self-generated useful energy, e.g. heat generated by burning natural gas in our own plants, and externally generated useful energy, e.g. in the form of district heating, which is only resold.

[4] The self-generated useful energy is accounted for as own energy consumption.

[5] Purchased and resold district heating and purchased and resold electricity are not included.

[6] Related to "total energy consumption within the organization."

Audited key figures are marked accordingly in the report with an ☑. For the audit note, see p.145.

Reduce our carbon footprint and manage climate risks

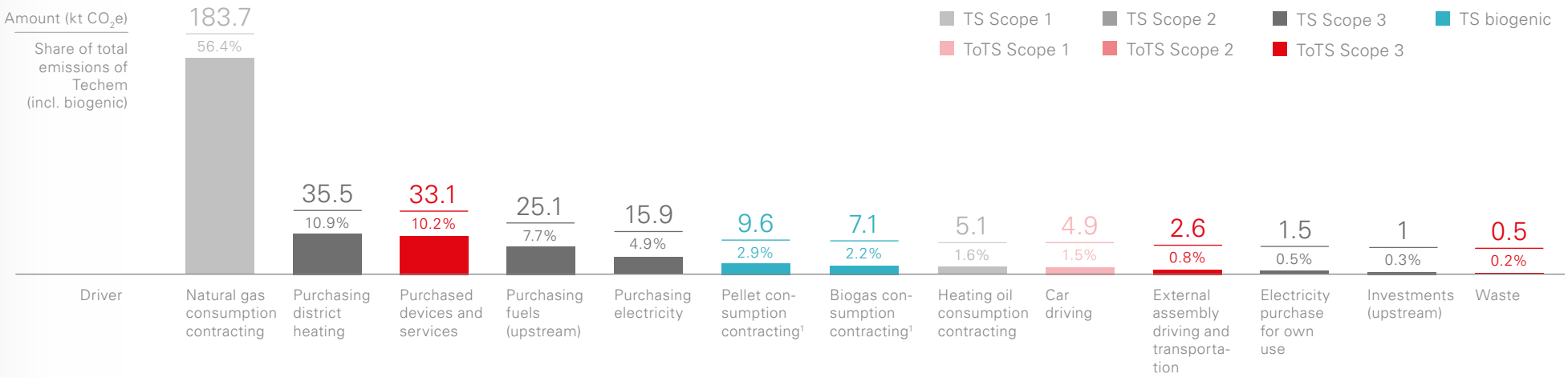
As an energy service provider and metering point operator, we see it as our responsibility to make an effective contribution to the energy transition and to a climate-neutral building stock – particularly through our products and services, but also in our own operations. Our goal is to achieve carbon neutrality by 2045 according to the Net Zero standard of the Science Based Targets Initiative (SBTi). Therefore, we calculated our CO_2e footprint for the Techem Group in accordance with the Green House Gas Protocol in the reporting period (GHG Protocol) and developed a decarbonization plan with intermediate targets for 2030. This shows us the way to a climate-neutral future.

Techem Group's CO_2e footprint

Techem's global CO_2e footprint amounted to around 313,800 tons of CO_2e emissions in fiscal year 2021. The figures presented below are market-based. The complete key figures can be found in detail starting on p. 126. The main emissions driver at Techem is natural gas consumption in TS's contracting business, which accounts for 59 percent of the total emissions of the Techem Group. The majority of Techem's emissions are therefore caused by TS for supplying Techem customers with heat and electricity. Far behind are TS's fuel and energy-related activities with a 25 percent share and purchased metering goods and services (ToTS) with an 11 percent share of Techem's total emissions.

Since the TS business area causes significantly higher emissions than the other Techem companies (ToTS), the emissions are presented transparently below for the entire Techem Group, for TS and for ToTS.

Main emission drivers of the Techem Group in 2021 (in kt CO_2e)



[1] Biogenic emissions are reported according to the specifications of the GHG protocol, but are not included in the total emissions of the individual scopes.

Scope 1 – our direct emissions

Techem's Scope 1 emissions include the emissions that we have a direct influence on because they are caused by the provision of heat and our vehicle fleet. At 62 percent, they make up a large share of Techem's total emissions. Within our direct emissions, our own energy production by TS is the main source of emissions, at 97 percent.

Scope 2 – our indirect emissions

Our Scope 2 emissions are caused by purchasing energy for our own use. At 41 percent, the electricity purchased by TS accounts for the largest share. Scope 2 emissions account for less than 1 percent of the total emissions of the Techem Group and are therefore comparatively insignificant.

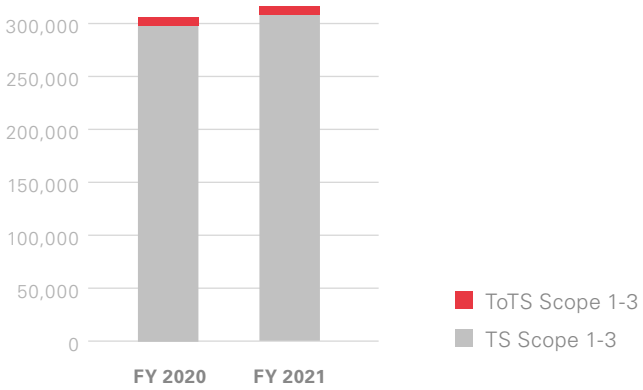
Scope 3 – our indirect emissions along the value chain

The CO_2e emissions that occur along our value chain are summarized under Scope 3 emissions. These range from purchased goods and services and their transport, through fuel and energy-related activities to recycling or disposal at the end of the product's life. Our Scope 3 emissions are responsible for around 37 percent of Techem's total emissions. Hotspots are TS's fuel and energy-related activities at 65 percent and ToTS's purchased goods and services at 31 percent.

Development of our emissions

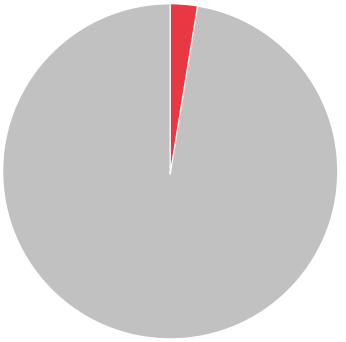
The Techem Group's CO_2e emissions have increased by 10,385 tons to 313,760 tons since last year. TS's scope 1 emissions are largely responsible for this. The reasons are primarily growth, which means that the number of systems and the installed total system output have increased. Fiscal year 2021 was also colder overall than fiscal year 2020, which increased our customers' heat requirements.

CO2e emissions in Scope 1, 2 and 3 (in t CO_2e)[1]

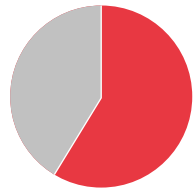


CO2e emissions in Scope 1, 2 and 3 2021 (in t CO_2e)

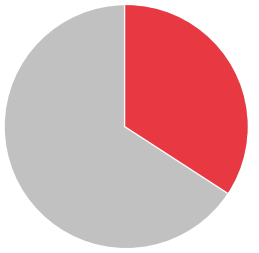
Scope 1



Scope 2



Scope 3



[1] The deviation in Techem's CO_2e emissions in fiscal year 2020 compared to the data presented in the Sustainability Report 2020 is due to more up-to-date and differentiated emission factors. The biggest difference is in the Scope 3 emissions and comes from a more accurate calculation of the emissions from the equipment and facilities. The data includes all CO_2e emissions of the Techem Group worldwide. For more information on how the data is collected, see p. 126.

Our roadmap to climate neutrality

With our decarbonization plan, we intend to reduce our total CO_2e emissions by at least 42 percent by 2030 and achieve a long-term emissions reduction of at least 90 percent by 2045 (see table). The base year for this is fiscal year 2020. We will remove the remaining emissions from the atmosphere using carbon capture technologies in accordance with the SBTi's Net Zero standard in order to achieve carbon neutrality for the Techem Group by 2045. In doing so, we would also like to increase the climate-friendly effect of our products and services in order to contribute to the overall goal of a climate-neutral building industry.

Techem reduction targets for emissions according to the SBTi

Techem Group	2030	2045	
Scope 1	-42%	-90%	**Net Zero** according to SBTi in combination with carbon capture technologies for 10% remaining emissions.
Scope 2	-42%	-90%	
Scope 3	-28%[1]	-90%	
› ToTS			
Scope 1 & Scope 2	-90%		

[1] Scope 3 target for 2030: Reduction of 42% from 67% of emissions in the base year 2020 according to the SBTi Corporate Net Zero standard. The upstream emissions from district heating are excluded.

Techem reduction targets for emissions according to the SBTi

Our decarbonization plan is based on our carbon footprint according to the GHG protocol (see p. 78), analyses of the environmental impact of Techem equipment and systems (see p. 72), and workshops with Techem experts. As the achievability of the targets is strongly linked to customer acceptance of contracting, which will be much more climate-friendly in the future, we plan to subject the targets to a reality check before officially submitting them to the SBTi. Our two business areas contracting and metering will be examined.

Main focuses of our decarbonization plan

Techem Solutions (TS) – contracting business

1. Conversion of the stock to hybrid heating systems consisting of heat pumps and gas-fired peak-load boilers

As part of the renewal of contracts, we want to convert existing, conventional heat generators to hybrid heating systems consisting of heat pumps and gas-fired boilers. From calendar year 2032 on, either a switch to green hydrogen or green methane or biomethane (Option 1) for the peak-load boiler or to monovalent heating systems with heat pumps (Option 2) is planned. This technology decision is to be made based on availability, costs and customer preference. We want to largely do without biogenic energy sources such as wood pellets.

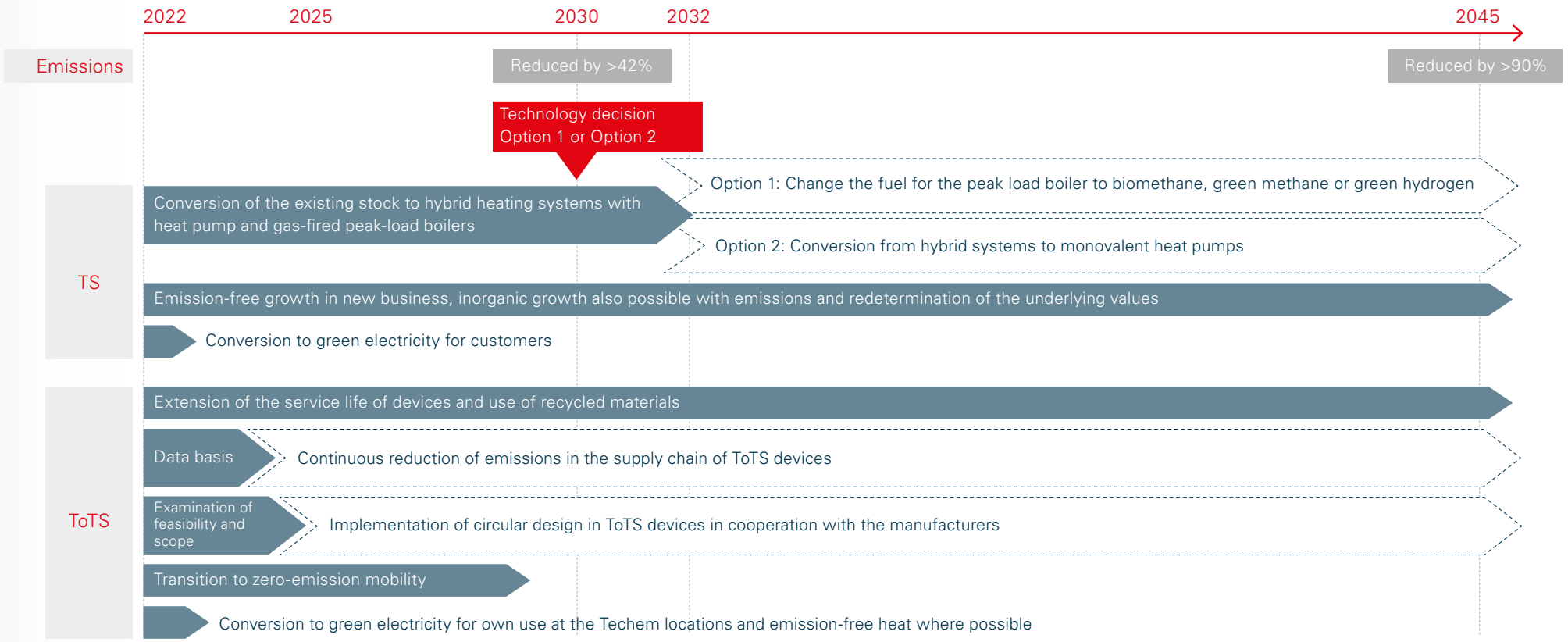
2. Emission-free growth in new buildings

In the future, Techem will rely on CO_2e-neutral heating solutions when equipping new construction projects.

3. Conversion to green electricity for customers

The electricity resold by Techem to its customers is to be completely converted to green electricity with proof of origin by the end of 2022 with the delivery period starting January 1, 2023.

Techem decarbonization plan



Techem excluding Techem Solutions (ToTS) – the metering business

4. Circular design for Techem devices

Techem will carry out a feasibility check for the reduction potential for Techem devices in the areas of service life extension, use of recyclates, reprocessing and re-manufacturing by fiscal year 2025 and will then implement the most promising measures. The long-term reduction target can only be achieved with a holistic transition to circular production of all devices. For this reason, Techem will involve the supply chain intensively in order to achieve its emission reduction targets in cooperation with the manufacturers.

5. Emission-free mobility, green electricity for own use & emission-free heat in Techem buildings

Techem will convert its fleet of company cars[6] to alternative drives by fiscal year 2028. In addition, the electricity purchased for the Techem locations in Germany for their own use by fiscal year 2023 will be completely covered by green electricity with a certificate of origin and will also be converted at the locations of the German companies belonging to Techem and international locations, where possible. In the future, Techem's office buildings are to be supplied with heat from renewable energies, as far as this is possible within the framework of the current rental agreements.

Dealing with remaining emissions

Techem will remove the remaining emissions from the atmosphere in accordance with the SBTi specifications using carbon capture technologies in order to achieve complete climate neutrality by 2045.

Analysis of our climate risks and opportunities

Techem wants to systematically counter the risks and opportunities resulting from climate change. By the Sustainability Report 2020 (to be published in 2023), we will strive to fully comply with the Task Force on Climate-related Financial Disclosures (TCFD) requirements. Below, we present the first management approaches and measures on the subject of climate risks and opportunities.

Governance and risk management

TRIOS and Risk Management are responsible for the topic of climate risks. Together, they carry out analyses of climate-related risks, sometimes by involving external experts. Climate risks are part of ESG reporting to the Advisory Board's Risk and Audit Committee. In the future, a risk management tool for supply chains that also takes ESG risks into account will strengthen risk assessment. In addition, climate scenario analyses are planned according to the specifications of the TCFD.

Considered risks and scenarios

In its climate risk analysis, Techem considered physical risks and transition risks (e.g. regulatory risks and technological risks) as well as two scenarios: the adjustments to a 2-degree path and the adjustments to a 4-degree path. Geographical data and an external science-based database were used to assess the physical risks.

Physical risks at our sites, such as damage to infrastructure caused by heat waves, storms or floods, for example, were rated as low. The reasons for this are the geographical location of most locations in Europe, which is advantageous in terms of physical risks, the fact that the property is rented (no liability for damage) and an efficient IT infrastructure that enables geographically distributed work (e.g. from home).

The potential for physical risks in the (extended) supply chain, through an impairment of production facilities or transport routes, for example, is comparatively higher and is to be examined more closely in the future.

We classify regulatory risks – such as government measures in response to climate change and the changing customer needs against this backdrop – as low for Techem. Unlike for many companies, climate-related regulations can even be associated with opportunities for Techem. A change in customer needs means that the demand for climate-friendly energy supply solutions will increase. This development is reinforced by public incentives to avoid emissions. Solutions that are still expensive or unprofitable today will be used more widely in the future and can be offered more cheaply thanks to economies of scale. This will enable us to address a wide range of customers with attractive offers.

Technological risks also exist for Techem, in the substitution of products and services by lower-emission offerings from competitors and in possible bad invest-

[6] DTS's pro rata minor company cars and offices are attributed to ToTS here.

ments in new technologies, for example. Techem counters these risks with its decarbonization plan. The plan sets the framework for the transformation of Techem's business activities towards climate neutrality and at the same time leaves room for adjustments to better meet customer needs and market developments.

In order to avoid reputational risks that can arise from greenwashing, for example, Techem ensures transparent and factual reporting of climate-related information.

Conserving resources

Saving water

For Techem, water is an important resource that deserves protection. Due to climate change, water stress is becoming an increasing problem – even in temperate latitudes. With water meters and services such as the value-added platform Techem Monitoring, we provide tenants with an overview of their water consumption and help by encouraging them to save water through educational work.

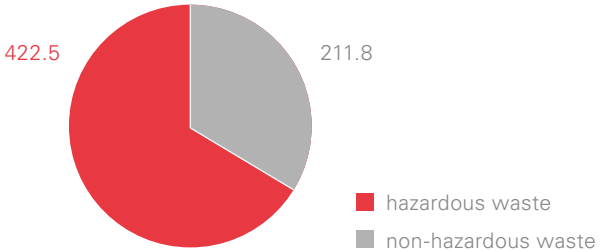
In the Techem Group's own operations, water is only used to a small extent in sanitary facilities and for preparing food: In the year under review, 10,880 cubic meters of water were withdrawn (FY 2020: 15,061 m^3) (see p. 129). Water consumption remained at a low level because the majority of employees continued to work from home due to the coronavirus. The water comes from the public drinking water supply and is used in the sanitary rooms, the office kitchens and the company restaurant. The sanitary rooms are equipped with water-saving fittings. Wastewater is discharged into the municipal systems. Since Techem does not have any production that requires water, there are no minimum standards for the quality of the wastewater discharge. The local water and wastewater laws set the standard. Since water is only used to a small extent at Techem and not as process water, there is no approach to determining effects in connection with wastewater or process water or to setting targets for water reduction.

Waste management

All devices that Techem brings to market must be returned to the disposal cycle. In Germany, this is the responsibility of the Supply Chain Management and Procurement department, which will also set up international waste management by the end of fiscal year 2023. The devices used by Techem consist of electronic components, plastics and metal. When designing our products, we already take into account the impact of waste that occurs over the course of their lifecycle: Among other things, we focus on a recyclable design of the products and a reduction in packaging material (see p. 72). In fiscal year 2021, around 413 tons of dismantled devices were disposed of in Germany. Uninstalled devices are sent to a certified disposal company.

In order to ensure that the devices are returned to Techem, appropriate work instructions were drawn up and included in the obligatory dangerous goods training for fitters. In addition, selected executives are trained by the dangerous goods officers to return the devices.

Waste by waste type and disposal method in Germany 2021 (in t)



The waste for Techem Germany was recorded in full for the first time in fiscal year 2021. Data collection is planned to be expanded to international locations by the end of fiscal year 2023.
A small proportion of the figures is based on estimates.

The lithium batteries installed in the electronic devices are also sent to a certified return system for further recycling. Disposal is carried out internationally in accordance with the relevant regulations.

Techem Germany generated 634.3 tons of waste in fiscal year 2021, of which 422.5 tons were hazardous waste (mostly electronic waste). Around 98.5 percent of the waste was recycled, processed or used, the rest was disposed of in accordance with the Closed Substance Cycle Waste Management Act (KrWG).

Reduce paper consumption

The avoidance of paper consumption also contributes to resource-saving business activities. Techem Germany has set itself the goal of reducing its paper consumption by 50 percent by fiscal year 2024 and switching entirely to recycled paper. Paper reduction was already initiated in the reporting period as part of selected digitalization projects, in customer communication or with regard to extensive assembly instructions, for example. Some of Techem's international locations have adopted goals for a "paperless office." For example, Techem Belgium and Luxembourg intend to do without paper as much as possible by the end of 2022.

Sensitize employees

Environmentally and climate-conscious behavior can only develop its full effect together. We have also anchored this in our Code of Conduct for employees. Through internal publications on energy and water-saving behavior, employees are made aware of resource-saving behavior. Employees can also contact a dedicated sustainability group on the intranet and provide sustainability-related suggestions at sustainability@techem.de.

By the end of fiscal year 2022, we want to introduce mandatory online training for all employees in Germany and thus raise awareness of sustainability even more. In a second step, this is to be rolled out internationally as well. In Germany, there is also an annual e-learning course for the employees of Techem Solutions on how to use energy and water sparingly, concluded by a knowledge test. The savings actually achieved in the office are communicated through internal channels.

A sustainability week with various challenges was held at Techem Germany in the reporting period. In this context, we used interactive formats to provide tips and suggestions for a sustainable lifestyle. And via the hands-on format "We are the change! 2.0," employees can use social media to show what climate protection and sustainability mean to them personally. We also started a garbage collection campaign at Techem Germany in the spring of 2022 and gave employees time off to take part in it. In addition, we rely on fair trade organic coffee and tea at all German locations, which are available to our employees free of charge. Campaigns to raise employee awareness are also held at the international locations. For example, a workshop on the Sustainable Development Goals was held in Denmark during the reporting period, during which ideas for a more sustainable lifestyle and workplace were collected.

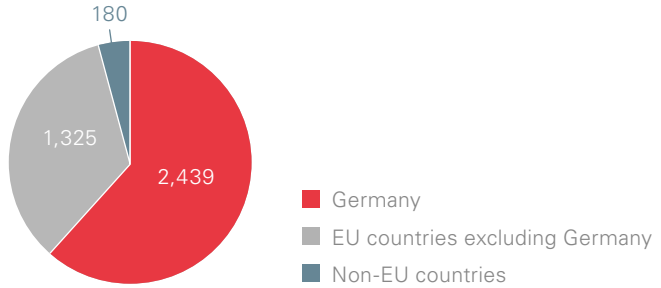
FOR THE INDIVIDUAL & THE COMMUNITY

Techem relies on qualified employees, who are committed to the energy transition in the building sector through their work. We offer them a safe and attractive working environment and rely on holistic training and further education. Together, we work to increase customer satisfaction and develop new solutions for green and smart buildings together with strong partners. When it comes to our social commitment, as well, we rely on partnerships that have an impact on the individuals and the community.

Attractive working conditions and a diverse workforce

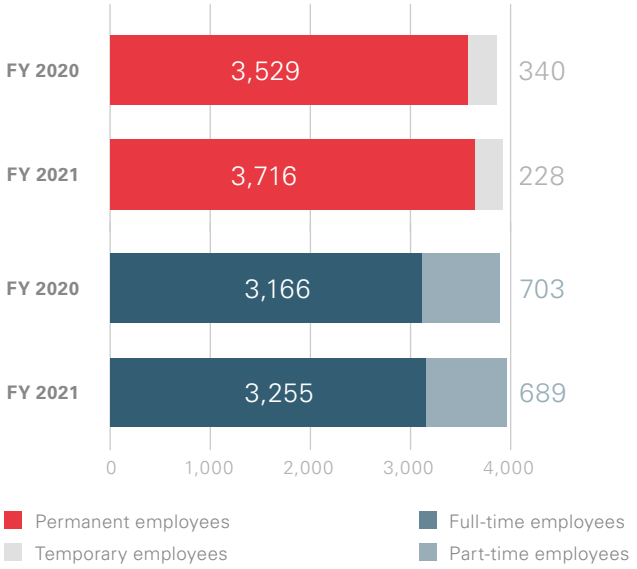
The approximately 3,900 Techem employees worldwide form our backbone. They can develop individually and continue their education in a safe working environment. At Techem, demanding tasks can be reconciled with private commitments and requirements. Our employees benefit from the fact that diversity and equal opportunities are specifically promoted.

Employees by region in 2021



The figures include all active employees worldwide excluding trainees and temporary workers as of September 30, 2021.

Employment relationships at a glance



The figures include all active employees worldwide, excluding trainees and temporary workers, as of September 30 of the respective year. The assembly of the devices and the reading of the meters are also partly carried out by external customer service technicians and meter readers with a work contract.

Challenges and support for all employees

Our employees

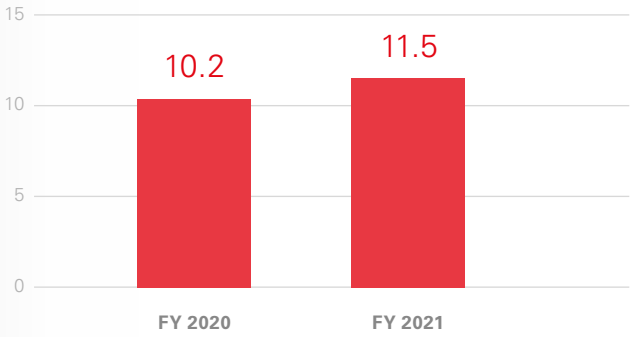
Our employees are a key component of our company's success. We offer them attractive working conditions worldwide, which also include job security: The majority of our employees are therefore employed on a permanent basis and we were also able to take on many new temporary employees in the reporting year.

Techem's goal is to retain employees over the long term. One indicator of this is the fluctuation rate. This provides information about the share of departures in the reporting period in relation to the total workforce. The slight increase in the global fluctuation rate to 11.5 percent compared to the previous year (FY 2020: 10.2 percent) is due, among other reasons, to the consolidation of locations for customer care and sales. In addition, there were terminations by technicians who reoriented their careers due to the risk of corona infection while having personal contact to customers. A total of 554 employees were hired in the reporting period, while 452 employees left the company.

For Techem Germany, the fluctuation rate with a view to voluntary resignations is particularly relevant to management. In Germany, we have therefore set ourselves the goal of keeping the fluctuation rate for voluntary resignations below 5 percent in the long term. This figure was at 3.2 percent in fiscal year 2021.

In order to keep an eye on the satisfaction and motivation of our employees, we conduct employee surveys in Germany and introduced an Employee Net Promoter Score (eNPS) in fiscal year 2021 and defined target values. The eNPS is collected approximately every six months. The questions relate to the aspects of organization, leadership, team and activity. Employee surveys were also carried out in twelve other Techem national companies and targeted measures to increase satisfaction were derived.

Turnover rate



The figures include all active and passive employees worldwide excluding temporary workers as of September 30 of the respective year.

Training of junior staff

In order to secure its own offspring and strengthen the trade, Techem relies on young skilled employees, who we train in-house and sometimes in cooperation with other companies. To get them started, we offer internships, vocational training and dual study programs in Germany and in six other national companies. High school graduates can also get to know us via digital formats for career orientation. In the selection process, we pay attention to equal opportunities and to the diverse backgrounds of the applicants. In fiscal year 2021, the company employed 74 trainees and dual students in four apprenticeships and six dual study programs. In addition, five career starters were in a trainee program at the Eschborn site in the reporting period. New orientations for other occupational profiles, such as training as a warehouse clerk, are being planned for fiscal year 2022.

Responsibilities on the topic of training and further education are anchored in most Techem national companies. The training team in Germany is integrated into the HR Management Services department, which in turn is assigned to the HR, Legal and Claims department. Our junior staff who are not employed at the headquarters are looked after by regional trainers on site. The trainees regularly change departments in order to get to know all the work processes. In order to develop the skills of our junior staff in a way that is fit for the future, we constantly train them, in presentation and communication techniques or time and self-management, for example. In addition, the trainees work together on projects that they implement independently. In fiscal year 2021, for example, they managed the trainee homepage and introduced the new trainee power project. With the help of this project, we want to make the mediation between employees – who are looking for trainee support – and trainees as well as dual students more transparent and efficient. Our trainees ("Young Professionals") can then also expand their experience in project management as part of their 18-month trainee phase and advance a project together. We have chosen CO_2 pricing and its effects on Techem as the topic.

The digitalization of our processes, which has actually been strengthened by the corona pandemic, will continue to be important in the future and training will continue to take place in a hybrid model.

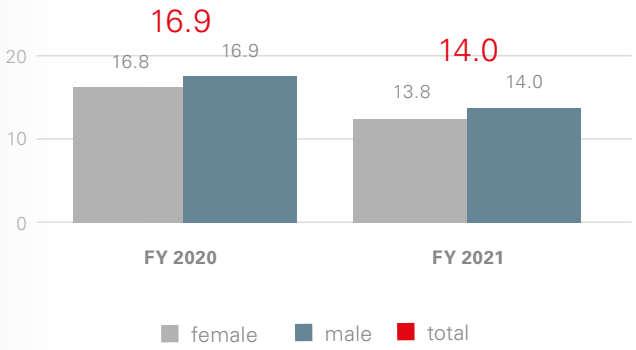
Training based on needs

With the introduction of a new learning management system, we have been giving employees across the Group access to a varied range of courses since the fall of 2021, which is aimed at developing the skills and expertise that are relevant to us. The Techem Academy currently offers 375 learning programs, more than 95 percent of which can be used online, around half independent of time and place. During the reporting period, we organized a learning week (Techem Learning Days)

for all Techem employees in Germany. The close to 80 learning offerings were mostly taught by employees to their colleagues, including insights into individual areas and various future topics such as sustainability and agility. The diverse program was supplemented by topical impulses from external guest speakers.

In the reporting period, Techem employees in Germany took part in training for an average of 14 hours (FY 2020: around 17 hours). This goal will probably be revised as part of the development of our new learning strategy because the new learning program is based on shorter learning impulses, which enable a high level of personal participation and thus greater learning success. This also explains the decline in training courses in fiscal year 2021.

Training hours per employee in Germany in FY 2020 and FY 2021



The data includes all employees in Germany and relates to the average number of training hours per employee in the respective Techem fiscal year. International data could not be reported due to the lack of a uniform system for recording the training hours in the reporting year. On-site supervisor briefings were not counted as training hours.

FOCUS

Techem Academy as a virtual learning platform

Starting in the summer of 2022, all employees will have access to the virtual academy, a small "Techem Metaversum" with new virtual learning and experimentation rooms. Employees can learn independently here, but in particular have the opportunity to exchange ideas in learning communities, take part in live events and get in touch with trainers. We are thus creating a central contact point for further training at Techem, which brings together all previous learning platforms and tools. We will ensure the relevance and topicality of our training portfolio through holistic needs analysis:

Training roadmaps for the employees are defined on the basis of the development areas identified from the appraisal interviews, interviews with the departments and supplemented to include the needs of our strategic projects. Additional self-checks are offered so that employees can identify further learning content that is relevant to them.

On this basis, the employees receive suggestions for suitable training programs. In order to ensure the effectiveness of these, appropriate training guidelines have been defined and a tool was developed that records the success of the training and derives improvements.

Employee appraisals as a basis

Managers discuss which further training measures are effective together with the employees in appraisal interviews. The formats vary in the Techem national companies. In Germany, we determine every year how individual employees can develop further and what training is required for this. Based on this assessment, the next development steps and goals are discussed. Separate management skills are planned for managers. Training courses, events or courses on all core competencies are offered in order to promote continuous personal development. At the request of the employees, a mid-year check is possible in Germany, which includes a second, shortened interview. Intermediate goals and development progress can be checked here. All employees are encouraged to obtain feedback from their colleagues in advance of the appraisal interview, which can be viewed by employees and managers. This additional feedback helps managers in their assessment, promotes a feedback culture and increases the self-reflection of the employees.

Future-proof further development

Every two years, employees who aspire to have a managerial or specialist career can apply for the "STEP" corporate development program. The applicants are made known across departments and their potential is assessed at talent conferences to ensure fairness and objectivity in the selection process. The program consists of seven modules spread over 18 months. It is not only advertised in Germany, but also at our international locations. 41 employees are taking part in the current round of the young talent development program, which started in the spring of 2022. Of these, 13 percent come from international locations and 44 percent of the participants are women. The latter reflects the gender ratio of our workforce and meets our women's quota for young talent development programs. The contents of the programs include leadership skills and methods for team and project management. The spectrum of topics ranges from agile methods and energy management to diversity and resilience. For managers, we also offer the leadership development program. The participants acquire knowledge that is important for the further cultural development and future viability of our company.

Open and respectful company culture

Diversity and equal opportunity

Techem sees the diverse perspectives and backgrounds of its employees as a key factor in its success. This includes fair and appreciative treatment at eye level – both within the company and with customers and business partners. This attitude is also anchored in our Code of Conduct, which forms the basis for day-to-day activities at Techem (see p. 109).

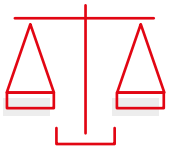
We are signatories of the Diversity Charter and in the spring of 2022 we drew up a Group-wide guideline for diversity and anti-discrimination, which is to come into force by the end of fiscal year 2022.

We are thus committing ourselves to a diverse company culture in the future that will enable employees to express themselves independently of individual characteristics (see graphic on p. 90) to develop in the work environment. All forms of discrimination are strictly prohibited.

Depending on the country, diversity and equal opportunities are the responsibility of the Managing Director or the Human Resources department. In Germany, the HR, Legal and Claims department is responsible for this in cooperation with the Sustainability Management department.

Diversity and inclusion (D&I) for Techem means that all employees

can be themselves and experience appreciation,



receive the same opportunities,

see diversity as an enrichment and

live common Techem values that form the basis for our cooperation.

We want to create a working environment in which our employees feel comfortable – regardless of age, ethnic origin and nationality, physical and mental abilities, religion and world view, sexual orientation and social background.

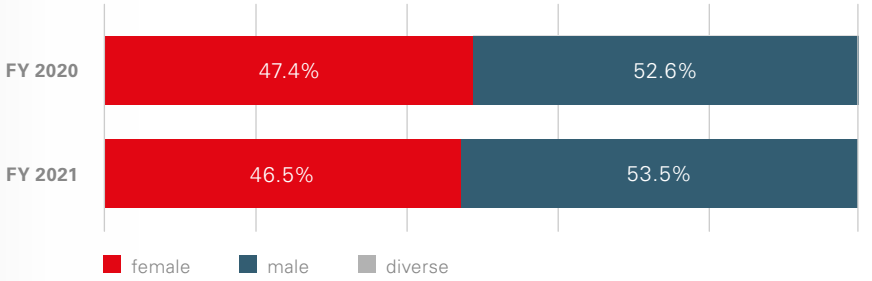
In the reporting period, Techem Germany developed a diversity roadmap with the help of internal stakeholders that includes our main areas of action, goals, KPIs and measures (see p. 92).

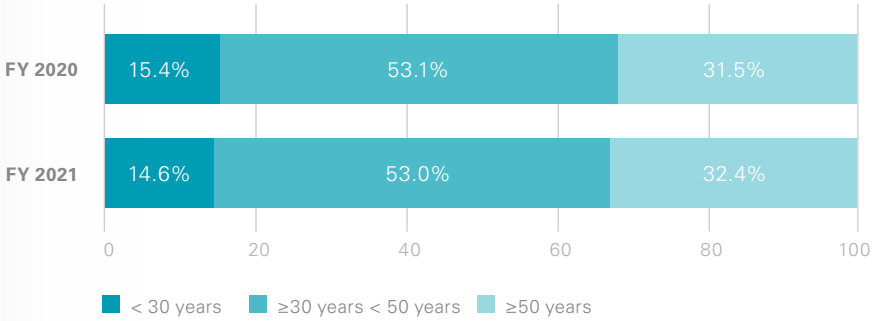
Some measures were already implemented by Techem Germany in the reporting period. These included:

- Mandatory online training on D&I for all employees and the opportunity to participate in D&I workshops
- Conducting training courses on the topic of "unconscious bias" for recruiters to strengthen a non-discriminatory recruiting process
- Mentoring of three high potentials by the management
- Establishment of a diversity network initiated by employees

If incidents occur that violate our Code of Conduct or our Diversity and Anti-Discrimination Policy, employees worldwide can report them anonymously via the tool Whispli or contact HR, Legal and Claims (see p. 110). Two incidents of discrimination were reported at Techem in the reporting period. The incidents were thoroughly investigated and, in both cases, led to termination of the employment relationships with the respective individuals.

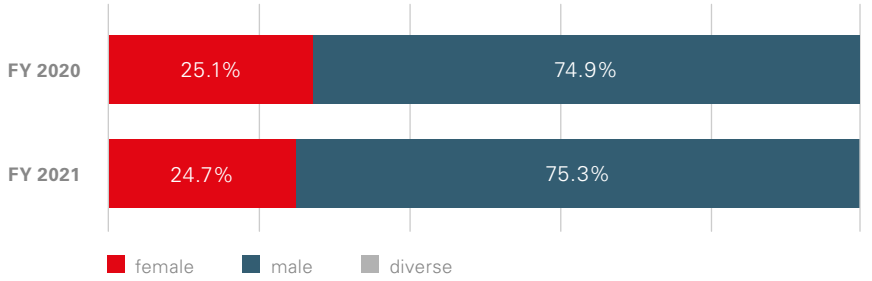
Employees by gender and age in FY 2020 and FY 2021

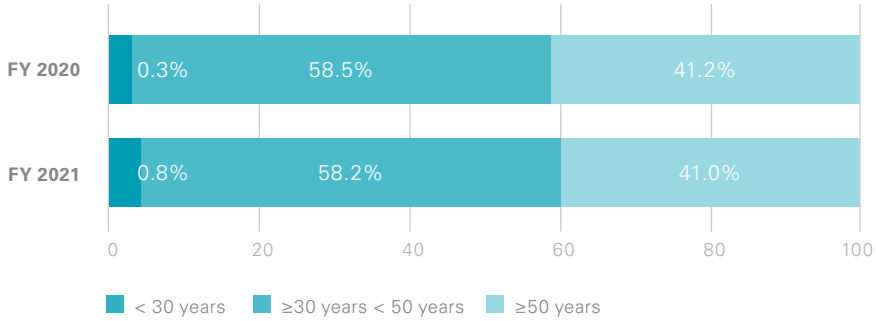




The data includes all active IVI employees worldwide, excluding managers and temporary workers as of September 30 of the year.

Managers by gender and age in FY 2020 and FY 2021





Due to rounding, slight deviations in the calculation of totals are possible. This data relates to the management levels 1 to 4 of the Techem companies worldwide, as of September 30 of the year.

Techem diversity roadmap

Between the fall of 2021 and the spring of 2022, Techem Germany involved a large number of internal stakeholders in dealing intensively with the current status of diversity and inclusion (D&I) at Techem and initiated steps for more diversity, inclusion and equal opportunities.

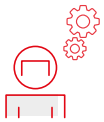
Five steps to more diversity

Fall 2021

1. Survey among employees

In a voluntary and anonymous survey, employees were able to comment on how they feel about diversity and inclusion at Techem and which aspects are particularly important to them. Over 1,500 of them, and thus 70 percent of the German workforce, took part.

2. Supplementary in-depth interviews



In in-depth individual and Group interviews, we then discussed experiences, challenges and solution approaches for more D&I with around 30 people. The Techem management, a member of the Advisory Board responsible for ESG and Techem, Sustainability Stewards, the Chief Compliance Officer, the Head of HR, the representative for the disabled, and managers and employees from other areas were involved.

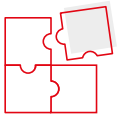
3. Analysis of the results

The findings from the survey and the in-depth interviews were analyzed together. It became clear that the employees consider it an important aspect to create a diverse and inclusive environment. More than 90 percent of the participants in the survey stated that diversity is appreciated at Techem and that they are accepted for who they are by their direct colleagues. The survey and in-depth interviews have also revealed room for improvement, however:

- In the past, employees at Techem have experienced unwanted and/or discriminatory comments or behavior.
- The management level is perceived as not very diverse, which means that employees stated that they could not identify with it.
- A high workload is seen as an obstacle to a good work-life balance and family compatibility.
- Equal opportunities for women and men are assessed critically, whereby the measures implemented (particularly the quota for women) were assessed positively.

People with a sexual orientation other than heterosexuality and people with a disability had the lowest approval rate for D&I at Techem. While people with a disability are the most likely to experience isolating behavior, LGBTQ+ people are the most likely to feel that they "cannot be themselves" in the work environment.

4. Development of a diversity roadmap



In order to respond appropriately to these findings, we have developed a diversity roadmap and derived focal points, goals, KPIs and measures. The diversity roadmap was presented to the management and validated.

Spring 2022

5. Implementation

Some measures already existed before the diversity roadmap was adopted – we started implementing new measures in the spring of 2022. We embed the continuous monitoring of progress in the reporting of the Sustainability Council.

Our main areas of activity

At Techem, we want to promote an inclusive and diverse environment by raising awareness, creating fair framework conditions and maintaining a clear zero-tolerance attitude towards discriminatory behavior.

For more awareness & inclusion

Goals:

- Sensitized workforce
- Leaders acting as role models
- Strong employees with diversity characteristics

For fair conditions

Goals:

- Unprejudiced recruitment processes
- Fair working conditions
- Equal opportunities for development and advancement

Against discrimination

Goals:

- Trusting environment in which cases of discrimination are reported
- Clear consequences for discriminatory behavior

Focus & KPIs	Goals	Measures
For more awareness & inclusion KPI › Employee participation in training › Increasing employee approval for inclusive leadership in 360° feedback › Number of employees in employee networks	Sensitized workforce	› Training to promote D&I for employees with a subsequent dialogue format in their own area / team › Target audience training for individual groups of employees such as customer service technicians › Strengthening of internal communication on D&I › Introduction of a policy on diversity and anti-discrimination
	Leaders acting as role models	*See also measures aimed at raising awareness among employees* › Training formats for unprejudiced and inclusive leadership
	Strong employees with diversity characteristics	› Introduction of organizational and financial support for employee networks › Conducting a survey and interviews on the needs of people with disabilities or mental illness and corresponding derivations
For fair conditions KPI › Percentage of women in management positions › Gender pay gap › Mentees with diversity characteristics › Work and family certificate	Unprejudiced recruitment processes	› Training recruiters on “unconscious bias” › Identification of alternative platforms for addressing diverse applicants
	Equal opportunities for development and advancement	› Women’s quota for managers and programs for the promotion of young talent › Mentoring program for groups of employees with diversity characteristics › Offer of women-specific further training measures, e.g. on self-confidence and self-marketing › Introduction of reintegration talks and career advice after parental leave
	Fair working conditions	› Introduction of the career and family audit › Investigating a potential gender pay gap
Against discrimination KPI › Percentage of survey participants with knowledge of recommendations for action and consequences in the event of discrimination	Trusting environment in which cases of discrimination are reported	› Strengthening of the complaints channels, among other things by establishing an internal confidant › Free provider “Perspektive” as an external, independent contact in private or professional crisis situations › Conducting a survey to gain a better understanding of discrimination at Techem and the level of knowledge about recommendations for action and consequences in the event of discrimination
	Clear consequences for discriminatory behavior	› Strengthening instructions for action with clearly defined consequences for inappropriate behavior › Development of a behavioral matrix for cases of (jointly) experienced discrimination

Our diversity roadmap currently relates primarily to Techem Germany. The internationalization of the sustainability strategy planned for the fall and winter of 2022 will include D&I. Our zero-tolerance policy in the event of discrimination and the Whispli whistleblower system apply across the Group.

Compensation and incentives

At Techem, performance and professional experience are crucial to determining the salary of each employee. The methodology for determining salaries is shaped by the country-specific context. In Germany, we have established a job evaluation process that evaluates all jobs objectively. Based on this, we use external benchmarks. We want to ensure that equal work is paid in the same way. There are no collective bargaining agreements at Techem. The hourly wage of our employees in all Techem national companies corresponds to at least the legal minimum wage and exceeds it in 18 of 19 countries.

In Germany, Techem employees are entitled to individual information about their remuneration due to the law to promote pay transparency between women and men. The law seeks to ensure that women and men receive the same salary for work of equal value. In fiscal year 2021, four employees in the German Techem companies submitted requests for information. All requests for information were responded to. Techem plans to conduct an investigation to examine a potential gender pay gap at Techem Germany in fiscal year 2022.

Techem also offers its employees various incentives. In Germany, we subsidize travel costs for local public transport or enable bicycle leasing. We also grant a subsidy of more than 20 percent for company pension schemes. In all Techem companies, employees can apply for parental leave in accordance with legal requirements. In fiscal year 2021, 183 (FY 2020: 183) employees – of whom 137 were women and 46 men – were on parental leave. 31.4 percent more men took parental leave than in the previous year. 105 employees returned from their parental leave in the reporting period. Twelve months after the end of parental leave, around 92 percent of the employees were still employed at Techem (see also p. 133). Depending on the local situation, Techem also offers its employees various incentives at international locations, such as subsidies for health insurance or offers for company pension schemes.

Safe and flexible working

Agile working methods

Techem relies on an agile working world that is becoming increasingly digital and flexible. We want to create a future-oriented working environment that meets both the needs of our employees for greater flexibility and our claim to be an innovative and digital service provider. At Techem Germany, employees can choose their working hours and location flexibly and work from home up to four days a week. Techem also offers flexible work location and time models at 15 other national subsidiaries – usually taking core working hours into account. These regulations also apply after the end of the restrictions caused by the corona pandemic, which has led to mobile working for a large number of Techem employees.

In order to do justice to this development in terms of space, we are promoting a modern working environment with a new spatial concept for the Techem headquarters in Eschborn. Our goal is to create a modern working environment that combines flexible working in the office with the option of mobile working. Communication and networking are to be strengthened by using the office as a meeting place in the future. The implementation has already started: ergonomic furniture in different formats, adapted to individual working methods, which enables concentrated work, but also desk sharing and collaborative project work.

In addition, we have anchored an agile way of working in our company culture and in our management approach. For us, this means, among other things, dealing openly with mistakes and working collaboratively. Techem has established a series of presentations where employees can share failures and learn from each other. The implementation of agile working methods in customer projects is carried out by a team in the IT Digital department, which consists of internal and external Scrum Masters. One of the youngest Techem companies,

Techem X, works primarily with agile methods such as design thinking and lean startup.

Occupational safety and health protection

We consider it a fundamental obligation to provide our employees with a healthy work environment and a safe workplace. Particular attention is paid to our customer service technicians, who are exposed to special risks of accidents in the course of their work. The responsibilities for occupational safety and health protection at Techem are regulated country-specifically according to the legal requirements – there is at least one point of contact for the topic at all national subsidiaries. Techem observes the valid occupational safety laws, regulations and recommendations at all locations.

We ensure the health and performance of our employees through occupational safety measures and preventive occupational medicine. For example, we train them on the topics of fire protection and safe working in the office. All employees can use the Techem information system TING to access the necessary information on the topics of occupational safety and health protection at any time, which is constantly being expanded and updated.

In Germany, the topic of occupational safety is anchored in the area of infrastructure. Health protection is the responsibility of the interface between the areas of Infrastructure and HR, Legal and Claims. Safety-related support in Germany is provided by an external service provider. We have also appointed a senior safety officer who advises us on overarching issues and looks after our headquarters in Eschborn. Another safety officer is responsible for the other locations in Germany. We have also appointed other functionaries, including first aiders, safety officers and site officers.

Four occupational safety committee meetings are held every year, in which all issues relating to occupational safety and health protection are discussed and decided on. The meetings are attended by safety experts, safety officers, the company doctor, the Works Council, representatives from the HR, Legal and Claims departments, the representative for the severely disabled and the Infrastructure department. In addition, our safety officers, site managers and site officers exchange information on occupational safety issues every year. Depending on the local legislation, there are also corresponding processes and positions in other national subsidiaries that manage the topic of occupational health and safety.

Prevention of accidents at work

At Techem Germany, we assess potential hazards for work areas and activities by assigning them a specific risk rating. The assessment is based, among other factors, on the probability of occurrence and the extent of damage. We initiate the necessary measures if the risk is in an area that is not acceptable to us (depending on the number of similar accidents or the severity). External safety experts monitor the implementation of the measures.

If an accident occurs despite risk prevention, a three-part process is initiated:

1.

For accidents that require a doctor's visit, the safety officer receives the accident reports.

2.

An analysis is then carried out together with the manager of the person involved in the accident. Measures are derived from the analysis.

3.

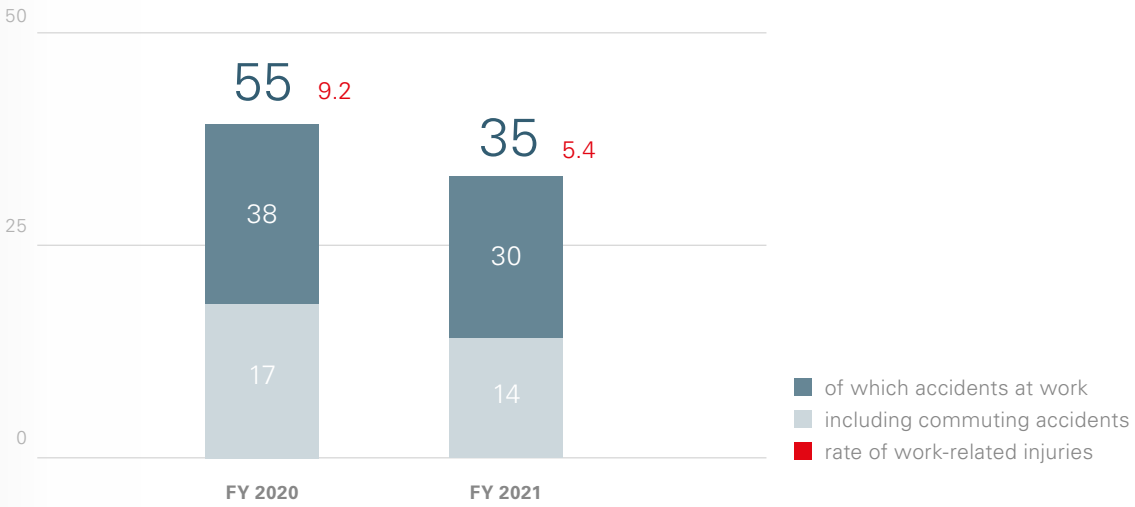
If the analysis and the measures are also important for other employees, the content is processed and distributed to the teams concerned.

15 other national subsidiaries have adopted defined processes for dealing with accidents at work based on local laws and the risk situation.

In fiscal year 2021, there were 35 work-related injuries (FY 2020: 55) – 30 of them from work-related accidents and five from commuting accidents (FY 2020: 38; 17). The decline in accidents is mainly due to the fact that employees were increasingly working from home due to the coronavirus, which meant that there were significantly fewer accidents on the way to and from work. There were no fatalities or serious injuries.

In recent years, it has been shown that more serious accidents at work have mainly occurred among customer service technicians. In order to change that, we are increasingly relying on awareness-raising measures. In Germany, for example, there is special training for customer service technicians, which teaches them how to perceive danger. Appropriate prevention and reaction measures are trained on the basis of concrete case studies. For Germany, we strive to keep our LTIFR (Lost Time Injury Frequency Rate) below five. Unfortunately, this goal could not be achieved in the reporting period (DE: 6.5).

Work-related injuries of employees



The work and commuting accidents of the employees of the Techem companies worldwide were evaluated. Work and commuting accidents that resulted in at least one day of absence were taken into account in the data. The rate (LTIFR) of work-related injuries was calculated as follows: (number of work-related and commuting accidents / planned working hours in the fiscal year) x 1,000,000.

Raising employee awareness

We offer our employees in Germany regular training courses to make colleagues aware of the dangers. These training courses include:

- Initial instruction for new employees and, if necessary, follow-up instruction by the respective manager
- Compulsory e-learning with a final test once a quarter, provided via Workday
- Instruction of employees in handling hazardous substances

We are also planning a training course on the topic of occupational safety for managers, which employees in Germany can complete at least once a year via the Workday platform. Techem also conducts workshops at least once a year that are aimed at managers and deal with responsibility and risk assessment. Such training courses are intended to make managers aware that they must fulfill their obligations to ensure the occupational safety of their employees. However, due to the pandemic, the training sessions were limited in the reporting period. In addition, safety and site officers attend our annual Safety Days. Training courses on the topic of occupational safety are also held internationally at 15 other Techem locations depending on the risk situation.

Providing preventive healthcare

Our employees can consult a company doctor who conducts regular consultations at the Eschborn site. Techem offers flu vaccinations in Germany and, in the course of the corona pandemic, has given all German employees access to initial, booster and follow-up vaccinations. We also support advice on work aids such as height-adjustable desks and computer glasses, which we subsidize. Our employees also benefit from the service provided by the external service provider "Perspektive." It advises them free of charge on personal, health, financial and operational issues. Courses are also part of health prevention at Techem. For example, many employees took part in digital yoga courses during the reporting period, which they were able to book for a small fee. Other national companies have also established health offerings for their employees, such as sports courses or medical checks.

Health and satisfaction of customers and tenants

Healthy and satisfied customers and tenants are a cornerstone of our company's success. We regularly measure our customer satisfaction and implement measures to improve it. Techem also offers services and products that strengthen health protection in real estate.

Holistic customer care

Improving customer satisfaction

By customer service, we mean that we align our thoughts and actions with the needs and concerns of our customers. The goal is for our customers to have only positive experiences and to see us as a friendly partner. Responsibility for this topic is country-specific and, depending on the size of the company, lies in a separate department for customer services or directly with the Managing Director. We align our work processes with internal and external quality standards such as ISO 9001-9015, which we regularly have certified in Germany and at other international locations.

Techem Germany's customer service is the responsibility of customer management. In the reporting period, we at Techem Germany concentrated on measuring customer satisfaction at the touchpoint, i.e. directly after the customer has contacted us. The contact point telephone was particularly important to us because about 65 percent of all customer contacts take place via this channel. As part of this survey, we derived initial measures to improve customer satisfaction:

- A transfer of authorizations – for example for billing corrections – directly to the employees on the phone. This means that additional customer concerns can be resolved over the phone.
- Stronger interdisciplinary cooperation also ensures that customer concerns can be resolved more quickly.
- Separate processes have been implemented for handling customer complaints in order to take special customer situations into account.

In addition, a strategic customer satisfaction survey (Net-PromoterScore) is planned for 2022, which will record the satisfaction of our customers across all customer segments and contact points. The results are expected by the middle of the year.

In the next step, further targeted measures are derived from the results of the touchpoint-related surveys and the findings from the strategic customer satisfaction survey. Specifically, we have set ourselves the goal of reducing the rate of follow-up complaints and the share of follow-up contacts by 50 percent compared to 2020 by the end of fiscal year 2023. Initiatives to improve customer and tenant satisfaction have been established at eight other Techem national subsidiaries.

Furthermore, Techem commissioned a market survey in the spring of 2022 that provides an understanding of how the market and the industry have changed compared to a study conducted in 2018. Business customers and private landlords from all service providers active on the market took part, including Techem customers. The study showed that the satisfaction of the respondents has increased compared to 2018.

Involve tenants

Through our Techem Experts market research platform, we not only reach customers, but also keep an eye on the needs of tenants. For example, they are asked how satisfied they are with the coordination of appointments, meter readings and billing, and can make suggestions for improvement. We thank the participants for their commitment by donating to charitable organizations. A total of eleven qualitative and quantitative surveys were conducted in Germany in fiscal year 2021.

Residential health of tenants

Protecting the health of the tenants

For us, it goes without saying that we protect the health of our tenants by constantly checking the effects of our activities. At the same time, products and solutions to increase healthy living are part of our portfolio. These are considered comprehensively in our product management, as are the effects of digital infrastructures. The safety of heat generation systems is guaranteed by our company Techem Solutions.

Keeping the concentration of legionella low

In partnership with accredited institutes, Techem offers a professional all-in-one solution for compulsory legionella sampling – from the expert inspection of the drinking water system and scheduling and carrying out the sampling to the transmission of the laboratory results as well as information to the tenants and any advice on sanitation.

For more than 50,000 buildings in Germany, we have the task of checking the legionella concentration regularly and in a timely manner. In these buildings, we have routinely taken samples at around 300,000 tapping points. For the legionella tests, we work together with accredited institutes. They are responsible for sampling and analysis. The data of the samples is recorded by app and transmitted to us.

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Pilot project: Digitalize legionella prevention and save energy at the same time

Legionella testing of the drinking water is regulated by law and takes place in rented residential buildings every three years. The condition of the drinking water system is difficult for the owners to monitor between the regular inspections. To prevent legionella contamination, the hot water system is generally overheated. This gives high priority to healthy living – but the price is increased energy consumption.

Techem has been testing an ongoing monitoring service in customer properties since the beginning of 2022 in order to be able to use the system status of the drinking water system to identify during the year whether the temperatures are within a suitable corridor or whether an intervention in the system is necessary. To do so, we use our digital infrastructure to record the temperature data of the drinking water system and present the results to the customer on a dashboard. On this basis, the drinking water system can be actively controlled to ensure legionella safety and optimized energy use. Thus, a cyclical test becomes a continuous digital "Legionella as a Service" operation – for the health of the tenants with improved energy efficiency.

Various DIN standards and worksheets from the German Technical and Scientific Association for Gas and Water (DVGW) are taken into account during the tests.

We optimized the legionella service process during the reporting period. In terms of organization, the two teams for legionella testing (organization of sampling) and sanitation advice on drinking water hygiene (support and advice in the event of infestation) have been merged. Since January 2022, a tenant hotline has also been set up at Techem to answer questions about the sampling appointment, which is also used to inform tenants about legionella. In addition, we have established an automated query for tenant data in order to increase the availability of tenants for taking samples.

Smoke alarms protect tenants

In Germany, owners are legally obliged to equip apartments with smoke alarms and to ensure that they are operational. Techem offers high-quality 10-year smoke alarm devices with CE marking according to EN 14604. The smoke alarm devices are also tested according to guideline vfdb 14-01 and equipped with functions for a complete remote inspection according to DIN 14676-1. Around 95 percent of the smoke alarm devices in Techem Service can be read remotely, without access to private homes. Remote inspection means we do not have to enter apartments to perform the annual inspection.

If problems arise between annual tests, tenants can call a 24-hour hotline. We can then rectify the fault within a few working days. We strive to arrange a timely appointment with the tenants within three working days to replace the defective smoke alarm device. In addition to the annual remote inspections, owners can also commission us to carry out a check that is carried out twice a month. This increases the chance of detecting undiscovered malfunctions or defects at an early stage.

Maintenance and operation optimization of heating systems

Techem operates around 2,500 systems in Germany and thus supplies more than 142,000 apartments with heat. The supply and operational reliability of the systems plays a key role here. We ensure this by replacing systems and system parts – such as pumps and heat generators, for example. This ensures the safety and health of the owners and tenants. If hazards nevertheless occur, protective measures are initiated and the results documented. Legally required tests are carried out and defects are rectified. If a legal or protected interest has been violated, the reasons for this are analyzed and measures are taken to prevent a recurrence. In the year under review, there were no known cases in which people or buildings requiring protection were endangered.

Minimizing exposure to radio equipment

The effects of radio signals on people have been discussed in public for a long time. In order to prevent negative effects, we have the electromagnetic compatibility of the radio systems used by Techem checked regularly by independent bodies. All Techem devices are tested according to the relevant standards and meet the requirements of the relevant European directives. This reduces the electromagnetic radiation of a device to a necessary and technically possible level. Compared to other radio devices, the radio emissions from Techem devices are among the weakest in everyday use. An example: the energy emitted during a four to five minute mobile phone call corresponds to the energy that a Techem two-way radio emits for a whole year. The effects of Techem devices on the human body are therefore extremely small. The most recent expert opinion issued in 2016 confirmed that there were no signs of any impairment or health-related effects of the Techem radio systems on the human organism.

Innovation, cooperation and social commitment

We seek to make real estate greener, smarter and healthier. To this end, we are researching new solutions together with strong partners, sensitizing tenants to consumption and are in exchange with interest groups. We also take our social responsibility seriously beyond our business activities.

Research and cooperation

Cooperation with strong partners

Cooperation and research projects are carried out on a topic-specific, cross-departmental basis and with changing responsibilities. The Strategic Business Development department, the Techem Incubator Techem X and the TRIOS (see p. 103) work on research and innovation projects. When we select a project, we make sure it fits our company vision and goals. One research focus for Techem, for example, is to work out the energy savings potential of the building sector for an energy and heating transition. In addition, we cooperate with nationally and internationally recognized research facilities and metrology institutes. Techem is also involved in standardization committees and in this context creates the technical basis for legally and ordinance-compliant recording technology and billing processes.

Here are just a few examples of our research collaborations:

- Participation in research projects of the Physikalisch-Technische Bundesanstalt (PTB) on the development of new heat meter technologies for the energy transition (fast heat meters; solar heat meters for water-glycol mixtures);
- Participation in the Scientific Advisory Board of the European Metrology Association for Thermal Energy Measurement e. V. (EMATEM), Germany's leading association for the promotion of scientific exchange and research in the field of thermal energy measurement;
- Cooperation with the Technical University of Dresden, the EBZ Business School Bochum and the Esslingen University of Applied Sciences. Among other developments, our smart monitoring system Techem Smart System emerged from this cooperation;
- Participation in product standards for heat cost allocators and meters in technical committees, for example in the Comité Européen de Normalisation (CEN);
- Collaboration on the guideline series VDI2077 for the billing of consumption costs for technical building equipment in the Association of German Engineers (VDI).

Techem has set itself the goal of continuously collaborating with strong technology partners, but especially with young PropTechs (property technology) in order to jointly develop new solutions for and with customers for green and smart buildings. The focus here is on companies that bring new ideas, impulses and approaches from inside and outside the industry in order to be technologically up to date. Techem also conducts regular field tests

to identify partners and test solutions. The company focuses on trades that can be operated more efficiently with the help of the IoT (Internet of Things) and digital processes and thus improve the CO_2e profiles of current buildings. With blackprint, the network and knowledge platform for the digitalization of the real estate industry, we are promoting investments in PropTech companies, for example. We also cooperate with the start-up platform futury, to strengthen the dialogue on new technologies and business models and to establish contact with talented people in the field of energy efficiency. In this context, Techem supports young teams that develop new business models in a short period of time with sparring offers, for example.

In addition, the national subsidiaries also work with partners on further technological developments in the building sector. For example, Techem Poland is cooperating with an IT company to develop mobile applications for assembly and service processes.

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TRIOS – The Techem Research Institute on Sustainability

Consumption recording and visualization, smart metering, e-mobility, Techem Smart Monitor, adapterm: Techem supplies everything that contributes to a sustainable reduction in consumption in buildings. With scientific and technical innovations and active support for research projects and collaborations, the company intends to continue on this path – and to advance the topic of increasing energy efficiency and CO_2e reduction even further: To this end, it founded the Techem Research Institute on Sustainability, or TRIOS for short, at the beginning of 2022. A milestone for Techem's transformation into a company that operates sustainably in all facets. The goal? A low-emission society with a stable and affordable supply of energy and resources. TRIOS is headed by Dr. Arne Kähler – from July 2022 on from Berlin.

TRIOS is a beacon and think tank for Techem's commitment to sustainability: Here, sustainability strategy, the roadmap and reporting are promoted as part of sustainability management (see p. 58). On the other hand, the environmental dimension is strengthened with the departments geared towards data analysis and research. They create the methodologically sound database for calculating the Techem Group's CO2e footprint and for determining consumption and CO2e indicators in customers' buildings. TRIOS is therefore also responsible for the development of the consumption and CO2e characteristic study. Through research on regenerative energy supply solutions, energy efficiency processes and the related CO2e reduction, TRIOS supports the decarbonization of Techem and thus also of the customer's building stock. TRIOS's expertise is rounded off by the technical expertise from standardization for device technologies and billing bases as well as patent management.

Alliance for a Climate-neutral Residential Building Stock

Effective climate protection in the building sector can only succeed if knowledge and experience are exchanged and deepened across the industry. For this reason, Techem founded the Alliance for a Climate-neutral Residential Building Stock in 2016 together with partners from the housing sector, industry and the world of science. The members, including associations, companies and research institutions, have been working intensively on an energy-efficient heating supply for residential properties for years. They are united by the goal of reducing heat consumption in residential properties at economically justifiable costs, reducing CO_2e emissions in the heating sector and thus making an important contribution to a climate-neutral residential building stock in Germany by 2045. To achieve this, the energy consumption of the building must be reduced on the one hand and the remaining part of the energy requirement must be covered by renewable energies on the other. The research project "Balt-Best"[1], which is unique in Germany to date, is under the umbrella of the alliance.

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Utilizing the efficiency potential of the system technology

As part of the BaltBest research project, Techem, together with a broad consortium of housing associations, energy service providers, manufacturers and researchers led by the EBZ Business School, examined what solutions can be used to achieve climate protection in current buildings in an affordable manner. Across Germany, a total of 100 apartment buildings and around 1,200 apartments were equipped with a radio measuring infrastructure with over 7,000 sensors from Techem in order to analyze the potential for efficiency in the system technology.

The results show that today's systems, which are often oversized and poorly set, increase consumption. It was also learned that when a furnace is replaced, the output of the new system is less geared to the specific heat requirement and more to the old, often oversized system. Furthermore, the heating output is only insufficiently adapted to the current heat requirement in daily operation – depending on the outside temperature. Effective night reductions are also the exception in today's buildings.
The result of the project, which was completed in November 2021, shows potential energy savings of 10 to 20 percent, depending on the property:

- 10 percent energy savings through optimization of operational management,
- 14 percent energy savings through boiler replacement,
- 10 percent energy savings by changing the behavior of tenants with above-average consumption to normal consumption,
- up to 10 percent lower annual gas consumption for 79 percent of all boilers by switching them off in the summer months.

The project was funded by the Federal Ministry for Economic Affairs and Energy (BMWi) with over 1.1 million euros and ran over three heating periods.

[1] Acronym for "Influence of operational management on the efficiency of existing heating systems"

Sensitizing consumers

Positive influence on consumption behaviour

Transparency with respect to consumption and costs creates awareness. Techem sees it as an important task to have a positive influence on consumer behavior – especially in order to reduce the consumption of natural resources. We contribute to this with our business activities: the company offers consumption-based heating and water cost billing in around six million households in Germany and in a total of around twelve million households worldwide. With the implementation of the Energy Efficiency Directive (EED; see p. 142), tenants in the European Union receive consumption information during the year – in addition to the annual consumption bill. Accordingly, savings potentials become visible at an early stage, which makes it easier for them to save energy and costs.

Providing helpful information

In order to sensitize tenants to more conscious consumption behavior, we give them tips on the correct use of heat and hot water. In the German and other national companies, Techem informs tenants via its own website, social media or newsletters. In Germany, we have been providing a website for a number of years that provides appropriate recommendations for action free of charge. In Denmark, Techem offers tenants the chance to digitally monitor their consumption and set consumption alarms with an app.

Social commitment and dialogue

Exchange with stakeholders

We regularly exchange ideas with various interest groups. These include customers, tenants, suppliers, non-governmental organizations, associations and investors. In addition to direct dialogue, our market research captures trends and opinions in order to better understand stakeholder needs. We also included various stakeholder groups in our materiality analysis in fiscal year 2020 (see p. 60). We plan to repeat the materiality analysis in the summer of 2022 and to organize a stakeholder roundtable for the first time. Here we would like to receive feedback from the most important stakeholder groups on our commitment to sustainability.

Donations and employee campaigns

Techem and its employees are active in a variety of ways. At Techem Germany, responsibility for social commitment and stakeholder dialogue lies at the interface between Sustainability Management and Corporate Communications & Regulatory Affairs. The individual national subsidiaries act independently and support various initiatives and fundraising campaigns depending on the local circumstances.

Techem focused on various initiatives last year:

Cooperation with the Water Is Right Foundation (WIR): For Techem, water is an important resource that deserves protection. We therefore support the WIR Foundation, which advocates fairer distribution of water – especially for people in disaster areas and developing regions. At the start of the cooperation, our Christmas donation of 10,000 euros went to WIR in December 2021. Since the beginning of 2022, we have also replaced the water dispensers in the coffee kitchens at our headquarters and selected branches. As part of the new rental agreements for the water dispensers, ten percent of the monthly revenue goes to WIR. Since the beginning of the year, we have also been donating one euro to WIR for every 1,000 liters of water consumed at the German branches.

In the spring of 2022, Techem launched a garbage collection campaign for employees at all German sites. The campaign was accompanied by communication activities to raise awareness on the topic of water, waste and microplastics and linked to a donation to WIR.

The flood disaster in 2021 hit many people hard. In order to provide short-term help, Techem made an immediate donation of 10,000 euros to Aktion Deutschland Hilft eV. In addition, Techem assured all affected customers of our measurement equipment that they would receive quick and unbureaucratic support and suspended past-due reminders in affected areas. Via a Techem flood hotline, which was set up quickly, we offered those affected free advice on Techem equipment damaged by the flood. In damaged or destroyed buildings, we replaced them free of charge after refurbishment or reconstruction.

In light of the war in Ukraine, Techem donated 50,000 euros as emergency aid to UN refugee aid in March 2022. In addition, a Group-wide fundraising campaign for employees was launched: around 35,000 euros in total were raised, which was subsequently doubled by the management. The international aid organization Save the Children received a total of around 70,000 euros to support children and families in Ukraine and neighboring countries.

Various local organizations were also financially supported in the year under review by Techem itself or through employee donations in Germany and at a few international locations – including the Saarbrückener Wärmestube, Child Cancer Aid, Think Pink, Crosspoint and the Tree of Life hospice.

We have also set ourselves the goal of launching our own social project to strengthen our social commitment.

FOR ETHICAL BUSINESS BEHAVIOUR

At Techem, appreciative treatment at eye level and common cultural elements form the basis of the company's successful further development. We place great importance on integrity, which we anchor company-wide through our Techem Code of Conduct and our compliance management system. The strengthening of ESG risk management has an effect right down to the supply chain.

Ethical corporate governance and compliance

For Techem, business success is directly related to corporate responsibility. The prerequisite is a company culture characterized by appreciation and team spirit – and that is shaped together with our employees. A holistic compliance management system ensures that rule-based and ethical business conduct is practiced throughout the company.

Value-oriented company culture

Developing the culture together

We consider a sustainable organizational culture to be a prerequisite for reconciling growth and digitalization. To this end, we have anchored the cultural elements of customer focus, team culture, personal growth, courage, networking, leadership, innovation and commitment, which are promoted and lived throughout the company. We place great importance on open, clear and binding cooperation and communication, both internally and externally. As part of an intensive communication process, Techem Germany presented the cultural elements to all employees in Germany in 2019 and included their feedback. The cultural elements are reflected in two basic company concepts, the understanding of leadership and the newly developed Techem competency model. The company-wide core competencies contained here form the basis for enabling all employees to transform the company into a digital and customer-centric organization. In the reporting period, we also successfully implemented the HR software Workday across the Group in order to further digitalize and internationalize our collaboration and processes. Processes such as our recruiting, talent and performance management can thus be efficiently controlled and employees can receive digital feedback from colleagues as part of performance reviews.

Customer focus
Understand and involve needs

Team culture
Self-organized, team mission

Personal growth
Motivation, development

Courage
Mistake culture, openness, feedback

Networking
Interdisciplinary, international, silos

Leadership
Servant leader, eye level

Innovation
Willingness to experiment, room for creativity, willingness to change

Engagement
Passion, performance, discipline, success

Openness, honesty, clarity, commitment
Our four attributes are the foundation of how we define collaboration, communication and dealing with each other. They are the prerequisite for the eight elements of the culture.

Managers as role models

Our managers represent an important target audience and ambassadors for the cultural elements at Techem. For this reason, the cultural elements are part of our leadership development program. For this purpose, the management has defined a generally applicable understanding of leadership, which each manager has responded to with their own individual leadership concept. This is rounded off by 360° feedback from the team, employees and their own manager, adapted to the management culture. These measures were continued and internationalized in the reporting period. In the fall of 2021, a workshop on the company culture and leadership was held with all Managing Directors from the 18 international locations in order to further strengthen the common understanding of Techem's principles of leadership and culture.

At the management level, we train so-called brand ambassadors as additional communicators to ensure that important information from the company, our purpose and our values are continuously communicated to our employees in a way that is easy to understand. The brand ambassadors help us to fill complex content and connections as well as our company story with life and examples. In addition, they are available to all employees to answer questions and act as sparring partners to provide feedback to the communications department and management. Our goal is to strengthen our employees' identification with Techem.

Dedicated employees across the entire country also contribute voluntarily as so-called culture makers. For each cultural element, they define actions for the entire organization and implement them together. For example, they hold overarching team competitions to strengthen the team culture or organize relay races in Techem's internal social network. In the reporting period, a transnational digital cultural event was held by and with employees for the first time.

Responsible corporate governance

Anchoring compliance

Techem places great importance on integrity and acts in accordance with applicable law. Some of the standards we set ourselves exceed the legal requirements. Compliance is an important multiplier here and therefore reports directly to the CEO. The Group Compliance Officer also reports to the Risk and Audit Committee of the Advisory Board several times a year.

Topics such as the prevention of bribery and corruption, compliance with antitrust and competition law, fraud prevention and the prevention of money laundering and terrorist financing are anchored in the company via a compliance management system, which covers the entire Techem Group in terms of its approach and mode of operation. The managers of our international subsidiaries report to the Group Compliance Officer at least once a year. Based on this feedback, our compliance management system is constantly adjusted. In addition, all Techem companies are assessed for their risk of corruption as part of a holistic risk assessment. Individual tests are also carried out on a case-by-case basis.

Rules for behavior and training

Integrity is of great importance to Techem, especially in view of the company's leading market position – and the related higher requirements under competition law. Our Techem Code of Conduct serves as a clear commitment to convey our understanding of values from the inside out. This is supplemented by in-depth guidelines, leaflets and training courses. The company has set itself the goal of training all employees on applicable compliance requirements at least every two years. To this end, Group-wide training sessions on compliance focus topics as well as general compliance training in Germany took place in fiscal year 2021. In Germany, 99 percent of employees were trained in compliance issues, including bribery and corruption prevention (see also p. 140). The missing one percent are, for example, people who could not complete the training due to a long-term illness.

General compliance training is to be rolled out to the national subsidiaries by fiscal year 2022 and be carried out by the employees. The topic of compliance is also an integral part of the onboarding process for new employees across the Group.

In order to prevent corruption, we offer our employees guidance by means of a guideline on preventing corruption and specific instructions on how to behave. Techem also sets guidelines for avoiding conflicts of interest or for the proper handling of gifts and invitations. With regard to raising awareness of antitrust law, the guideline on antitrust and competition law was renewed in the reporting period and training courses were held for managers in Germany and the Managing Directors of our national companies.

Contact points for critical concerns

Various contact and reporting channels are available to our employees to get in touch with the Compliance department with questions, suggestions, concerns or violations. Violations of the Techem Code of Conduct or behavior that does not comply with the law can be reported to us in German or English by contacting the Group Compliance Officer either internally or externally via the anonymous whistleblower system Whispli at www.techem.whispli.com, by e-mail to compliance@techem.de or in the form of a direct personal contact. The HR, Legal and Claims department is another key contact for allegations of discrimination, our Head of Sustainability for sustainability-related concerns. The latter can also be reported by e-mail to sustainability@techem.de. The respective Managing Directors can also be contacted in the national companies. All tips are followed up on.

Dealing with compliance cases

There were no violations of competition law regulations within the Techem Group in fiscal year 2021. Nevertheless, during the reporting period, proceedings for violations of antitrust and competition law in Austria in the period from 2004 to 2019 are pending. The company is cooperating fully with the authorities to clarify the matter.

Techem Energy Services Middle East FZCO received a fine of around 23,000 euros from customs in the reporting period. The reason was the shipment of goods from the free zone without having all the necessary permits. No other fines or monetary sanctions were imposed on companies in the Techem Group. There were no further violations of laws in the economic or social sphere or significant cases of corruption in fiscal year 2021. All suspected cases were investigated and, if necessary, appropriate measures or consequences were initiated.

For information on cases of discrimination and how the company deals with them, please see p. 90.

Human rights in our own business

As part of the compliance management system (CMS), we also monitor and assess the risk of human rights violations at our own locations. We carry out a risk analysis and assessment every one to two years. Here we identify the human rights risk in the countries we operate in, based on the Human Freedom Index. These values serve as a basis for assessing how likely it is that human rights will be violated as a result of our activities on site and how great the resulting potential impact on Techem is. On this basis, we decide whether and in what form further measures are necessary to prevent any violations of human rights in our business area (See also p. 117).

Eliminating conflicts of interest on the board

The Advisory Board is the central control body of the Techem Group (see also p. 8, p. 59 and p. 137). In decision-making processes, it is important to rule out any conflicts of interest on the part of board members. For this reason, there is a regulation within the rules of procedure of the Advisory Board, according to which members must report a conflict of interest and are accordingly excluded from casting a vote on the specific decision.

Compliance with environmental regulations

Responsible company management also includes compliance with environmental regulations, to which Techem is bound. The Supply Chain Management and Procurement department at Techem is responsible for material compliance – i.e. material management that is based on relevant standards and norms. Techem ad-

heres to the specifications of international standards such as REACH, RoHS or CE marking.

We are currently setting up material compliance management including document management for the European sites in accordance with EN 63000 with an external service provider. During the reporting period, Techem was not subject to any significant fines or non-monetary sanctions due to non-compliance with environmental protection laws and regulations.

Protecting data

As one of the bigger data processors in the industry, privacy and security are crucial to our core business. They form the basis for the trust that our customers and tenants place in us. The respective Managing Directors of the companies are responsible for compliance with the data protection regulations at the Techem Group. In Germany, a data governance organization has been implemented for the operational implementation of data protection that ensures that the company's data meets the quality, but also data protection and security requirements. All companies in the Techem Group have appointed data protection officers or additional data protection coordinators who advise on implementation, specify guidelines and monitor compliance with the measures. The data protection officers and data protection coordinators of the countries report to the Group Data Protection Officer. A dedicated information security team ensures that data is handled securely. The Group Data Protection Officer reports several times a year to the Advisory Board's Risk and Audit Committee.

The current guideline on data protection was revised in the reporting period. There are plans for the new Techem data protection guideline, which will apply across the Group, to come into force by the end of fiscal year 2022. It covers all relevant aspects of data protection. A guideline and a guideline for information security together with their respective procedural instructions – such as the password guideline – govern the security of data and IT systems. In addition, there are specific guidelines in individual countries related to the topic, for instance the guidelines for flexible and mobile working that apply to Techem Germany.

In addition to these guidelines and best practice recommendations, the ISO 27001 standard in particular forms the basis of our data security measures. Techem has introduced a management system for information security based on this standard. By fiscal year 2025, the system in Germany is to also include all critical and non-critical IT systems, and all critical ones in the national subsidiaries.

In order to validate the implementation of data protection, a comprehensive internal data protection audit has been running for Techem Germany since the end of 2021. In fiscal year 2023, we want to carry out an external audit there to review data protection compliance. Internal and external audits for the national companies are then planned.

In the reporting period, there were 16 justified data protection complaints from customers or supervisory authorities (see also p. 141), all of which have been countered by adopting appropriate measures. The violations are non-critical violations that did not result in the payment of fines or action by the authorities in the reporting period. Techem is not aware of any incidents of data loss or data theft during the reporting period.

Responsible tax policy

Techem's approach as an international company is to fully comply with tax obligations in the local markets and countries in which business is conducted. For this reason, there are no tax-driven models within the Techem Group that would only be aimed at saving taxes, independently of the operational business.

Compliance with all regulatory requirements is ensured across all departments, with the Group Tax department

playing a key role. This department reports to the Head of Finance, who in turn reports to the CFO. The overall management is responsible for meeting tax obligations.

The Techem Group's risk management system is an integral part of the management structure and also includes tax risks. The management is responsible for the risk management system. It reports regularly to the Techem Group's Risk and Audit Committee and ensures that the necessary risk management measures are adopted.
Tax risks identified are monitored by the tax department and accounting and covered by ongoing processes. New risks can result from changed or new business models as well as from a changed regulatory environment. The former are therefore reported to the tax department and then evaluated. The tax department also monitors the regulatory environment with the help of external tax consultants, among other things, and responds to any changes. The tax information in the annual and consolidated financial statements is checked externally by an auditor.

The tax authorities regard Techem as an important stakeholder. Techem's Group Tax department is the central contact for financial management with regard to tax issues. Inquiries from internal and external stakeholders on tax matters are bundled centrally here and answered after careful examination. If necessary, ongoing processes are adjusted. Techem has no direct political influence on tax issues.

Setting remuneration responsibly

The Techem management, the management of the national subsidiaries and the level 2 managers receive a fixed and a variable salary component, which are based on country-specific and overall company goals as well as individual goals. Level 3 and 4 managers are not usually remunerated with variable salary components.[1]
In order to promote the value-oriented management of our company, we have decided to make remuneration more responsible and to further anchor sustainability in the company. By the end of fiscal year 2023, we intend to link the remuneration structure of top management in Germany to the achievement of our ESG goals. In this regard, an initial KPI relating to the social dimension was already included in the variable remuneration for fiscal year 2022 for the management and executives at level 2. A concept for the further implementation of the goal is currently being developed.

All members of the Advisory Board receive a fixed base fee for their work. This is twice as high for the Chairman of the Advisory Board as for the other members. In addition, committee chairmen receive an annual fixed bonus. The independent members of the Advisory Board (see p. 137) also participate in the company's equity.

Political dialogue

Contributing our expertise

Techem operates in an environment that is regulated at many levels. Examples include traditional metering services as well as heat or electricity supplies from fossil or renewable energies, EV charging solutions, legionella testing or smoke alarm services, depending on the country. They are all based on laws, ordinances or standards. In many cases, the national ordinances are based on regulations of the European Union (EU), which are subject to regular review and adaption. These can have both positive and negative effects for Techem. For example, increasing climate protection requirements have a positive impact on Techem's business model. Therefore, it is important for us to be informed of upcoming changes in order to accompany them, in direct exchange with politicians and to adapt our services to current developments.

At the same time, policymakers rely on the expertise of market players like Techem to achieve a climate-neutral

[1] Employees and managers who work in sales are excluded.

building stock by 2045 (Germany) or 2050 (EU). We contribute our expertise on the topics of energy efficiency and avoidance of CO_2e emissions in the building sector, but also on digitalization in real estate in direct exchange with politicians and key stakeholders.

Responsibility for the topic of "political dialogue" is regulated differently in the Techem national companies. Depending on the country, it is in the Communications and Marketing department, in the Legal department or with the Managing Director. In our political work, we adhere to our Group-wide compliance requirements and guidelines for association work and sponsorship. We see ourselves as a political contact for energy efficiency and climate neutrality in buildings at both the German and the European level. In this function, we have held bilateral talks with members of the European and German parliaments as well as representatives from ministries. We also usually organize a Parliamentary Evening in Germany once a year. In the other countries, political exchange takes place mainly as part of association work.

Techem is registered in the EU transparency register and, in Germany, also in the lobby register. We do not make donations to political parties. The company is a member of the Wirtschaftsrat der CDU e. V. in Germany. In calendar year 2021, the membership fee was 12,000 euros. In addition, since the spring of 2022, the company has once again been a member of the Wirtschaftsforum der SPD e. V. with an annual membership fee of 20,000 euros.

Strengthening association work

Beyond direct political dialogue, Techem is involved in the growing work of associations. We are represented in various organizations relevant to the industry. A list of the memberships of the Techem national companies can be found on page 136. In Germany, we are active in the following associations, among others:

ARGE (Arbeitsgemeinschaft Heiz- und Wasserkostenverteilung):
ARGE HeiWaKo has represented the interests of metering and service companies for consumption-based billing of heating, hot and cold water costs throughout all of Germany for over 40 years. As a member of the association, we work with ARGE to support political decision-makers in achieving the common goal of an efficient energy transition and successful climate policy.

BDI-IEG (Bundesverband der Deutschen Industrie – Initiative "Energieeffiziente Gebäude"):
The BDI Initiative is a cross-sector, interdisciplinary alliance of associations, companies and research institutes. As an association member of the BDI Initiative, we want to contribute to Germany's position as a pioneer in the field of climate protection and make it clear that Germany is the world's market leader in climate-protection technologies. The BDI Initiative currently has around 30 members representing all elements of the building sector – the shell, technology and operation.

Bitkom (Federal Association of Information Technology, Telecommunications and New Media):
Bitkom is Germany's digital association. As a member of the association, we are strongly committed to the digitalization of business, society and the government. Techem CEO Matthias Hartmann is a member of the Executive Committee.

BNE (Bundesverband Neue Energiewirtschaft):
The Federal Association of the New Energy Industry (BNE) represents the energy industry in Germany. Together with the BNE, we promote the expansion of renewable energies, particularly in the case of sustainable, decentralized energy solutions.

DENEFF – (Deutsche Unternehmensinitiative Energieeffizienz):
The DENEFF is an initiative of more than 180 companies with products and services in the area of energy efficiency. Together with DENEFF, we act as the "strong voice of energy efficiency" to be the first independent, cross-industry network of pioneering companies and organizations to advocate an ambitious and effective energy efficiency policy.

E.V.V.E. – (European Association of Consumption-based Energy Cost Allocation):
The E.V.V.E. is an independent interest group working at the political level across Europe. As a member company, we support the organization in promoting energy and water saving systems for buildings.

vedec – (Verband für Energiedienstleistungen, Effizienz und Contracting):
Contracting makes an important contribution to achieving the climate targets and can open up further great potential in a technology-open, efficient and sustainable manner. vedec is the interface between politics and the contracting industry. To this end, the association engages in an active exchange with political players at all levels and, through this communication, improves the framework conditions for contracting as a business model overall. Together with vedec, we are committed to the contracting business, in which more modern and efficient systems are used.

ZIA (Zentraler Immobilien Ausschuss):
The ZIA is a business association of the German real estate industry that is active both in Germany and at the European level. The ZIA promotes suitable measures to improve the economic, legal, tax and political environment of the real estate industry. As a member of the association, we work together with the ZIA to create appropriate framework conditions for a sustainable and digital transformation of the real estate sector.

Sustainable Supply Chain

Our corporate responsibility also includes our supply chain. When selecting our suppliers, we take environmental and social criteria into account and require them to comply with our Code of Conduct. In order to implement the Supply Chain Due Diligence Act, we will be expanding our quality audits at suppliers to include specific sustainability audits – based on the results of our risk analysis.

The supply chain – an overview

Our supply chain

In total, Techem works with around 4,360 suppliers. 95 percent of our sales are accounted for by 617 suppliers. 73 percent of our purchasing volume is procured locally.[2] The Supply Chain Management and Procurement department is responsible for supplier management.

We use around one third of the procurement volume for direct purchases – i.e. devices such as measuring devices or smoke alarms. This is mainly the responsibility of the main office. Only about five percent of the direct procurement volume is managed locally by the national companies with the support of two international buyers. Some of the suppliers from whom we purchase the devices are based outside of Europe or have them manufactured in non-EU countries. In addition, the Tier 2 suppliers, i.e. the subcontractors of our suppliers, are in some cases located in emerging countries. The potential risk of violating environmental and social standards is therefore higher here.

Around two thirds of our procurement volume is accounted for by indirect purchasing, which is managed either centrally or locally via the Techem national companies. This includes services such as reading or installation of meters, the installation of EV charging stations or analyzing water for legionella. There are also IT and consulting services, travel bookings, marketing, vehicles and other indirect commodity groups. This includes, among other things, the operation of our call centers within the EU, which is carried out via subcontracting.

Suppliers

Total suppliers	4,360
› thereof from Germany	4,249
› thereof from Europe (excluding Germany)	99
› thereof from other regions worldwide	12

This data includes all suppliers that are managed from Techem headquarters. The date of record was September 30, 2021.

[2] The date of record is September 30, 2021. The billing address is usually used to evaluate the geographic location (local or international) of the suppliers. Suppliers with a procurement volume of more than one million euros in the period under review (FY 2021) are an exception to this. In these cases, the place of origin of the products or services is used for the evaluation.

Procurement and delivery of the devices

In our goods procurement, we always adapt when something changes in the market or on the customer side. An established key figure system supports us in this. Based on a rolling forecast, our Techem central warehouse at the site in Liederbach is supplied daily by our suppliers in Germany and Europe. In doing so, we consolidate our needs in order to put together the shipment sizes as optimally as possible and conserve resources. Goods are delivered exclusively by forwarder by road.

Goods are delivered to our customers, our international companies, our assembly partners and customer service technicians on a daily, weekly or monthly basis as required. Here, too, we ensure that we consolidate demand and conserve resources. Goods are delivered to Germany and Europe by truck, to Dubai and Brazil by cargo ship, or, in exceptional cases, by air freight. Experience shows that an exception is made once or twice a year when we have to meet an unplanned customer requirement on short notice.

Basis for cooperation[3]

An international purchasing guideline anchors all valid principles and guidelines on the subject of purchasing and procurement at Techem. Techem is currently developing local purchasing guidelines at the level of the individual countries that take regional characteristics into account. In the future, both international and national requirements will include sustainability aspects in accordance with the Supply Chain Due Diligence Act (LkSG, see p. 117).

When selecting new suppliers, Techem considers their sustainability activities and has integrated a criterion for this in the evaluation matrix for suppliers. Once a business relationship is established, the suppliers undertake to confirm and follow the Code of Conduct of the Association for Supply Chain Management, Procurement and Logistics e. V. (BME) or their own code with comparable content. The Code of Conduct includes environmental and social criteria. Its ethical guidelines are based, among other content, on the conventions of the International Labour Organization (ILO) and on the principles of the UN Global Compact. If a new supplier or service provider does not commit to the BME Code of Conduct – or a set of rules with comparable requirements – Techem will not work with that company. Approval of the Code of Conduct was also requested from all current strategic suppliers in October 2021. This request is repeated every two years.

Audits on environmental and social standards

Techem also checks compliance with environmental and social standards at strategic direct purchasing suppliers as part of quality supplier audits. New strategic suppliers are checked as part of quality supplier audits shortly after the conclusion of the contract, and current strategic suppliers every three to four years if possible. Some of the tests are carried out abroad by service providers. In addition, we are already conducting individual quality supplier audits at Tier 2 suppliers in particularly high-risk supply chains, such as those for batteries or injection molding. In indirect purchasing, we check compliance with the minimum wage by subcontractors for assembly and meter reading every two years. Specific sustainability audits in the supply chain are being designed and will be developed as part of the implementation of the LkSG.

[3] The following information applies to procurement managed by the Techem purchasing departments. Procurements with a very small order volume can be carried out in the national companies, especially in the indirect area, even without involving purchasing.

FOCUS

Our response to the Supply Chain Due Diligence Act (LkSG)

Techem has positioned itself across departments to promote the implementation of the German LkSG. The law applies to Techem from January 1, 2024. We are also preparing to assist our customers with fulfilling their requirements under the LkSG from January 1, 2023. The responsibility for implementation lies with the Supply Chain Management and Procurement department. A Human Rights Committee consisting of the Group Compliance Officer, the Head of Sustainability and the Group Risk Manager is a sparring partner in the implementation and assumes a control function with regard to human rights and environmental obligations under the LkSG.

Pre-screening of our suppliers is planned for fiscal year 2022. This serves to select suppliers with potential human rights and environmental risks. The preselected suppliers are included in our new risk management tool. To this end, we are introducing risk assessment software that also maps ESG risks. Based on the findings of this risk assessment and a risk analysis for our own business area, we create the Techem policy statement on the human rights strategy and develop appropriate prevention, control and remedial measures, such as specific sustainability audits and training.

In addition, the Human Rights Committee is responsible for the lawfulness of the complaints mechanism. Detailed external reporting on our approach is planned for the next sustainability report.

It is important to Techem to live up to its corporate responsibility and in some cases to even go beyond the legal requirements. With this in mind, we have decided to carry out pilot audits at Tier 2 suppliers in emerging countries. Suppliers are selected based on the findings of our risk analysis.

FACTS & FIGURES

We have defined clear goals and key figures within our three focal points and seven fields of action. This is the only way we can effectively implement our sustainability strategy and adapt measures accordingly, measure our success and present our commitment transparently – for all German and international business units of the Techem Group.

About this report

This Sustainability Report presents our commitment in the areas of environment, society and governance in a transparent manner. We are addressing all interest groups who would like to gain an impression of our sustainability-related achievements. Techem reports voluntarily and annually. With this second Techem Sustainability Report, we were able to expand and professionalize our reporting.

In order to harmonize sustainability reporting and financial reporting, we have changed the reporting period to the fiscal year. This corresponds to the Techem fiscal year 2021 – from October 1, 2020, to September 30, 2021. In order to be able to compare the key figures with a figure from the previous year, we have retrospectively extended the six-month short fiscal year 2020 by six months. The period from October 1, 2019, to September 30, 2020, is therefore referred to as fiscal year 2020 in this report. The figures therefore deviate from the Techem Sustainability Report 2020, in which the key figures were mostly shown for the calendar year.

In addition, we were able to create a uniform framework for our ESG indicators across the Group and extend the scope of the reporting information to the entire Techem Group. Unless stated otherwise, they therefore refer to all German and international business units of the Techem Group. An external audit with limited assurance of a broad set of key figures contributes a significant further step towards the professionalization of reporting. Audited key figures are marked accordingly in the report with an ☑. You can find the audit opinion here.

The editorial deadline for this report was the end of April 2022. Some qualitative information covering the period October 2021 to April 2022 has been included in the report and reported accordingly to ensure that it is as up-to-date as possible.

The Techem Sustainability Report was designed in accordance with the standards of the Global Reporting Initiative (GRI), an internationally recognized framework for sustainability reporting. The GRI standards (2016) and supplements to the standards on water and wastewater (303, 2018), waste (306, 2020), occupational health and safety (403, 2018) and taxes (207, 2019) were used for reporting. It also represents our progress report for the United Nations Global Compact (UNGC).

When we speak of tenants in this report, we also mean users of owner-occupied residential property (WEG).

Relevant specialist departments were involved in the creation of the report. The Techem management – with the participation of selected members of the Advisory Board – checked and approved the report to the best of their knowledge.

Techem Sustainability Program

Target	Target horizon	Scope	Status
	until the end of the respective FY		FY 2021 or as of September 30, 2021, for key figures, April 2022 for qualitative information
For the Climate and the Environment			
Climate-friendly buildings			
90% of the devices in the European properties can be read remotely	FY 2025	Europe-wide	Remotely readable devices in FY 2021: 78%
100% of the offers for heating solutions also include an alternative based on renewable energies	FY 2022	Techem Solutions	The target is being achieved as planned.
With new heating solutions, the CO_2e emissions are shown on invoices	FY 2022, ongoing	Techem Solutions	Transparency regarding CO_2e on invoices is subject to legal requirements. Therefore, this target will no longer be reported in the future. By the end of FY 2023, however, customers should also receive an energy and emissions report for each system that goes beyond the legal requirements.
Equipping of all heating systems with Techem Smart Monitor (TSM) to automatically monitor the energy efficiency of systems	FY 2022, ongoing	Techem Solutions	Due to the further development of the TSM monitoring system, the equipping of the systems is delayed. Target achievement is expected by the end of FY 2023.
Pilot projects to expand the product portfolio for existing buildings to include green solution packages (PV, E-Charging, tenant electricity, CHP, heat pump, smart metering)	ongoing	Techem Solutions	Piloting of green solutions in current buildings took place during the reporting period. These solutions will be building blocks of our decarbonization plan in the future.
> 10,000 charging stations powered by green electricity in service	FY 2025	Europe-wide	Charging stations operated with green electricity in service in FY 2021: 469
Climate and environmental protection in the company			
Introduction of an environmental management system according to ISO14001	FY 2023	Techem Germany	Preparation for certification is scheduled to begin in FY 2023.
Development of a climate roadmap to climate neutrality in Scope 1-3 including definition of a target horizon	FY 2022	Group-wide	A decarbonization plan was developed in accordance with SBTi requirements for Scope 1-3 in the spring of 2022.

Target	Target horizon	Scope	Status
Carrying out lifecycle analyses (LCA) of selected devices	FY 2023	Techem Germany	A high-level analysis was carried out for ten devices and systems, as well as an in-depth LCA in the spring of 2022. An action plan will be developed based on this.
Development and rollout of a Group-wide waste management & recycling concept	FY 2023	Group-wide	To date, the focus has been on hazardous materials with a view to the national companies. The approach will be strengthened and expanded by the end of FY 2023.
Development of a product refurbishment approach to extend the service life of equipment	FY 2022	Group-wide	The service life of individual devices was extended during the reporting period. A concept for improving the sustainability of our equipment, including extending the service life, is being developed.
Certification of headquarters according to DGNB Gold (Platinum is planned later on)	FY 2022	Headquarters	Certification of the headquarters to DGNB Gold was completed in the reporting period. Certification to DGNB Platinum is to be achieved by the end of FY 2025.
50% reduction in paper consumption and switch to 100% recycled paper	FY 2024	Techem Germany	Paper reduction was initiated as part of various digitalization projects. The switch to recycled paper is taking place successively.
For the Individual and the Community			
Attractive working conditions and a diverse workforce			
35% women in management positions	FY 2025	Group-wide	Women in management positions in FY 2021: 24.7%
40% women in Techem junior staff development programs	FY 2021	Group-wide	Women in Techem junior staff development programs at program start in 2022: 44%
Investigating a potential gender pay gap	FY 2022	Techem Germany	Data preparation for a salary benchmark has taken place and will subsequently be evaluated in a system-based manner by the end of FY 2022 to determine the gender pay gap.
Our employees invest an average of 40 hours per year in their continuing education during regular working hours	FY 2023, annually	Techem Germany	Average number of training hours in FY 2021: 14 hours; the strategy on employee training was validated in the reporting period. Techem will focus on shorter learning impulses in the future, with an emphasis on the quality of training. A new target will be developed accordingly.

Target	Target horizon	Scope	Status
Measurement of the success of training for sustainable quality improvement of the Techem Academy	FY 2022, ongoing thereafter	Techem Germany	A KPI dashboard was introduced in the spring of 2022, which will be continuously developed in the future.
Introduction of an Employee Net Promoter Score (eNPS) and definition of a target value	FY 2021, semi-annually thereafter	Techem Germany	The eNPS was introduced and a target value was defined based on the first survey.
Keep the fluctuation rate (voluntary resignations) below 5%	ongoing	Techem Germany	Fluctuation rate (voluntary resignations) in FY 2021: 3.2%
Keep the LTIFR (Lost Time Injury Frequency Rate) below 5	ongoing	Techem Germany	LTIFR in FY 2021: 6.5
Customer and tenant satisfaction			
Regular survey of the Net Promoter Score (NPS) via touchpoints and strategic customer satisfaction surveys	FY 2023, ongoing	Techem Germany	An initial survey of the NPS took place in 2020. Another strategic customer satisfaction survey will take place in 2022. In addition, we measured customer satisfaction on the touchpoint telephone in the reporting period.
Reduction of the follow-up complaint rate and the share of follow-up contacts by 50% compared to 2020	FY 2023	Techem Germany	Measures to strengthen customer service were initiated and follow-up contacts were reduced. Further processes will be analyzed in fiscal year 2022 and measures will be initiated.
Innovation, cooperation and social commitment			
Screening of new startups to identify new solutions for green and smart buildings through investment or collaboration	ongoing	Techem Germany	In the year under review, we again screened start-ups with building solutions for everything to do with “smart, green and healthy” and are testing the market with promising PropTechs.
Strengthen relationships with relevant stakeholders and host first stakeholder roundtable	FY 2021 Round Table, annually	Techem Germany	The implementation of a Stakeholder Round Table has been delayed by one year and is planned for the fall of 2022.
Conception and launch of a social project with the goal of raising awareness of resource protection (in buildings).	FY 2022	Techem Germany	The conception of a social project is to start in the summer of 2022, and implementation will take place afterwards.

Target	Target horizon	Scope	Status
For Ethical Business Conduct			
Ethical corporate governance and compliance			
No cases of corruption	annually	Group-wide	Corruption cases in FY 2021: 0
Training of all employees on compliance topics	ongoing, every two years	Group-wide	Training in Germany in FY 2021: 99%; conducting of the training in the national companies planned by the end of FY 2022.
No data protection breaches	annually	Group-wide	Data breaches in FY 2021: 16
External auditing to review data protection compliance	FY 2022, biennially thereafter	Group-wide	An extensive internal audit has taken place. The improvement measures identified will be implemented before the external audit can be initiated. The start of the external audit has therefore been postponed to FY 2023.
Implementation of an information security management system according to ISO 27001 for critical (Germany & INT) and non-critical IT systems (Germany)	successively until FY 2025	Group-wide	The preliminary internal audit has been completed. The external audit for Germany is scheduled to start in Q2 2022.
Linking top management remuneration to ESG targets	FY 2023	Techem Germany	The target is being achieved as planned.
Conception and introduction of mandatory online training on sustainability for employees	FY 2022, biennially thereafter	Techem Germany	Appropriate training has been identified and will be mandatory by the end of FY 2022.
Sustainable Supply Chain			
Request ESG information from strategic inventory suppliers (A and B suppliers, Tier 1) and confirm Code of Conduct or comparable code	FY 2021, biennially thereafter	Techem Germany, in the second step Group-wide	The measure was implemented in Germany in FY 2021.
Design and launch of a pilot project on random audits of Tier 2 suppliers in emerging markets	FY 2021	Techem Germany	The concept was initiated in FY 2021. The design will be fleshed out in FY 2022 as part of the implementation of the Supply Chain Sourcing Obligations Act.

Our key figures

About Techem

Key financial figures (in thousands of euros)

	Comparative period FY 2020[1]	FY 2021[2]
Sales	783,493	818,618
EBIT	111,654	114,021
cash flow	154,042	52,832
Capex	126,614	148,622

[1] This data covers the period from October 1, 2019, to September 30, 2020. This corresponds to the six-month short fiscal year ending September 30, 2020, and the previous six months (unaudited). Due to the presentation of this twelve-month comparison period, the key figures differ from those in the Sustainability Report 2020, in which only the six-month short fiscal year was covered.

For the climate and the environment

Energy consumption within the organization (in MWh) GRI 302-1, GRI 302-3

	Techem in total		Techem Solutions		Techem excluding Techem Solutions	
	FY 2020	FY 2021[1]	FY 2020	FY 2021[1]	FY 2020	FY 2021[1]
Total energy purchases[2]	1,167,780	1,216,127	1,140,657	1,190,405	27,123	25,722
› thereof for Techem's own use	31,094	29,756	3,971	4,034	27,123	25,722
Fuel (company car fleet)	19,702	18,236	0	0	19,702	18,236
Natural gas	2,514	2,454	0	0	2,514	2,454
District heating	1,480	1,707	0	0	1,480	1,707
Heating oil	79	110	0	0	79	110
Wood pellets and wood chips	6	4	0	0	6	4
Power/electricity	7,284	7,216	3,971	4,034	3,313	3,182
› thereof for sale (own generation and trading of useful energy)	1,136,686	1,186,371	1,136,686	1,186,371	0	0
Biomethane	37,183	35,840	37,183	35,840	0	0
Natural gas	828,625	906,506	828,625	906,506	0	0
District heating	151,148	139,740	151,148	139,740	0	0
Heating oil	35,480	19,069	35,480	19,069	0	0
Wood pellets and wood chips	22,034	22,019	22,034	22,019	0	0
Power/electricity	62,216	63,197	62,216	63,197	0	0

see next page

continuation

Energy consumption within the organization (in MWh)

GRI 302-1, GRI 302-3

	Techem in total		Techem Solutions		Techem excluding Techem Solutions	
	FY 2020	FY 2021[1]	FY 2020	FY 2021[1]	FY 2020	FY 2021[1]
Purchasing renewable energy						
› absolute	65,510	60,037	59,217	57,859	2,293	2,178
› relative to total energy purchases	5.3%	4.9%	5.2%	4.9%	8.5%	8.5%
Total energy sales[3]	945,956	1,016,362	945,956	1,016,362	0	0
› electricity sold	62,216	63,197	62,216	63,197	0	0
› useful energy sold[4]	883,740	953,164	883,740	953,164	0	0
Total energy consumption within the organization[5]	954,416	1,013,190	927,293[6]	987,468[6]	27,123	25,722
› Total energy consumption within the organization[7]	221,824	199,765	194,701	174,044	27,123	25,722
Sales (in millions of euros)	783.5	818.6	88.2	97.9	695.3	720.7
Energy intensity (in MWh / millions of euros in sales)[8]	1,218.1	1,237.7	10,513.5	10,086.5	39.0	35.7

[1] Preliminary figures, as not all invoices were available at the time of going to press.

[2] Any energy that is purchased. Both electricity and district heating, which are required for our own offices and the operation of our own systems, as well as energy sources such as natural gas or heating oil, which are used in our own systems to generate heat and/or electricity.

[3] Any energy in the form of useful energy, e.g. electricity, heating or cooling, that is sold by Techem. This includes self-generated useful energy, e.g. heat generated by burning natural gas in our own plants, and externally generated useful energy, e.g. in the form of district heating, which is only resold.

[4] Excluding the electricity sold.

[5] The self-generated useful energy is accounted for as own energy consumption.

[6] Purchased and resold district heating and purchased and resold electricity are not included.

[7] Less useful energy sold.

[8] Related to the total energy consumption within the organization.

Scope 1 greenhouse gas emissions (in t CO_2e) GRI 305-1

	Techem in total		Techem Solutions		Techem excluding Techem Solutions	
	FY 2020	FY 2021[1]	FY 2020	FY 2021[1]	FY 2020	FY 2021[1]
Scope 1 – direct GHG emissions	182,671	193,654	177,400	188,774	5,271	4,879
› Heat supply (TS Contracting)						
Heating oil	9,519	5,116	9,519	5,116	0	0
Propane	42	0	42	0	0	0
Biogenic emissions[2]						
Biogas	7,332	7,068	0	0	7,332	7,068
Wood pellets	9,635	9,629	0	0	9,635	9,629
Natural gas	167,839	183,658	167,839	183,658	0	0
› Company car fleet						
Petrol	202	182	0	0	202	182
Diesel	5,070	4,697	0	0	5,070	4,697

Scope 2 greenhouse gas emissions (in t CO_2e) GRI 305-2

	Techem in total				Techem Solutions		Techem excluding Techem Solutions	
	location based		market based		market based		market based	
	FY 2020	FY 2021[1]	FY 2020	FY 2021[1]	FY 2020	FY 2021[1]	FY 2020	FY 2021[1]
Scope 2 - indirect GHG emissions	3,695	3,781	2,645	2,763	1,120	1,138	1,525	1,625
› Purchased power/electricity	2,634	2,594	1,581	1,573	1,120	1,138	461	435
› Electricity for company cars	5	6	8	10	0	0	8	10
› Purchased district heating	523	652	523	652	0	0	523	652
› Purchased district cooling	2	2	2	2	0	0	2	2
› Heat from natural gas	509	497	509	497	0	0	509	497
› Heat from fuel oil	21	30	21	30	0	0	21	30

Scope 3 greenhouse gas emissions (in t CO_2e) GRI 305-3

	Techem in total		Techem Solutions		Techem excluding Techem Solutions	
	FY 2020	FY 2021[1]	FY 2020	FY 2021[1]	FY 2020	FY 2021[1]
Scope 3 - other indirect GHG emissions	118,059	117,343	80,651	77,492	37,408	39,851
› Goods and services purchased	34,336	36,376	0	0	34,336	36,376
› Capital goods	762	1,023	762	1.023	0	0
› Fuel and energy related activities	80,049	76,629	79,874	76,456	175	174
› Transport and distribution (upstream)	146	126	0	0	146	126
› Waste generated during operation	72	70	0	0	72	70
› Business trips	252	41	0	0	252	41
› Commuting	10	8	0	0	10	8
› Transport and distribution (downstream)	2,026	2,636	0	0	2,026	2,636
› Rented or leased property, plant and equipment	406	434	15	13	391	421

Statement on greenhouse gas emissions Scope 1: The calculation is based on the internationally recognized calculation guidelines of the Greenhouse Gas (GHG) protocol. Emissions are reported in CO_2 equivalents (CO^2e), which include emissions of CO_2, CH_4 and N_2O. Rounding can result in errors in the calculation of totals.

[1] Preliminary figures, as not all invoices were available at the time of going to press.

[2] Biogenic emissions are reported according to the specifications of the GHG protocol, but are not included in the total emissions of the individual scopes.

Statement on greenhouse gas emissions Scope 2: The calculation is based on the internationally recognized calculation guidelines of the GHG protocol. Emissions are reported in CO_2 equivalents (CO_2e), which include emissions of CO_2, CH_4 and N_2O. All emission factors used come from internationally recognized sources. The information from the Association of Issuing Bodies (AIB) was used to calculate the emissions from the consumption of conventional electricity. The calculation bases for heating energy sources come from the GHG protocol, from EcoInvent and from IINAS (GEMIS factors). Techem collects its Scope 2 emissions based on both the market and the location. The market-based calculation of emissions for Germany is carried out using the energy supplier's specific emission factors.
Average emission factors of the respective country in which the consumption takes place are used for the site-related survey. Rounding can result in inaccuracies in the calculation of totals.

[1] Preliminary figures, as not all accounts were available at the time of going to press.

Statement on greenhouse gas emissions Scope 3: The calculation is based on the internationally recognized calculation guidelines of the GHG protocol. Emissions are reported in CO2 equivalents (CO_2e), which includes emissions of CO_2, CH_4 and N_2O. All emission factors used come from internationally recognized sources.

[1] Preliminary figures, as not all invoices were available at the time of going to press.

Greenhouse gas emissions Scope 1, 2 & 3 and intensity (in t CO_2e) GRI 305-4

	Techem in total				Techem Solutions		Techem excluding Techem Solutions	
	FY 2020		FY 2021[1]		FY 2020	FY 2021[1]	FY 2020	FY 2021[1]
	location based	market based	location based	market based	market based		market based	
GHG emissions in total	304,425	303,375	314,778	313,760	259.717	267,404	44,204	46,356
› Scope 1 GHG emissions	182,671		193,654		177,400	188,774	5,271	4,879
› Scope 2 GHG emissions	3,695	2,645	3,781	2,763	1,120	1,138	1,525	1,625
› Scope 3 GHG emissions	118,059		117,343		80,651	77,492	37,408	39,851
Added value (in millions of euros)	783.5		818.6		88.2	97.9	695.3	720.7
GHG emissions intensity (in t CO_2e/ millions of euros)	388.6	387.2	384.5	383.3	2938.4	2731.4	63.6	64.3

The calculation is based on the internationally recognized calculation guidelines of the GHG protocol. Emissions are reported in CO_2 equivalents (CO_2e), which include emissions of CO_2, CH_4 and N_2O. All emission factors used come from internationally recognized sources. See separate tables for recording the emissions of the scopes.

[1] Preliminary figures, as not all invoices were available at the time of going to press.

Biogenic emissions (in t CO_2e)

☑ [Key figures checked for 2021]

	Techem in total		Techem Solutions		Techem excluding Techem Solutions	
	FY 2020	FY 2021	FY 2020	FY 2021	FY 2020	FY 2021
Total biogenic emissions	16,972	16,699	16,969	16,697	2	2
› Combustion of biogas	7,333	7,068	7,333	7,068	0	0
› Combustion of wood pellets	9,636	9,629	9,636	9,629	0	0
› Purchased heat from wood pellet combustion	3	2	0	0	3	2

The calculation is based on the internationally recognized calculation guidelines of the GHG protocol. Emissions are reported in CO_2 equivalents (CO_2e), which include emissions of CO_2, CH_4 and N_2O. Rounding can result in errors in the calculation of totals. Biogenic emissions are emissions that come from renewable sources but, like fossil emissions, have global warming potential. Emission data for direct CO_2e emissions from biologically bound carbon (e.g. CO_2e from the combustion of biomass/biofuels) must be reported separately according to the GHG Protocol and are not included in the sum of the total emissions of scopes 1-3.

Use of materials and recycled raw materials

GRI 301-2

	FY 2021	
	in t	in %
Materials used	2,341	100.0
› thereof recycled raw materials	48	2.2

The data was collected for the first time for fiscal year 2021. All materials used to manufacture Techem devices were taken into account, with the exception of materials procured from international companies and not delivered via the warehouse in Liederbach.

Water consumption (in m³)

GRI 303-5

	FY 2020	FY 2021
Total water consumption	15,061	10,880
› thereof water from third parties	15,061	10,880

Waste generated (in t)

GRI 306-3

	FY 2021
Total amount of waste	634.3
› thereof non-hazardous waste	211.8
including packaging made of paper and cardboard	63.7
including plastic packaging	5.5
thereof mixed municipal waste	108.0
thereof kitchen and canteen waste	13.9
thereof waste from waste water treatment	20.0
thereof other	0.7
› thereof hazardous waste	422.5
thereof electronic waste	413.0
thereof other	9.5

The waste for Techem Germany was recorded in full for the first time in fiscal year 2021. Data collection is planned to be expanded to international locations by the end of FY 2023. A small proportion of the figures are based on estimates.

Waste by disposal method (in t)

GRI 306-4, GRI 306-5

	FY 2021
Total amount of waste	634.3
› thereof non-hazardous waste	211.8
thereof share of recycling, reprocessing or recovery[1]	100.0%
thereof share in disposal	0.0%
› thereof hazardous waste	422.5
thereof share of recycling, reprocessing or recovery[1]	97.7%
thereof share in disposal	2.3%

The waste for Techem Germany was recorded in full for the first time in fiscal year 2021. Data collection is planned to be expanded to international locations by the end of FY 2023. A small proportion of the figures are based on estimates.

[1] Within the meaning of the Closed Substance Cycle Act (KrWG). It is currently not possible to differentiate between reused, processed or recycled waste - Techem is aiming to achieve a greater level of detail for the 2023 Sustainability Report. The elimination was carried out entirely by the method of incineration without energy recovery.

For the individual and the community

Employment relationships at a glance

GRI 102-8

	FY 2020	FY 2021	Relative change to previous year
Employees in total	3,869	3,944	+1.9%
› Temporary employees	340	228	-32.9%
thereof female	181	126	-30.4%
thereof male	159	102	-35.8%
thereof diverse	0	0	0.0%
› Permanent employees	3,529	3,716	+5.2%
thereof female	1,572	1,626	+3.4%
thereof male	1,957	2,090	+6.8%
thereof diverse	0	0	0.0%
› Full-time employees	3,166	3,255	+3.8%
thereof female	1,232	1,239	+0.6%
thereof male	1,934	2,016	+4.2%
thereof diverse	0	0	0.0%
› Part-time employees	703	689	-2.0%
thereof female	518	513	-1.0%
thereof male	185	176	-4.9%
thereof diverse	0	0	0.0%

The figures include all active employees worldwide excluding trainees and temporary staff as of September 30 of the respective year.
The installation of the devices and the reading of the meters are partly carried out by external customer service technicians and meter readers with a work contract.

Employees by employment contract and region

GRI 102-8

Employment contract	Region	FY 2020	FY 2021	Relative change to previous year
Full-time	EU countries	3,017	3,107	+3.0%
	› thereof Germany	1,865	1,885	+1.1%
	Non-EU countries[1]	149	148	-0.7%
Part-time	EU countries	673	657	-2.4%
	› thereof Germany	563	554	-1.6%
	Non-EU countries[1]	30	32	+6.7%

The data includes all active employees worldwide, excluding trainees and temporary staff, as of September 30 of the respective year. The installation of the devices and the reading of the meters are partly carried out by external customer service technicians and meter readers under contract.

[1] Techem is active in the following non-EU countries: Switzerland, Norway, United Arab Emirates, Brazil.

New employees and departures from the workforce

GRI 401-1

	Number of entries			Number of exits		
	FY 2020	FY 2021	Relative change to previous year	FY 2020	FY 2021	Relative change to previous year
In total	664	554	-16.6%	396	452	+14.1%
by age						
› < 30 years	251	187	-25.5%	99	121	+22.2%
› ≥ 30 < 50 years	324	300	-7.4%	182	228	+25.3%
› ≥ 50 years	89	67	-24.7%	115	103	-10.4%
by gender						
› female	282	196	-30.5%	165	181	+9.7%
› male	382	358	-6.3%	230	271	+17.8%
› diverse	0	0	0%	1	0	-100.0%
by region						
› EU countries	652	537	-17.6%	383	436	+13.8%
thereof Germany	390	257	-34.1%	173	218	+26.0%
› Non-EU countries	12	17	+41.7%	13	16	+23.1%

The data includes all active and passive employees worldwide excluding temporary staff as of September 30 of the respective year.

Entry and fluctuation rate

GRI 401-1

	Entry rate		Fluctuation rate	
	FY 2020	FY 2021	FY 2020	FY 2021
In total	17.2%	14.1%	10.2%	11.5%
by age				
› < 30 years	6.5%	4.7%	2.6%	3.1%
› ≥ 30 < 50 years	8.4%	7.6%	4.7%	5.8%
› ≥ 50 years	2.3%	1.7%	3.0%	2.6%
by gender				
› female	7.3%	5.0%	4.3%	4.6%
› male	9.9%	9.1%	6.0%	6.9%
› diverse	0.0%	0.0%	0.0%	0.0%
by region				
› EU countries	16.9%	13.6%	9.9%	11.1%
thereof Germany	10.1%	6.5%	4.5%	5.5%
› Non-EU countries	0.3%	0.4%	0.3%	0.4%

The data includes all active and passive employees worldwide, excluding temporary staff.

The entry rate corresponds to the proportion of entries in the fiscal year in relation to the total workforce as of September 30 of the respective year.

The fluctuation rate corresponds to the proportion of employees who left the company in the fiscal year as of September 30 of the respective year.

Employees on parental leave GRI 401-3

	FY 2020	FY 2021	Relative change to previous year
Employees who have taken parental leave	183	183	0.0%
› thereof female	148	137	-7.4%
› thereof male	35	46	+31.4%
› thereof diverse	0	0	0.0%
returned to work after parental leave	95	105	+10.5%
› thereof female	61	63	+3.3%
› thereof male	34	42	+23.5%
› thereof diverse	0	0	0.0%
Return rate[1]	-[2]	57.4%	-
› thereof female	-[2]	42.6%	-
› thereof male	-[2]	120.0%	-
Employees who were still employed at Techem twelve months after the end of their parental leave	-[2]	87	-
› thereof female	-[2]	53	-
› thereof male	-[2]	34	-
› thereof diverse	-[2]	0	-
Retention rate[3]	-[2]	91.6%	-
› thereof female	-[2]	86.9%	-
› thereof male	-[2]	100,0 %	-

The data includes all employees worldwide, excluding temporary staff. The data relates to the Techem fiscal year.

Employees of all Techem companies can apply for parental leave in accordance with the legal requirements.

[1] The return rate was calculated as follows: (number of employees who returned from parental leave in the reporting year / number of employees who took parental leave in the previous year) x 100. A return rate of over 100% is due to the fact that more female employees returned from parental leave in the year under review than were on parental leave in the previous year. This is the case if female employees both went on and returned from parental leave in FY 2021.

[2] The return rate was surveyed across the Group for the first time in the year under review. It was not possible to calculate the data for fiscal year 2020 retrospectively.

[3] The retention rate was calculated as follows: (number of employees who were still employed at Techem in the reporting year twelve months after the end of parental leave / number of employees who returned to work after parental leave in the previous year) x 100.

Work-related injuries to employees GRI 403-9

	FY 2020	FY 2021	Relative change to previous year
Number of work-related injuries	55	35	-34.0%
› thereof occupational accidents	38	30	-21.1%
› thereof commuting accidents	17	5	-70.6%
Work-related injury rate	9.2	5.4	-41.3%
› Number of work-related injuries with serious consequences	0	0	0.0%
› Number of fatalities from work-related injuries	0	0	0.0%

The accidents at work and on the way to and from work suffered by the Techem companies' own employees worldwide were evaluated.
The data included occupational and commuting accidents that resulted in at least one day of absence. The rate (LTIFR) of work-related injuries was calculated as follows:
(Number of occupational and commuting accidents / target working hours in the calendar year x 1,000,000.)

Training hours in Germany GRI 404-1

	FY 2020	FY 2021	Relative change to previous year
Average number of training hours by gender	16.9	14.0	-17.2%[1]
› female	16.8	13.8	-17.9%[1]
› male	16.9	14.0	-17.2%[1]
› diverse	-	-	
Average number of training hours by employee category	16.9	14.0	-17.2%[1]
› Management levels 1-4	15.8	6.2	-60.8%[1]
› employees	17.0	14.7	-13.5%[1]

The data includes all employees in Germany and relates to the average number of training hours per employee in the respective Techem fiscal year. The reporting of the international data was not possible due to the lack of a uniform system for recording the training hours in the reporting year. On-site supervisor briefings were not counted as training hours.
[1]In our new learning concept, we rely on shorter learning impulses, which enable high levels of personal participation and thus greater learning success. This also explains the decline in training courses in fiscal year 2021.

Employees by age and gender

GRI 405-1

	FY 2020	FY 2021
Distribution by gender		
› female	47.4%	46.5%
› male	52.6%	53.5%
› diverse	0.0%	0.0%
Age structure		
› < 30 years	15.4%	14.6%
› ≥ 30 < 50 years	53.1%	53.0%
› ≥ 50 years	31.5%	32.4%

The data includes all active employees worldwide, excluding executives at management levels 1-4 of the Techem companies worldwide and temporary workers as of September 30 of the respective year.

Managers by age and gender

GRI 405-1

	FY 2020	FY 2021
Distribution by gender		
› female	25.1%	24.7%
› male	74.9%	75.3%
› diverse	0.0%	0.0%
age structure		
› < 30 years	0.3%	0.8%
› ≥ 30 < 50 years	58.5%	58.2%
› ≥ 50 years	41.2%	41.0%

The data includes all executives of management levels 1-4 of Techem companies worldwide as of September 30 of the respective year.

Cases of discrimination

GRI 406-1

	FY 2020	FY 2021
Reported cases of discrimination	2	2

Two incidents of discrimination were reported at Techem in the reporting period. The incidents were investigated in detail, which in both cases led to the termination of employment with the respective individuals.

For ethical business behavior

Association memberships at a glance GRI 102-13

Active Techem national subsidiary	Organization
Techem Belgium	Unie van Zelfstandige Ondernemers – Union of Independent Entrepreneurs (UNIZO)
Techem Bulgaria	Associatia na druzestvata za toplinno schetovodstvo – Association of Heating Cost Accounting Societies (ADTS)
Techem Germany	Arbeitsgemeinschaft Heiz- und Wasserkostenverteilung – Working group for heating and water cost allocation (ARGE)
	Bundesverband der Deutschen Industrie – "Initiative Energieeffiziente Gebäude" – Federation of German Industries - Initiative "Energy-Efficient Buildings" (BDI-IEG)
	Bundesverband Neue Energiewirtschaft - Federal Association of the New Energy Industry (BNE)
	Deutsche Unternehmensinitiative Energieeffizienz – German Business Initiative Energy Efficiency (DENEFF)
	Europäischer Verein zur verbrauchsabhängigen Energiekostenabrechnung – European Association for Consumption -based Energy Cost Billing (E.V.V.E.)
	Telekommunikation und neue Medien – Telecommunications and new media (Bitkom)
	Verband für Energiedienstleistungen, Effizienz und Contracting – Association for Energy Services, Efficiency and Contracting (vedec)
	Zentraler Immobilien Ausschuss – Central Real Estate Committee (ZIA)
Techem France	Syndicat de la mesure – Surveyors Union (SyM)
Techem Italy	Associazione Nazionale Contabilizzazione Calore e Acqua – National Association for the Accounting of Heating and Water (ANCAA)
	L'Associazione Motus-E – Platform for Transition to Sustainable Mobility (MOTUS-E)
Techem Netherlands	Nederlandse Vereniging voor Verbruiksafhankelijke Energiekostenafrekening – Dutch Association for Consumption-Based Energy Billing (NL.V.V.E)
Techem Norway	Norwegian Sub-Metering Association (NSMA)
Techem Poland	Stowarzyszenie Ds Rozliczania Energii – Association for Energy Accounting (STOW)
Techem Switzerland	Schweizerischer Verband für Energie- und Wasserkostenabrechnung – Swiss Association for Energy and Water Cost Billing (SVW-ASC)
	Suisstec – Employers' and industry association for building technology and building shells
Techem Slovenia	Asociácia rozpočítavateľov tepla a vody Slovensko – Association of Heat and Water Providers (ARTAV Slovensko)
Techem Spain	Asociacion de Empresas del Sector de las Instalaciones y la Energia – Association of Companies in the Plant and Energy Sector (Agremia)
	Asociacion Española de Empresas de Lectoras de Contadores de Agua y Energia – Association of Water and Energy Metering Companies (Apecae)
	Asociacion Española de Repartidores de Costes de Calefaccion – Association of Heat Cost Allocators (AERCCA)

Composition of the Advisory Board GRI 102-22

Member	Role	Duration of position	Independence	Gender	Other commitments	ESG skills
Andreas Umbach	Chairman Advisory Board	since 2018[1]	Yes	male	› President of the Board of Directors of Landis+Gyr Group AG › Chairman of the Board of Directors of SIG Group AG › President of the Advisory Board of Rovensa SA	› ESG officer on Techem's Advisory Board › Chairman of the Nomination, Governance and Sustainability Committee of Landis+Gyr Group AG
Dr. Eric Strutz	Chairman Risk & Audit Committee	since 2018	Yes	male	› Member of the Board of Directors of Global Blue Holding AG › Member of the Boards of Control HSBC Bank plc. › HSBC Continental Europe and HSBC Trinkaus & Burkhardt	
Prof. Dr. Ann-Kristin Achleitner	Chairwoman Nomination & Compensation Committee	since 2020	Yes	female	› Distinguished Affiliated Professor at the Technical University of Munich › Represented on the supervisory bodies of Linde plc., Lazard Ltd and Lazard Group, Munich Re-insurance Company and the International Advisory Board of Investcorp Bank BSC	› Member of the Audit Committee with proven ESG expertise at Munich Reinsurance Company › Member of the Human Capital Committee and Sustainability Committee at Linde plc. › Member of the Audit Committee and the Nomination and Governance Committee of Lazard Ltd › ESG officer on Techem's Advisory Board
Dr. Jürgen Diegruber		since 2018	No	male	› Partner of Partners Group Holding AG; Head, Managing Director and Chairman of Partners Group (EU) GmbH Munich › Member of the board of the portfolio company Hofmann Menue Manufaktur of Partners Group Holding AG › Member of the Board of Directors of Porterhouse Group AG	
Michael Barben		since 2018	Yes	male	› Member of the Board of Directors and Supervisory Board of Fermaca and VSB Holding	

Member	Role	Duration of position	Independence	Gender	Other commitments	ESG skills
Lukas Bucher		since 2018	No	male	› Managing Director of Partners Group Holding AG › Member of the Board of International Schools Partnership and Key Retirement Group	
Andreas Holzmüller		since 2018	No	male	› Managing Director of Partners Group Holding AG › Member of the Advisory Board of Schleich GmbH › Observer on the Advisory Board of Breitling SA	
Albrecht von Alvensleben		since 2019	No	male	› Managing Director at Caisse de dépôt et placement (CDPQ), head of private equity activities in Europe › Member of the Board of Datamars SA › Member of the Board of QIMA	
Marvin Teubner		since 2018	No	male	› Managing Director Private Capital at Ontario Teachers' Pension Plan Board (OTPP) › Member of the Advisory Board of Logoplaste and Lowell Group	› ESG representative of OTPP on the Advisory Board of Logoplaste

The composition of the Advisory Board of the Luxembourg Investment Company 261 S.à r.l. (LIC 261) is shown here. LIC 261 is the company in which the shareholders of the Techem Group are organized. The Advisory Board of LIC 261 supports the management of LIC 261 in its decision-making and examines and decides on business transactions of the Techem companies that require approval.

[1] The Advisory Board was formed in 2018.

Suppliers by region GRI 102-9

	FY 2020	FY 2021	Relative change to the previous year
Suppliers in total	4,228	4,360	+3.1%
› thereof from Germany	4,131	4,249	+2.9%
› thereof from Europe (excluding Germany)	85	99	+16.5%
› thereof from other regions worldwide	12	12	0.0%

This data includes all suppliers that are managed from Techem headquarters. The cut-off date is September 30.

Local sourcing 2021 GRI 204-1

	International suppliers	National suppliers
Total procurement volume	26.7%	73.3%
› thereof Techem international (excluding Germany)	50.0%	50.0%
› thereof Techem Germany	18.5%	81.5%

Refers to the percentage of total spend on suppliers in fiscal year 2021. The billing address is typically used to assess suppliers' geographic location (domestic or international). Suppliers with a procurement volume of more than one million euros in fiscal year 2021 are an exception to this. In these cases, the place of origin of the products or services is used for the evaluation.

Communication on anti-corruption policies and procedures[1]

GRI 205-2 ☑

	FY 2020		FY 2021	
	absolute	relative	absolute	relative
Communication to members of governing bodies	37	100%	22	54%
› in Germany	19	100%	22	100%
› international	18	100%	0	0%
Communication to employees	985	26%	2,415	61%
› in Germany	700	29%	2,415	99%
› international	285	20%	0	0%
› Managers	-	-	181	52%
› Employees	-	-	2,234	62%

Anti-corruption training[1]

GRI 205-2 ☑

	FY 2020		FY 2021[2]	
	absolute	relative	absolute	relative
Training of members of governing bodies	28	76%	12	29%
› in Germany	10	53%	12	54%
› international	18	100%	0	0
Training of employees	985	26%	2,415	61%
› in Germany	700	29%	2,415	99%
› international	285	20%	0	0%
› Managers	-	-	181	52%
› Employees	-	-	2,234	62%

[1]The data was collected at the international level for the first time in the year under review. A collection of managerial and employee information retrospectively for fiscal year 2020 was not possible. The members of the governing bodies include the Managing Directors of the Techem companies worldwide, the Supervisory Board of TES and the Advisory Board of LIC 261. The executives comprise management levels 1-4 of the Techem companies worldwide. Employees include all employees worldwide excluding executives and casual workers.

[2]Training for international employees takes place every two years – most recently in fiscal year 2020.

Corruption, anti-competitive practices and violations of the law

GRI 205-3, GRI 206-1, GRI 419-1

	FY 2020	FY 2021
Confirmed cases of corruption[1]	0	0
Proceedings for anti-competitive behavior, anti-trust and monopoly[2]	2	2[3]
Significant fines and non-monetary sanctions for non-compliance with social and economic laws[4]	0	0

[1] A case of corruption is confirmed when an internal investigation or a final judgment concludes that a case of corrupt behavior has occurred.

[2] Number of pending or completed court cases for anticompetitive behavior and violations of antitrust and monopoly laws in which Techem was identified as a party during the reporting period.

[3] As in fiscal year 2020, proceedings for violations of antitrust and competition law in Austria from 2019 are still ongoing in fiscal year 2021. The company is working fully with the authorities to clarify the matter. Proceedings by the Saxony state antitrust authority in Germany (district heating sector investigation for the years 2018 – 2020) were concluded in fiscal year 2021. No violations were found.

[4] No significant fines and regulatory sanctions in the reporting periods. Sanctions are considered significant if they exceed a threshold of 10,000 euros or if they must be made public.

Complaints related to privacy

GRI 418-1

	FY 2020	FY 2021
Complaints from external parties	3	14
Complaints from regulators	2	2
Cases of data theft or loss	0	0

Violations are non-critical violations that did not result in the payment of fines or action by the authorities in the reporting period. Techem is not aware of any incidents of data loss or data theft during the reporting period.

EU Legal Glossary

In recent years, the EU has passed a number of laws that have an impact on Techem's services and products. This creates opportunities for Techem, but also challenges that require adaptability and innovative strength.

European Green Deal

The European Green Deal is a broad package of measures affecting nearly all areas of EU legislation – and thus also affects Techem. The EU has set itself the goal of achieving climate neutrality by 2050, with the interim goal being a 55 percent reduction in CO_2e emissions by 2030. To achieve this, the European Commission has thus far issued or revised 13 directives and regulations in the "Fit for 55" package of measures.

EU Emissions Trading System

The Emissions Trading System (ETS) covers the power generation, industry and aviation sectors. It implements the polluter pays principle ("polluter pays") in the European economy: companies that generate emissions must purchase certificates. These will gradually become scarcer over a period of several years and thus more expensive. This creates incentives for a sustainable economy. At this point in time, emission reduction targets for the building sector are defined in the Effort Sharing Regulation (see below). The planned extension of European emissions trading to the building and transport sectors would increase its scope from currently around 40 percent of the entire EU economy to around 60 percent. The introduction is planned for 2025. The CO_2 price on natural gas, oil, diesel and petrol is constantly making fossil fuels more expensive. As a result, their use is becoming increasingly uneconomical for both companies and consumers. This increases the incentive to switch to regenerative energies and more efficient systems. Techem provides its customers with comprehensive advice on this.

Implementation in German law: The Greenhouse Gas Emissions Trading Act came into force in January 2021.

Energy Efficiency Directive – EED

The EED obliges EU member states to set national benchmarks for energy efficiency. This is to ensure that energy consumption at the EU level falls by at least 32.5 percent by 2030.

The guideline also contains regulations for end users and energy suppliers. As of January 1, 2022, landlords are obliged to provide tenants with consumption information once a month. The increased transparency is intended to raise awareness for one's own consumption and encourage a more conscious use of resources such as heat energy or water.

Techem has long been acting according to the principle "Measuring creates awareness." The monthly consumption information not only helps customers to adjust their behavior, but also to uncover and leverage efficiency potential in the building.

Implementation in German law: The amended Heating Costs Ordinance (HKVO) came into force in December 2021.

Energy Performance of Buildings Directive – EPBD

The directive on the overall energy efficiency of buildings is intended to help reduce the energy requirements of the member countries and the extent of their CO2 emissions. At the same time, this should reduce dependence on energy imports. A draft revision of the directive as part of the "Fit for 55" work program package stipulates that all new buildings in the EU should be emission-free from 2030 – and the entire building stock by 2050.
With the amendment, the specifications of the building guidelines for energy certificates also change. Techem issues these and supports the now more detailed query of data. The higher information content shows real estate managers potential savings.

Implementation in German law: The Building Energy Act (GEG) came into force in November 2020.

Renewable Energy Directive – RED

The new version of the directive (RED III) is aimed at increasing the share of renewable energies in the European electricity mix to at least 40 percent by 2030.

Techem supports this demand in terms of a climate-neutral building stock and advises customers on green alternatives. By integrating electrical heating systems in combination with sustainable energy sources, properties can be heated directly with electricity generated in a climate-neutral manner.

Implementation in German law: The implementation of RED III by the EU member states is scheduled to take place by the end of 2024.

Effort Sharing Regulation

At the European level, the regulation sets emission reduction targets for road traffic, heating of buildings, agriculture, small industrial plants and waste management that are not yet covered by the EU emissions trading system (see above). The goal is to reduce emissions in the areas mentioned by at least 29 percent by 2030 compared to 2005 levels. In this way, all member states are to make a fair contribution to the EU's climate protection measures. The national burdens are distributed according to the gross domestic product (GDP) per capita – correspondingly higher reduction targets apply to economically stronger member states.

As part of the "Fit for 55" package, the European Commission is proposing an amendment to the regulation. The emission reduction target by 2030 is to be raised to 40 percent. There is not yet a fixed timetable for the package to be passed. Regardless of this, Techem has set itself the goal of offering all customers heat from renewable energies in order to reduce emissions in the building sector.

Implementation in German law: The regulation has been legally valid in the EU member states since July 2018, no implementation in national law is required.

Ecodesign Directive

The directive implements the EU-wide concept of integrated product policy (IPP). To this end, it sets legally binding minimum standards for energy efficiency in electrical products throughout Europe. The objective is to save energy and other resources over the entire lifecycle of energy-related products – from their manufacture to their disposal. In addition to heating boilers for the building sector, water heaters are also covered by the directive. A uniform standard for Building Automation and Control Systems (BACS) is currently being examined by an expert group of the EU Commission.

Techem places high demands on the energy efficiency of its products. Therefore, the Europe-wide legislation affects the company only marginally. In addition, the German laws in this area go beyond the defined minimum standards. However, Techem welcomes the creation of a uniform regulatory framework, as this increases the transparency of the products for end consumers.

Implementation in German law: the Energy-Using Products Act (EBPG) and Energy-Related Products Act (EVPG). The implementation in German law depends on the group of products.

Independent auditor's opinion on a limited assurance engagement on sustainability information

To Techem GmbH, Eschborn

We have subjected the information marked with a ☑ in the Sustainability Report of Techem GmbH, Eschborn (hereinafter the "company") for the period from October 1, 2020, to September 30, 2021 (hereinafter the "report") to a business audit to obtain limited security. Our mandate refers exclusively to the information marked with the symbol ☑.

Responsibility of the legal representatives

The legal representatives of the company are responsible for the preparation of the report in accordance with the principles specified in the Sustainability Reporting Standards of the Global Reporting Initiative (hereinafter the "GRI criteria") and for the selection of the information to be assessed.

This responsibility of the legal representatives of the company includes the selection and application of appropriate methods for sustainability reporting as well as the making of assumptions and estimates regarding individual sustainability disclosures that are reasonable under the given circumstances. Furthermore, the legal representatives are responsible for the internal controls that they have determined to be necessary to enable the preparation of a report that is free from material misstatements, whether intentional or unintentional.

Independence and quality assurance of the auditing company

We have complied with the German professional regulations on independence and other professional conduct requirements.

Our auditing company applies the national legal regulations and professional statements – in particular the professional statutes for auditors and sworn auditors (BS WP/vBP) as well as the IDW Quality Assurance Standard 1 issued by the Institute of Auditors (IDW) "Requirements for quality assurance in the practice of auditors" (IDW QS 1) – and accordingly maintains an extensive quality assurance system that includes documented regulations and measures relating to compliance with professional behavior requirements, professional standards and relevant statutory and other legal requirements.

Auditor's responsibility

Our responsibility is to express a limited assurance conclusion on the information marked with an ☑ in the report based on the assurance engagement we have performed. The assessment of external documentation sources or expert opinions referred to in the Sustainability Report is not the subject of our engagement.

We conducted our assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised): Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the IAASB. Those standards require that we plan and perform the audit to obtain limited assurance as to whether any matters have come to our attention that cause us to believe that the disclosures marked with an ☑ in the company's report for the period from October 1, 2020, to September 30, 2021 have not been prepared, in all material respects, in accordance with the relevant GRI criteria. This does not mean that a separate audit opinion is provided for each flagged statement.

In a limited assurance engagement, the audit procedures performed are less extensive than in a reasonable assurance engagement, so that a significantly lower level of assurance is obtained accordingly. The choice of audit procedures is at the discretion of the auditor.

As part of our audit, we performed the following audit procedures and other activities, among others:

- Gaining an understanding of the structure of the sustainability organization and the involvement of stakeholders
- Questioning of employees who were involved in the preparation of the Sustainability Report about the preparation process, the internal control system related to this process and selected information in the Sustainability Report
- Identification of likely risks of material misstatement in the report based on the GRI criteria
- Analytical assessment of selected information in the Sustainability Report
- Assessment of the presentation of the selected information on sustainability performance

Audit opinion

Based on the audit procedures performed and the audit evidence obtained, nothing has come to our attention that causes us to believe that the disclosures marked with an ☑ in the company's report for the period from October 1, 2020, to September 30, 2021 in have not been prepared in accordance with the relevant GRI criteria in all material respects.

Purpose of the opinion

We are issuing this opinion based on the engagement we have with the company. The assurance engagement was performed for the purposes of the company and the report is only intended to inform the company of the results of the assurance engagement. The note is not intended for third parties to make (financial) decisions based on it. Our responsibility is to the company alone and we assume no responsibility towards third parties.

Frankfurt/Main, July 15, 2022
PricewaterhouseCoopers GmbH
Auditing company

Nicolette Behncke **ppa. Meike Beenken**
Auditor

GRI Content Index and UN Global Compact Index

GRI-Standard	Page reference	Notes	External audit	UN Global Compact principles
GRI 101: Foundation 2016				
GRI 102: General Disclosures 2016				
Organizational profile				
GRI 102-1: Name of the organization		Techem Verwaltungsgesellschaft 671 mbH		
GRI 102-2: Activities, brands, products, and services	pp. 6, 9–12			
GRI 102-3: Location of headquarters	p. 6			
GRI 102-4: Location of operations	p. 7			
GRI 102-5: Ownership and legal form	pp. 8, 147			
GRI 102-6: Markets served	pp. 6–7, 9			
GRI 102-7: Scale of the organization	pp. 9, 12			
GRI 102-8: Information on employees and other workers	pp. 86, 130–131		☑	6
GRI 102-9: Supply chain	pp. 115–116, 139			
GRI 102-10: Significant changes to the organization and its supply chain		None		
GRI 102-11: Precautionary principle or approach	pp. 63–64, 71, 109–111, 120–123			7
GRI 102-12: External initiatives	pp. 5, 51, 89, 102–104, 110			
GRI 102-13: Membership of associations	pp. 113–114, 136			
Strategy				
GRI 102-14: Statement from senior decision-maker	pp. 3–5			
GRI 102-15: Key impacts, risks, and opportunities	pp. 9, 14–31, 37–41, 68, 70, 78, 82, 104, 109, 110, 112–113, 117, 120–123			
Ethics and integrity				
GRI 102-16: Values, principles, standards, and norms of behavior	pp. 89, 107–112, 115, 116			
GRI 102-17: Mechanisms for advice and concerns about ethics	pp. 109–110			

GRI-Standard	Page reference	Notes	External audit	UN Global Compact principles
Governance				
GRI 102-18: Governance structure	pp. 6, 8, 137–138			1–10
GRI 102-19: Delegating authority	pp. 58–59			
GRI 102-20: Executive-level responsibility for economic, environmental, and social topics	p. 58			
GRI 102-21: Consulting stakeholders on economic, environmental, and social topics	pp. 58, 60, 62, 90, 92, 99, 105, 112–113, 122			
GRI 102-22: Composition of the highest governance body and its committees	pp. 137–138			
GRI 102-23: Chair of the highest governance body	p. 137			
GRI 102-25: Conflicts of interest	p. 111			
GRI 102-26: Role of highest governance body in setting purpose, values, and strategy	pp. 8, 59–60			
GRI 102-29: Identifying and managing economic, environmental, and social impacts	pp. 59–60			
GRI 102-31: Review of economic, environmental, and social topics	pp. 8, 59, 62, 82, 109			
GRI 102-32: Highest governance body's role in sustainability reporting	p. 119			
GRI 102-35: Remuneration policies	pp. 112, 120			
Stakeholder engagement				
GRI 102-40: List of stakeholder groups	pp. 60, 105			
GRI 102-41: Collective bargaining agreements	p. 95			3
GRI 102-42: Identifying and selecting stakeholders	pp. 60, 105			
GRI 102-43: Approach to stakeholder engagement	pp. 58, 60, 62, 92, 99, 105, 113, 122			
GRI 102-44: Key topics and concerns raised	pp. 62, 99			
Reporting practice				
GRI 102-45: Entities included in the consolidated financial statements	p. 119			
GRI 102-46: Defining report content and topic boundaries	pp. 60-62			
GRI 102-47: List of material topics	p. 61			

GRI-Standard	Page reference	Notes	External audit	UN Global Compact principles
GR 102-48: Restatement of information	p. 119	For the expansion of the geographical and standardization of the temporal scope of the data, see p. 119. In addition, we have adjusted the reporting on GRI 302-1: In contrast to the previous year, the useful energy generated is accounted for as our own energy consumption and therefore deviates from the presentation in the previous year's report. The information on CO_2e emissions from the previous year under GRI 305-3 deviates from the data provided in the Sustainability Report 2020. This is due to more recent and differentiated emission factors.		
GRI 102-49: Changes in reporting		No		
GRI 102-50: Reporting period	p. 119	10/01/2020 - 09/30/2021; Disclosure of isolated qualitative information by April 2022		
GRI 102-51: Date of most recent report		July 2022		
GRI 102-52: Reporting cycle	p. 119			
GRI 102-53: Contact point for questions regarding the report	p. 155			
GRI 102-54: Claims of reporting in accordance with GRI standards	p. 119			
GRI 102-55: GRI content index	pp. 147–154			
GRI 102-56: External assurance	pp. 145–146			
Important topics				
GRI 204 Procurement practices 2016				
GGRI 103: Management approach 2016 (including 103-1, 103-2, 103-3)	pp. 115–117, 123			
GRI 204-1: Proportion of spending on local suppliers	pp. 115, 139		☑	
GRI 205 Anti-corruption 2016				
GRI 103: Management Approach 2016 (including 103-1, 103-2, 103-3)	pp. 109–110, 123			10
GRI 205-1: Operations assessed for risks related to corruption	p. 109			
GRI 205-2: Communication and training about anti-corruption policies and procedures	pp. 109, 140		☑	10
GRI 205-3: Confirmed incidents of corruption and actions taken	pp. 123, 141		☑	10
GRI 206 Anti-competitive behavior 2016				
GRI 103: Management approach 2016 (including 103-1, 103-2, 103-3)	pp. 109–110			

GRI-Standard	Page reference	Notes	External audit	UN Global Compact principles
GRI 206-1: Legal actions for anti-competitive behavior, anti-trust and monopoly practices	pp. 110, 141		☑	
GRI 207 Tax 2019				
GRI 103: Management approach 2016 (including 103-1, 103-2, 103-3)	p. 112			10
GRI 207-1: Approach to tax	p. 112			
GRI 207-2: Tax governance, control, and risk management	p. 112			
GRI 207-3: Stakeholder engagement and management of concerns related to tax	p. 112			
GRI 207-4: Country-by-country reporting		Techem operates in the following tax jurisdictions: Belgium, Brazil, Bulgaria, Denmark, Germany, France, India, Italy, Luxembourg, Netherlands, Norway, Austria, Poland, Romania, Sweden, Switzerland, Slovakia, Spain, Czech Republic, Hungary, Turkey and the United Arab Emirates. Techem reports in detail on its tax position as part of its annual reporting in accordance with IFRS. The company complies with all national and international reporting regulations and submits country-by-country reporting to the federal tax office on an annual basis. The tax information contained is based on the consolidated financial statements certified by an independent auditing company. We will not provide detailed information on country-by-country reporting at this point, as this would reveal information relevant to the competition.		
GRI 301 Materials 2016				
GRI 103: Management approach 2016 (including 103-1, 103-2, 103-3)	pp. 71–75, 83–84, 121			7, 8, 9
RI 301-2: Recycled input materials used	pp. 72, 84, 121, 129		☑	7, 8, 9
GRI 302 Energy 2016				
GRI 103: Management approach 2016 (including 103-1, 103-2, 103-3)	pp. 32–36, 37–41, 65, 68–77, 80–82, 120–121			7, 8, 9
GRI 302-1: Energy consumption within the organization	pp. 77, 124–125		☑	
GRI 302-3: Energy intensity	pp. 77, 125		☑	
GRI 302-4: Reduction of energy consumption	p. 76			

GRI-Standard	Page reference	Notes	External audit	UN Global Compact principles
GRI 303 Water and effluents 2018				
GRI 103: Management approach 2016 (including 103-1, 103-2, 103-3)	pp. 71–72, 83			7, 8
GRI 303-1: Interactions with water as a shared resource	pp. 10, 66, 83, 100–101, 105			7, 8
GRI 303-2: Management of water discharge-related impacts	p. 83			7, 8
GRI 303-5: Water consumption	pp. 83, 129		☑	
GRI 305 Emissions 2016				
GRI 103: Management approach 2016 (including 103-1, 103-2, 103-3)	pp. 24–31, 32–36, 37–41, 66, 68–83, 120			
GRI 305-1: Direct (Scope 1) GHG emissions	pp. 12, 78–79, 126, 128		☑	
GRI 305-2: Energy indirect (Scope 2) GHG emissions	pp. 12, 78–79, 126		☑	
GRI 305-3: Other indirect (Scope 3) GHG emissions	pp. 12, 78–79, 127		☑	
GRI 305-4: GHG emissions intensity	p. 128			
GRI 305-5: Reduction of GHG emissions	pp. 5, 79			
GRI 306 Waste 2020				
GRI 103: Management approach 2016 (including 103-1, 103-2, 103-3)	pp. 71–74, 83–84, 121			7, 8
GRI 306-1: Waste generated and significant waste-related impacts	pp. 83–84			7, 8
GRI 306-2: Management of significant waste-related impacts	pp. 71–72, 83–84, 121			7, 8
GRI 306-3: Waste generated	pp. 83, 129		☑	
GRI 306-4: Waste diverted from disposal	p. 129		☑	
GRI 306-5: Waste directed to disposal	p. 129		☑	
GRI 307 Environmental compliance 2016				
GRI 103: Management approach 2016 (including 103-1, 103-2, 103-3)	p. 111			7
GRI 307-1: Non-compliance with environmental laws and regulations	p. 111			
GRI 308 Supplier environmental assessment 2016				
GRI 103: Management approach 2016 (including 103-1, 103-2, 103-3)	pp. 116–117, 123			7, 8
GRI 308-1: New suppliers that were screened using environmental criteria	p. 116			
GRI 401 Employment 2016				
GRI 103: Management approach 2016 (including 103-1, 103-2, 103-3)	pp. 86–87, 95, 121–122			6
GRI 401-1: New employee hires and employee turnover	pp. 86–87, 122, 132		☑	6

GRI-Standard	Page reference	Notes	External audit	UN Global Compact principles
GRI 401-2: Benefits provided to full-time employees that are not provided to temporary or part-time employees	p. 95			6
GRI 401-3: Parental leave	pp. 94–95, 133		☑	6
GRI 403 Occupational health and safety 2018				
GRI 103: Management approach 2016 (including 103-1, 103-2, 103-3)	pp. 96–98			
GRI 403-1: Occupational health and safety management system	p. 96			
GRI 403-2: Hazard identification, risk assessment, and incident investigation	pp. 96–97			
GRI 403-3: Occupational health services	p. 98			
GRI 403-4: Worker participation, consultation, and communication on occupational health and safety	p. 97			
GRI 403-5: Worker training on occupational health and safety	pp. 96–97			
GRI 403-6: Promotion of worker health	p. 98			
GRI 403-7: Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	pp. 96–97			
GRI 403-9: Work-related injuries	pp. 97, 134		☑	
GRI 404 Training and education 2016				
GRI 103: Management approach 2016 (including 103-1, 103-2, 103-3)	pp. 87–89, 121–122			
GRI 404-1: Average hours of training per year per employee	pp. 88, 121, 134			
GRI 404-2: Programs for upgrading employee skills and transition assistance programs	pp. 87–89			6
GRI 404-3: Percentage of employees receiving regular employee performance and career development reviews	p. 89			
GRI 405 Diversity and equal opportunity 2016				
GRI 103: Management approach 2016 (including 103-1, 103-2, 103-3)	pp. 46–51, 89–90, 92–95, 121			6
GRI 405-1: Diversity of governance bodies and employees	pp. 91, 121, 135, 137–138		☑	6
GRI 406 Non-discrimination 2016				
GRI 103: Management approach 2016 (including 103-1, 103-2, 103-3)	pp. 46–51, 89–90, 92–95, 121			6
GRI 406-1: Incidents of discrimination and corrective actions taken	pp. 90, 135		☑	

GRI-Standard	Page reference	Notes	External audit	UN Global Compact principles
GRI 407 Freedom of association and collective bargaining 2016				
GRI 103: Management approach 2016 (including 103-1, 103-2, 103-3)	pp. 110, 116–117, 123			1, 2, 3
GRI 407-1: Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk		Techem has no indication that there is a significant risk of violations of the right to freedom of association and collective bargaining at its global locations. We refuse to work with suppliers who are known to have a significant risk of such violations. In fiscal year 2022, we will set up a systematic risk analysis as part of the Supply Chain Due Diligence Act and develop appropriate measures to deal with risks (see p. 117).		
GRI 408 Child labor 2016				
GRI 103: Management approach 2016 (including 103-1, 103-2, 103-3)	pp. 110, 116–117, 123			1, 2, 5
GRI 408-1: Operations and suppliers of significant risk for incidents of child labor		Techem has no indication that there is a significant risk of child labor at any of its locations worldwide. We refuse to work with suppliers who are known to have a significant risk of such violations. In the fiscal year 2022, we will set up a systematic risk analysis as part of the Supply Chain Due Diligence Act and develop appropriate measures to deal with risks (see p. 117).		1, 2, 5
GRI 409 Forced or compulsory labor 2016				
GRI 103: Management approach 2016 (including 103-1, 103-2, 103-3)	pp. 110, 116–117, 123			1, 2, 4
GRI 409-1: Operations and suppliers at significant risk for incidents of forced or compulsory labor		Techem has no indication that there is a significant risk of forced or compulsory labor at any of its locations worldwide. We refuse to work with suppliers who are known to have a significant risk of such violations. In fiscal year 2022, we will set up a systematic risk analysis as part of the Supply Chain Due Diligence Act and develop appropriate measures to deal with risks (see p. 117).		

GRI-Standard	Page reference	Notes	External audit	UN Global Compact principles
GRI 412 Human rights assessment 2016				
GRI 103: Management approach 2016 (including 103-1, 103-2, 103-3)	pp. 110, 116–117, 123			1, 2
GRI 412-1: Operations that have been subject to human rights reviews or impact assessments	pp. 110, 116–117, 123	In fiscal year 2022, we will set up a systematic risk analysis as part of the Supply Chain Due Diligence Act and develop appropriate measures to deal with risks (see p. 117).		1, 2
GRI 414 Supplier social assessment 2016				
GRI 103: Management approach 2016 (including 103-1, 103-2, 103-3)	pp. 116–117			1, 2
GRI 414-1: New suppliers that were screened using social criteria	p. 116			1, 2
GRI 415 Public policy 2016				
GRI 103: Management approach 2016 (including 103-1, 103-2, 103-3)	p. 113			10
GRI 415-1: Political contributions	p. 113		☑	10
GRI 416 Customer health and safety 2016				
GRI 103: Management approach 2016 (including 103-1, 103-2, 103-3)	pp. 100–101			
GRI 416-1: Assessment of the health and safety impacts of product and service categories	pp. 100–101			
GRI 416-2: Incidents of non-compliance concerning the health and safety impacts of products and services	p. 101			
GRI 418 Customer privacy 2016				
GRI 103: Management approach 2016 (including 103-1, 103-2, 103-3)	pp. 111–112, 123			
GRI 418-1: Substantiated complaints concerning breaches of customer privacy and losses of customer data	p. 141		☑	
GRI 419 Socioeconomic compliance 2016				
GRI 103: Management approach 2016 (including 103-1, 103-2, 103-3)	pp. 109–110, 123			
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