

A young girl with long brown hair, wearing a white short-sleeved dress, is being held up by an adult's hands. She is smiling and looking upwards. The background is a field of tall grass under a bright sky.

# LIVING THE FUTURE

**techem**



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# Foreword

## Dear readers,

I am pleased to present Techem's first Sustainability Report. And it comes at just the right time. The past year has presented us all with major changes. On the one hand, there is the ongoing coronavirus crisis with its drastic economic consequences, and on the other, climate change, the effects of which are becoming increasingly apparent.

Nevertheless: COVID-19 has also paved the way for new solutions and reinforced trends. Here, I'm mainly referring to digitalization, which was accelerated by the crisis and has irreversibly changed the world of work. This was also the case for Techem employees, who moved their workplaces to their homes from one day to the next, demonstrating great flexibility and commitment.





**“The energy transition can only succeed if the real estate industry is included and takes the step toward rapid digitalization.”**

Despite the major social and economic challenges posed by the virus and its consequences, decisive action on climate change cannot be allowed to take a back seat. “Green solutions” in response to the economic crisis triggered by the coronavirus are important to make the EU’s 2050 climate protection targets achievable. The building sector, with its high energy demand, has an important role to play. The energy transition can only succeed if the real estate industry is included and takes the step toward rapid digitalization.

In line with our purpose of “Together we ensure the digital energy transition in buildings,” we revised our business model years before the pandemic with a view to digitalization. In more than 80 percent of all cases, heat data is already read digitally. On the basis of this infrastructure, however, we do much more than simply measure consumption and billing: We improve energy efficiency in apartment buildings and commercial properties, from the boiler room to the top floors. At the same time, our innovative and smart products and solutions help reduce CO<sub>2</sub> equivalents (CO<sub>2</sub>e).

Last year, we were able to more than double the remote reading capability of our digital infrastructure by using Techem Smart System [\(see p. 42\)](#). And we will round off

our services even further in the future: At the beginning of 2021, we entered the smart metering business for electricity and gas as a metering point operator. By recording consumption across all sectors, we will be able to bundle energy-relevant data from buildings, draw even better conclusions about the CO<sub>2</sub>e footprint and offer the respective services for greater energy efficiency.

By networking with other market players, such as innovative property technology companies, and on the basis of data analyses and artificial intelligence, we also want to help shape the way people live in the future. Buildings and neighborhoods of the future must be climate-friendly, connected, and healthy places to live and work.

However, our responsibility as a company goes even further and includes the sustainable design of our entire processes. We have therefore used the past year to strategically position ourselves with regard to our impact on the environment and society. To this end, we involved internal and external stakeholders, defined our focus topics and areas of activity, and launched a sustainability program with ambitious targets.

Calculating our CO<sub>2</sub>e footprint was an important internal project in the reporting period. This forms the basis for the development of a climate roadmap in which we define our path to climate neutrality. We have set ourselves further ambitious goals, for example to increase diversity in the company, for more transparency in the supply chain and to professionalize our sustainability management and reporting. The progress of our goals is the responsibility of our newly established Sustainability Council, which I oversee.

As of this year, Techem is part of the United Nations Global Compact – the world’s largest initiative for responsible corporate governance. Together with other supporters, we will further strengthen topics like human rights, labor standards, the environment and corruption prevention.

I am very pleased to present this first Techem Sustainability Report, which provides you with insights into how we live up to our social responsibility. The report is based on the guidelines of the Global Reporting Initiative. At the same time, it serves as a report on the progress we are making towards fulfilling the United Nations Global Compact. We will report annually on the progress we are making in the future.

Ecological, economic and social issues are becoming increasingly important to the public. In the future, sustainability will become an even more decisive criterion for the success and innovative strength of companies. This is also the case for us at Techem.

I wish you informative and stimulating reading – and I look forward to receiving your feedback!

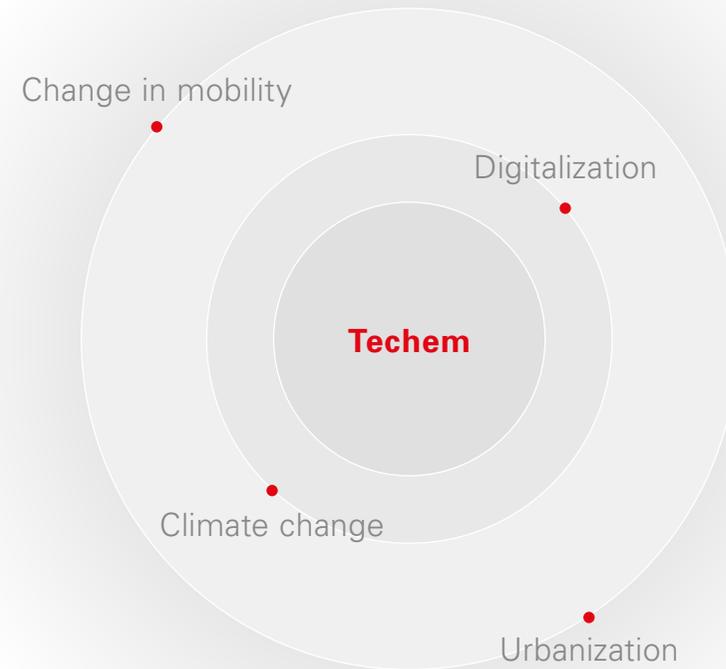
Sincerely Yours,

Matthias Hartmann  
CEO Techem GmbH



# The building sector caught up between global megatrends

The real estate industry is facing a variety of challenges. Urbanization and the growing population here on earth are demanding new concepts and more urban living space. At the same time, digitalization and the changes in mobility are leading to new forms of interaction and networking in the online and offline world. With its business model, Techem finds itself at the intersection of these megatrends and is faced with the question of how digitalization can succeed in achieving climate targets more quickly and thereby make today's buildings more valuable. We want to reconcile these trends.





### Progression of urbanization

Urbanization is advancing worldwide. The United Nations expects the share of people living in cities to rise to nearly 70 percent by 2050. With growing housing demands, it is important to design the city of the future to include energy-efficient buildings, reduced waste, and to use renewable energies like photovoltaics, for example. The trend is moving away from single-family homes in the countryside toward urban living in apartment buildings and modern residential complexes in so-called quarters. Decentralized energy management is becoming increasingly important in this regard. The smart and energy-efficient management of neighborhoods promises considerable potential for successfully combining urbanization and sustainability.



of people will live in cities in 2050.

### Diversification of mobility

Urbanization is accompanied by a change in mobility. Due to the good infrastructure, many people in urban areas no longer rely on individual means of transport, but use public transportation and car sharing services. The share of vehicles with alternative drive forms, such as electricity or hydrogen, is also increasing significantly. All of this leads to lower space consumption, helps minimize the use of resources, and makes it possible to temporarily store excess energy at short notice. However, in order to take advantage of these benefits, it is imperative to have the appropriate supply and service infrastructure that helps manage supply and demand.

### Ambitious climate protection targets

Climate change poses enormous challenges for the building sector, which is responsible for around 35 percent of energy consumption in Germany. Climate protection organizations and research institutions clearly show us the consequences of how resources and energy are currently being used here on earth. Melting icebergs, storms and massive forest losses due to forest fires and sustained drought are clear signs of man-made global warming for everyone. Consequently, the European Union and Germany have set ambitious climate protection targets. For the real estate portfolio, this means that it needs to be virtually climate-neutral by 2050.

In Germany alone, however, the building sector emitted around two million tons more greenhouse gases in 2020 than would have been permitted under the Federal Climate Change Act. The problem is that while companies have already invested in building retrofits in recent years, the rate of retrofits across the EU has stagnated at one percent annually, far too low to meet climate targets. At the same time, the focus is on investments in insulating the building shell and replacing windows. At present, however, around 55 percent of all heating systems are still more than 15 years old. Only around 20 percent of all systems are optimally adjusted and sized. This quickly makes it clear that only a combination of insulation, system efficiency and user behavior can sustainably reduce energy consumption in buildings. At the same time, it must be possible to substantially reduce the annual CO<sub>2</sub>e footprint of a home by generating the remaining energy requirements from renewable sources as far as possible.



of buildings are renovated each year in the EU.



## The energy transition in buildings cannot take place without digitalization.



### Digitalization is the key

Digitalization makes it possible to record complex information in the form of data and thus not only make it measurable, but also to evaluate it independent of location and link it in a new way. Digitalization thus plays a key role in reconciling the growing demand for living space, changes in mobility and climate protection – in recording energy flows, heat, electricity and water consumption in real time and intervening to control them, for example.

If digitalization leads to the efficient operation of homes and commercial spaces being organized in a highly automated manner, users being aware of the energy impact of their behavior, energy flows being optimally controlled and renewable energy generation being intelligently coordinated, then climate-neutral and affordable homes and commercial spaces will be possible. Or, to put it even more clearly: The energy transition in buildings cannot take place without digitalization.

In line with the principle “efficiency first,” digitalization can help to reduce the consumption of heat and electricity as much as possible – without compromising comfort for the residents. Digitalization also makes property management more economical, more reliable and more convenient. This is particularly evident in times of the coronavirus pandemic, which has shaken the very foundations of global coexistence since the beginning of 2020. Mobile technologies in the form of apps and wearables, medical assistance via the Internet, and digital assistance systems (Ambient Assisted Living, AAL) are already enabling people to live longer and more safely in their own homes and are becoming more and more established due to increasing user-friendliness. E-Charging solutions in properties and residential neighborhoods make the decision for residents to shift to electric mobility much easier by allowing them to charge their cars in the comfort of their own homes.

### Our contribution – our vision

As an internationally active company at the intersection of the social megatrends of urbanization, mobility, digitalization and climate change, we are committed to sustainability and the 17 Sustainable Development Goals (SDGs) of the United Nations. We are significantly driving digitalization in buildings with our products, solutions and processes and already avoiding 8.7 million tons of CO<sub>2</sub>e per year. This was only made possible by our holistic, strategic approach. To this end, we have defined concrete steps that enable our employees and external stakeholders to actively accompany us on our sustainability journey and monitor it on the basis of this Sustainability Report. We are convinced that our activities in the area of sustainability help our employees and customers to act sustainably and healthily – true to our vision: Making buildings green, smart and healthy.

# 8.7 million tons of CO<sub>2</sub>e

are avoided each year by Techem products.



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

Techem looks back on a long history, on the basis of which the company builds its energy expertise, real estate know-how and innovative strength to meet the challenges of today and tomorrow.

## On the market for over 70 years

Techem was founded by Friedrich Ott in 1952. We were one of the first companies to help distribute heating costs fairly based on consumption by recording the individual heating requirements of homes, thus enabling energy savings. Over the course of 70 years, the simple analog installation and reading of evaporator tubes on radiators has developed into a broad-based, internationally active provider of energy services and other services for properties that are healthy and worth living in.

## From a meter reading company to a digital service provider

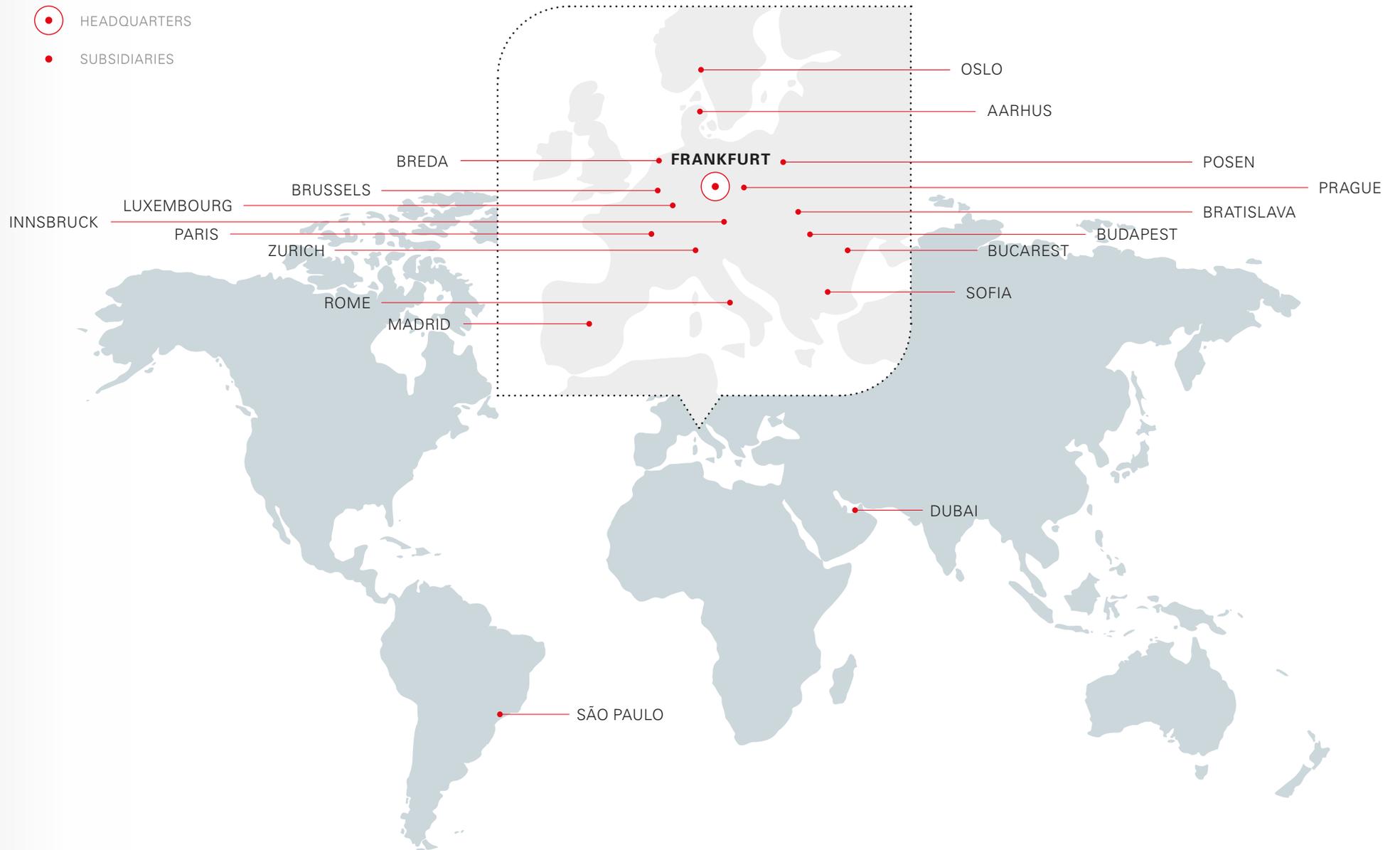
Techem combines decades of experience in collecting and processing energy data with know-how on the requirements and processes of the energy system in real estate – both from the point of view of generation and supply as well as from the point of view of billing and optimization of energy flows. Based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

## Active worldwide

Techem is active in around 20 countries today, has around 3,750 employees and offers its services in twelve million residences worldwide. The company based in Eschborn near Frankfurt/Main is managed 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 key business units in Germany are Techem Energy Services GmbH, Techem Solutions GmbH, TechemX GmbH and bautec Energiemanagement GmbH.



- HEADQUARTERS
- SUBSIDIARIES



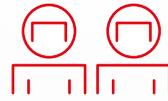


## Techem worldwide at a glance



**19**

countries



**3,750**

employees



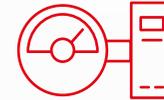
**421,000**

customers



**11.9** million

homes serviced



**52.1** million

measuring devices  
worldwide



**~80%**

wireless share worldwide



**8.7** million

tons of CO<sub>2</sub>e  
prevented each year



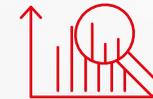
**> 39** million

wireless recording  
devices in use



EUR **779.5** million

in fiscal year  
2019/2020



EUR **317.1** million

in the short fiscal  
year 2020



EUR **1.8** billion

in fuel costs  
saved



### Our owners

The former family-owned company Techem has been owned by a group of owners consisting of the internationally active managers of the private market investment firm Partners Group (PG) and the Canadian pension funds Caisse de dépôt et placement du Québec (CDPQ) as the majority shareholder and Ontario Teachers' Pension Plan (OTPP) since July 2018.

#### Techem as a sustainable investment

Partners Group, a globally active company that manages private market investments, is Techem's main shareholder. Partners Group has taken the Principles for Responsible Investment (PRI) promoted by the United Nations into account since 2008. These include the financial relevance of ecological and social criteria as well as requirements for good corporate governance (Environmental, Social, Governance – ESG for short). Partners Group has also been implementing its new investment strategy "PG Life" since 2018. The strategy is aligned with the Sustainable Development Goals (SDGs) of the United Nations and has the dual mandate of increasing investment returns for customers and achieving measurable positive impacts on the environment and society. It is against this backdrop that the Techem acquisition by a consortium led by Partners Group took place.

**Dr. Jürgen Diegruber** heads the Partners Group office in Munich. As the partner responsible from Partners Group, he is a member of the Techem Supervisory Board and Advisory Board.

**"Companies are increasingly showing how they support the achievement of the SDGs. Techem's contribution is directly linked to its core business. The decisive factor for our investment in Techem was also its contribution to SDG 7.3 – improving energy efficiency – coupled with its strong market position and its great potential for innovative, climate-friendly solutions in the future as well."**





### Our Advisory Board

In addition to the Techem Supervisory Board of Techem Energy Services GmbH, the owners of Techem have established the Advisory Board of Techem GmbH. It consists of nine members who are either associated with one of the owners or are independent members with unique expertise in energy, digitalization or sustainability topics who advise on strategic topics related to the company's development. As an independent member, Andreas Umbach is both Chairman of the Advisory Board and Chairman of the Supervisory Board. There are four independent members on the Advisory Board in total.



#### INTERVIEW

#### Insights into the Advisory Board

**Prof. Dr. Ann-Kristin Achleitner** is a recognized expert on corporate governance with many years of experience in advisory bodies and supervisory board work for companies. She joined the Advisory Board in October 2020.

*Mrs. Achleitner, what do you consider to be your role on the Techem Advisory Board?*

"First and foremost, being an Advisory Board member is about being a good sparring partner for the management. To be able to perform this role, it is important that we understand the issues facing the company as well as the industry without losing the view from the outside. Techem, with its entrepreneurial management culture,

offers the opportunity to do this. Regardless of the complexity of the business, there are short paths, flat hierarchies and healthy pragmatism. Having previously been on supervisory boards of mostly listed companies, it is exciting and rewarding for me to experience this. I also enjoy working as part of a team with colleagues to advise a company that not only aspires to be successful as a business, but also aims to help us better manage one of the biggest challenges facing us all, climate change."



### Key financial figures for 2020 (in EUR thousand)

	Fiscal year 2019/2020 <sup>1</sup>	Short fiscal year 2020 <sup>2</sup>
Sales	779,512	317,126
EBIT	114,186	5,424
Free cash flow	170,050	55,461
Capex	120,443	59,811

<sup>1</sup> This data covers the period from April 1, 2019, to March 31, 2020.

<sup>2</sup> This data cover the period from April 1, 2020, to September 30, 2020.

### Our key financial figures

The reporting date for the Group's financial statements was changed to September 30 of a calendar year. This change applied for the first time as of September 30, 2020. As a result, six months (short fiscal year 2020) are compared with twelve months (fiscal year 2019/2020) in terms of transaction data (e.g. sales). The meaningfulness of these comparisons is very limited. The short fiscal year 2020 includes the weaker months of Techem's cyclical business development during the year.

Our key financial indicators relevant for management are sales, EBIT and free cash flow (see table). We are consistently investing in the digitalization of the energy transition – our capex amounted to around EUR 60 million in the short fiscal year 2020 and to around EUR 120 million in fiscal year 2019/2020. Yet other key financial figures can be found in the consolidated financial statements in the Federal Gazette.

### Our customers

Techem's direct customers are companies in the housing industry, homeowners and owners' associations or cooperatives, as well as operators of commercial properties, such as hotels, office buildings or shopping centers, and increasingly also developers of urban residential or residential and commercial districts.

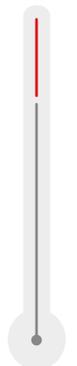
### Business activity at a glance

Techem's services benefit the users of the properties through lower energy costs, more safety in the building or better drinking water quality. Every year, Techem products avoid 8.7 million tons of CO<sub>2</sub>e and up to EUR 1.8 billion in costs for heating and hot water. Most of these cost and emission reductions, and also of Techem's business activities, are currently still attributable to classic submetering, i.e. consumption-based heating cost billing – followed by professional heat supply.

Submetering alone makes it possible to reduce heat consumption by up to 20 percent and thus contributes significantly to CO<sub>2</sub>e avoidance. The increasing digitalization of submetering and the infrastructure required for it is also the basis for other services that focus on additional CO<sub>2</sub>e avoidance, healthy living, and also process efficiency in real estate.

Up to **20%**

of heat consumption can be saved through submetering.





More specifically, Techem accompanies and supports property owners and managers in evaluating process-related, technical and structural optimization measures with a clear goal in mind: CO<sub>2</sub>e-optimized and efficient technical building operation. The company is therefore gradually developing a modular portfolio of solutions to reliably achieve this goal.



Networked consumption recording and control devices and sensors already enable energy savings of between 10 and 15 percent in thermal and heating systems (see p. 42). Climate protection thus does not lead to a loss of comfort for users and residents. Regular consumption recording, analysis and visualization, coupled with digital and networked radiator control, ensure that property users can better influence their energy balance.



Energy generation at the neighborhood level uses cogeneration, which generates heat and electricity much more efficiently than with separate systems. Innovative technologies ensure that the gradual transition from fossil to renewable energy sources is guaranteed.



Thanks to Techem's holistic data overview, photovoltaic and solar thermal systems can also be integrated into the neighborhood supply across several buildings. Heat pumps are increasingly complementing the portfolio of sustainable forms of generation, operated CO<sub>2</sub>e-neutrally wherever possible. The sector coupling of heat and electricity is being expanded by linking building operation and mobility. Here, Techem offers E-Charging solutions, ideally fed by climate-neutral electricity generated in the neighborhood.

In the course of the smart meter rollout, Techem entered the smart metering business as a competitive metering-point 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 via smart metering systems in the future (see p. 43).

### Wireless technology as the key

One basis for Techem's broad range of product solutions is the interoperable digital wireless infrastructure that has been further developed over decades. The networked recording devices and sensors and the pool of energy and process data based on them provide the basis for optimizing and automating workflows in real estate – in energy management and beyond. Data protection and data security are the top priorities.

The infrastructure monitors itself: Not only Techem, but also the real estate operators are provided with a real-time overview of its functionality when needed, thus also optimizing operational reliability in real estate. In this way, digitalization makes a neighborhood not only energy self-sufficient, but also smart. Real estate management processes become more efficient, faster and more transparent. With a comprehensive view of all data points and process steps, Techem optimizes the performance of heat and power generation systems and increases the efficiency of system operation. To this end, the company also takes over the operation of plants itself, relieving owners of their operator obligations and risks in a legally secure manner. Techem is working on using its remotely readable sensor infrastructure for additional services – always subject to approval by property operators and users.



### Strengthening healthy housing

In the area of healthy housing, Techem already offers solutions for greater legal certainty and efficient building operation that benefit both landlords and tenants: Smoke alarms with regular, wireless function testing and legionella testing that meets the legal requirements and increases protection against fires or bacteria in drinking water. Drinking water technology services protect water quality and the piping system. Other solutions will be added in the future, especially with a view to digitalization, networking and the increased use of sensor technology. Possible examples include keyless access to the building, air quality checks or the digital and energy-efficient operation of elevators. And Techem is also focusing on added value and data-based services independently of end devices and technical systems. Communication between building managers and users and also the completion of tasks or work can be done more easily and faster via digital platforms. In these ways, Techem can help transform buildings and neighborhoods into climate-friendly, networked and healthy living and working spaces.

Smoke alarms and legionella testing protect tenants.





**Devices and equipment**

- |                                  |                              |                           |
|----------------------------------|------------------------------|---------------------------|
| 01. Heat pump                    | 07. Smart thermostat         | 13. Hot water tank        |
| 02. Combined heat and power unit | 08. Smart Reader             | 14. Gas condensing boiler |
| 03. Radio smoke detector         | 09. Domestic water meter     | 15. Gas meter             |
| 04. Radio heating cost allocator | 10. Drinking water treatment | 16. Smart Monitor         |
| 05. Radio cold & hot meter       | 11. House electricity meter  | 17. E-Charging            |
| 06. Radio heat meter             | 12. Smart meter gateway      | 18. Photovoltaics         |

**Services**

- |  |   |
|--|---|
| › Consumption measurement and billing                  | › Hydraulic balancing                           |
| › Energy management                                    | › Holistic energy supply concepts and solutions |
| › Regular consumption information for owners and users | › Legionella testing (see 19.)                  |
| › Energy certificates                                  | › Smoke alarm service                           |



# Anchoring sustainability at Techem

As the requirements grow, so does the need for management in the area of sustainability. At Techem, sustainability is understood as a cross-cutting issue that is anchored in the company across all disciplines. Sustainability is a top priority at Techem. Our CEO Matthias Hartmann heads the Techem Sustainability Council and is responsible for the company’s sustainability performance.

## Sustainability Office as the control center

The Sustainability Office is the heart of Techem’s sustainability agenda. Its main tasks include:

- ✓ Coverage of current sustainability topics and developments
- ✓ Implementation and further development of the Techem sustainability strategy
- ✓ Continuous collaboration with stewards and delegates to achieve our ESG goals anchored in the sustainability program (see p. 23)
- ✓ Sustainability reporting, incl. professionalization of ESG data management

- ✓ Stakeholder dialog and corporate citizenship
- ✓ Raising awareness of sustainability among our employees
- ✓ Collaboration with our owners on ESG topics (see p. 11)

The Sustainability Office is also responsible for coordinating the Sustainability Council.

## The Sustainability Council as the main decision-making body

The Sustainability Council consists of the Sustainability Stewards – relevant division heads and experts on the further development of the ESG topics. Secondly, the Sustainability Delegates – the Managing Directors of the national companies – are also members of the Council. They are responsible for anchoring sustainability worldwide. Selected representatives from the Techem Executive Committee – the extended Top Management Board – and the Advisory Board support the Techem Sustainability Council in an advisory capacity and are involved in the most important sustainability-related decisions (see p. 12). In the future, the Sustainability Council will meet at least twice a year under the leadership of our CEO.

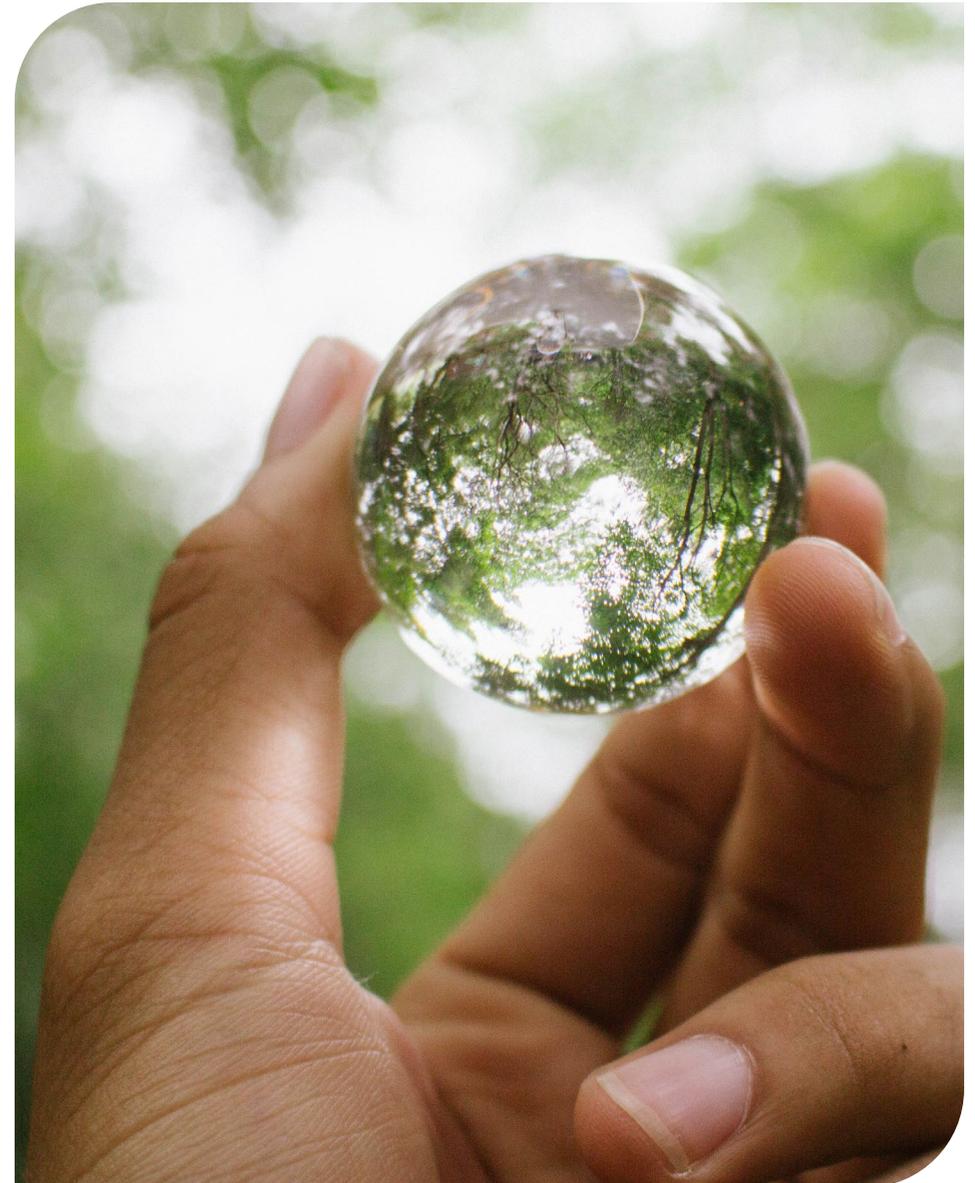


# Materiality analysis: finding our focus

Which sustainability-related topics are most relevant for Techem and its stakeholders? We asked ourselves this question as part of our first materiality analysis. The focus topics identified in the process are the starting point for the contents of this report. In addition, we have gained important impulses for further strategic derivations from the analysis.

## Important topics as the basis

In order to live up to our responsibility to society and the environment, it is important that we focus our commitment on what is most important. Accordingly, in the fall and winter of 2020, we went through a three-part process consisting of a context analysis, inclusion of internal as well as external stakeholders, and an assessment by management. The focus was on Techem Germany – a review of the analysis including Techem International is planned in preparation for the Sustainability Report 2022.





# 1.

## Selection of potentially important topics

The first step involved a context analysis to obtain an overview of internal and external sustainability-related developments and requirements and to select relevant topics on this basis. To do this, we analyzed the political agenda and sustainability standards and ratings, as well as sustainability-related topics of major internal relevance and ESG-related requirements of our owners. The result was a list of 17 sharply defined topics.

# 2.

## Stakeholder assessment

In a second step, we asked our stakeholders to prioritize the topics in terms of their expectations of Techem. Close to 500 – half internal and half external – stakeholders participated in our online survey and sorted the topics according to their relevance. All employees of Techem Germany were invited to participate in the survey via our intranet. In addition, external stakeholders from the groups of customers, tenants, suppliers/ subcontractors, investors, politicians, associations and sustainability experts participated. To gain a deeper understanding of the expectations of our company, we also conducted approximately 20 one-hour semi-structured in-depth interviews with external stakeholders and members of management.

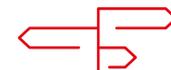
# 3.

## Evaluation by management and adoption

In a final step, we presented the results of the first two steps in a materiality workshop at the management level. In the further course of the workshop, the experts and managers of the relevant areas evaluated the topics from Techem’s perspective in their role as Sustainability Stewards (see p. 17). This assessment was subsequently validated by management. The final matrix was presented, discussed and approved by the members of the Advisory Board in February 2021.

~500

external and internal stakeholders surveyed





All topics assessed (see chart) have at least medium relevance for Techem or our stakeholders and are taken into account in reporting and in our sustainability program (see p. 23). The order of the topics within the fields does not represent a prioritization. We have put together an evaluation of our current performance using the colors of the fonts. The assessment of our impact on people and the environment was developed qualitatively

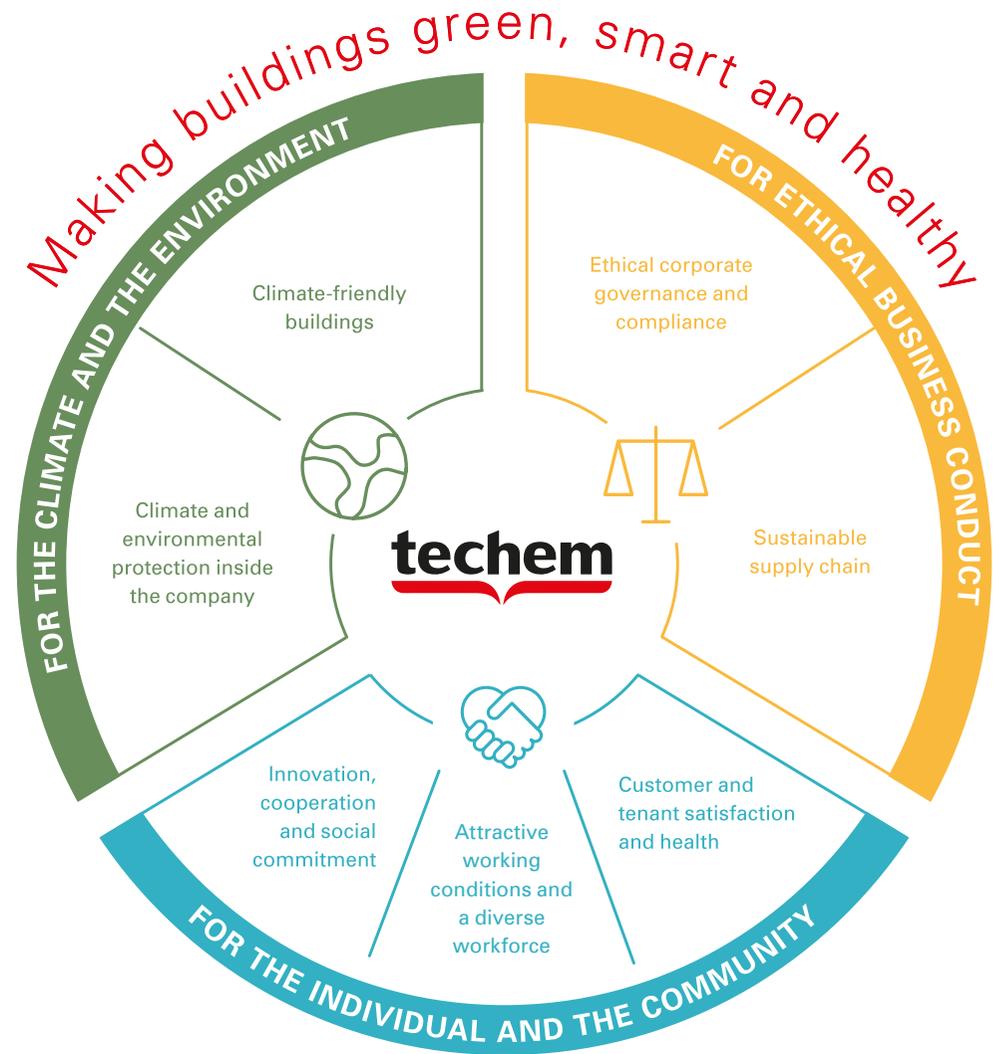
in the in-depth interviews, as intended by the Global Reporting Initiative (GRI), but was not included in the matrix. We have planned a more in-depth analysis of our impacts and the inclusion of this perspective in the matrix for the next review of our materiality analysis.





# Our areas of activity

Techem went through a strategy process in the reporting period. As part of this process, we identified three key areas and seven fields of action in which we are driving our sustainability activities forward.



### Three key areas as a guideline

The three key areas "For the climate and the environment," "For the individual and the community," and "For ethical business conduct" are based on the ESG criteria Environment, Social and Governance. They provide the framework for the seven Techem fields of activity, in which we have combined the focus topics from our materiality analysis.



## Our key areas in focus



### For ethical business conduct

Our actions are based on a modern, value-oriented company culture and responsible corporate management and control geared to long-term value creation. This includes fair competition, a transparent pricing policy and ethical behavior that complies with the law and avoids corruption. Our dealings with policymakers are fair, transparent and based on facts. We also apply the highest standards

with regard to the security of customer and tenant data. Fair treatment of employees and their training on fair conduct form the foundation. Our responsibility extends to our subcontractors, suppliers and contractual partners, whom we encourage to comply with environmental and labor standards in the supply chain and verify through audits.



### For the climate and the environment

With digital products and solutions, Techem improves energy efficiency in buildings and avoids CO<sub>2</sub>e emissions by using renewable energy sources in heating systems. We thus make a positive contribution to the energy transition and the Climate Protection Plan 2050.

In our own operations, we are also implementing measures on greater conservation of resources and reducing climate impacts in our own work processes. This also includes optimizing our equipment over its product life cycle.



### For the individual and 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 education, individual needs are taken into account, and diversity is seen as an enrichment. Customers and tenants are taken seriously by Techem when it comes to their concerns and they benefit from

fast, unbureaucratic service as well as solutions for healthier housing. We make an overarching contribution to society through research and development on smart and climate-neutral living, successful partnerships and collaborations, and our leading role in raising society's awareness of resource-conserving behavior.



# Our sustainability program

Last year, we made great progress on our sustainability activities. Nevertheless, our sustainability journey is far from over, as we seek to continue improving in the future. Our new sustainability program brings together our key objectives.

Target	Target horizon	Scope
<b>For ethical business conduct</b>		
Ethical corporate governance and compliance		
No cases of corruption (in 2020: no cases)	annual	Group-wide
Training of all employees on compliance topics (in 2020: 100% in Germany)	ongoing, every two years	Group-wide
No data protection breaches (in 2020: nine cases)	annual	Group-wide
External auditing to verify compliance with data protection	2022, thereafter every two years	Group-wide
Implementation of an information security management system according to ISO 27001 for critical (Germany & INT) and non-critical processes (Germany)	successively until 2025	Group-wide
Linking of top management remuneration to ESG targets	2023	Techem Germany
Conception and introduction of mandatory online training on sustainability for employees	2022, thereafter every two years	Techem Germany
<b>Sustainable supply chain</b>		
Request ESG information from strategic inventory suppliers (A and B suppliers, Tier 1) and confirm Code of Conduct or a comparable code	2021, thereafter every two years	Techem Germany, second step Group-wide
Design and launch of a pilot project on random audits of Tier 2 suppliers in emerging markets	2021	Techem Germany



**Target**

**Target horizon**

**Scope**

For the climate and the environment		
Climate-friendly buildings		
90% of the devices in the European properties can be read remotely (status: 76%)	2025	Europe-wide
100% of offers for heating solutions also include an alternative based on renewable energies	2022	Techem Solutions
For new heating solutions, the product carbon footprint (CO <sub>2</sub> e per kWh of heat) and CO <sub>2</sub> e emissions are shown on invoices	2022, ongoing	Techem Solutions
Equipping of all heating systems with Smart Monitor to automatically monitor the energy efficiency of systems. On this basis, provision of an energy and emissions report (Status 2020: 33% of the systems equipped)	2022, ongoing	Techem Solutions
Pilot projects to expand the product portfolio for existing buildings to include green solution packages (PV, EV-Charging, tenant electricity, CHP, heat pump)	2022, ongoing	Techem Solutions
> 10,000 charging stations powered by green electricity in service	2025	Europe-wide
Climate and environmental protection in the company		
Introduction of an environmental management system according to ISO 14001	2023	Techem Germany
Development of a climate roadmap to climate neutrality in Scope 1 to 3 including definition of a target horizon	2022	Group-wide
Carrying out lifecycle analyses of selected devices	2023	Techem Germany
Development and rollout of a Group-wide waste management & recycling concept	2023	Group-wide
Development of a product refurbishment approach to extend the service life of devices	2022	Group-wide
50% reduction in paper consumption and switch to 100% recycled paper	2024	Techem Germany



Target	Target horizon	Scope
<b>For the individual and the community</b>		
<b>Attractive working conditions and a diverse workforce</b>		
35% women in management positions (in 2020: 17%)	2025	Group-wide
40% women in Techem junior staff development programs (in 2020: 26%)	2021	Group-wide
Investigating a potential gender pay gap	2022	Techem Germany
Our employees invest an average of 40 hours per year in their continuing education during regular working hours (in 2020: 30 hours)	2023, per year	Techem Germany
Measurement of the success of training for sustainable quality improvement of the Techem Academy	2022, thereafter ongoing	Techem Germany
Introduction of an Employee Net Promoter Score and definition of a target value	2021, thereafter semi-annually	Techem Germany
Keep fluctuation rate below 5% (own terminations) (in 2020: <5%)	ongoing	Techem Germany
Keep the LTIFR (Lost Time Injury Frequency Rate) below 5 (in 2020: <5)	ongoing	Techem Germany
<b>Customer and tenant satisfaction</b>		
Regular survey of the Net Promoter Score (NPS) via touchpoints and strategic customer satisfaction surveys	2023, ongoing	Techem Germany
Reduction of the follow-up complaint rate and the share of follow-up contacts by 50% compared to 2020	2023	Techem Germany
<b>Innovation, cooperation and social commitment</b>		
Screening of new startups to identify new solutions for green and smart buildings through investment or collaboration	ongoing	Techem Germany
Strengthen relationships with relevant stakeholders and host first stakeholder roundtable	2021 roundtable, ongoing	Techem Germany
Conception and launch of a social project with the goal of raising awareness for resource protection (in buildings)	2022	Techem Germany



# Our contribution to the Sustainable Development Goals

The Sustainable Development Goals (SDGs) of the United Nations are the centerpiece of the 2030 Agenda for Sustainable Development. The 17 goals with their 169 targets are intended to guide politicians, companies and the civil society on meeting the greatest economic, social and environmental challenges. Techem is committed to the SDGs and contributes directly to their achievement with its business model.

Through our activities as an internationally operating company, we pay attention to a large number of the SDGs along the value chain and with regard 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 targets that are of particular relevance.

## › FOCUS GOAL



### **SDG 7: Ensure access to affordable, reliable, sustainable and modern energy for all**

Relevant targets: 7.1, 7.2, 7.3

With our core business – consumption-based heating cost billing – we make an important contribution to energy efficiency. This is because billing services reduce energy consumption by up to 20 percent. In addition, we contribute to energy efficiency through the intelligent control of heating systems. Our solutions make energy affordable – saving up to EUR 1.8 billion a year in heating and hot water costs. Through our heat contracting, we are also helping to increase the share of renewable energies in the energy mix: by 2022, 100 percent of heat contracting offers will also include a renewable energy solution.



**SDG 3: Ensure healthy lives and promote well-being for all at all ages**

Relevant target: 3.9

Techem Services such as the smoke alarm service or legionella testing contribute to the residential health of tenants. In the process, we are researching innovative solutions to further increase safety and health in homes in the future. By avoiding CO<sub>2</sub>e through our core business, we also contribute to a healthier environment, through cleaner air, for example.



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

Relevant targets: 6.3, 6.4

Techem creates transparency on water consumption – the basis for efficient use of the resource. With legionella tests 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 piping system.



**SDG 9: Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation**

Relevant target: 9.4

With over 50 million devices worldwide for recording heat, water, cooling and electricity, as well as smoke alarms, Techem is creating an infrastructure for sustainable buildings. The wireless rate of our devices is already over 80 percent. We doubled the number of remotely readable devices last year and will continue to do so. We constantly invest in the maintenance and future viability



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

Relevant targets: 11.3, 11.6

Techem is increasingly focusing on neighborhood solutions, which are highly relevant, especially with regard to a sustainable heat supply and sustainable mobility solutions. We also do research and cooperate on innovative concepts for modern neighborhoods.



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

Relevant target: 13.3

Techem sees it as its task to create awareness in society for the sparing use of resources and thus on avoiding CO<sub>2</sub>e. On the one hand, we contribute to the proper use of heat and hot water through public relations work. On the other hand, tenants receive annual transparency on consumption – combined with the offer of additional consumption information during the year. We also sensitize our employees to climate-friendly behavior.



## FOR ETHICAL BUSINESS CONDUCT

At Techem, respectful cooperation at eye level is the basis for the company's successful development. Cultural elements developed together with our employees and our compliance management system create binding force for this – both within our own company and in our supply chain.



# Ethical corporate governance and compliance

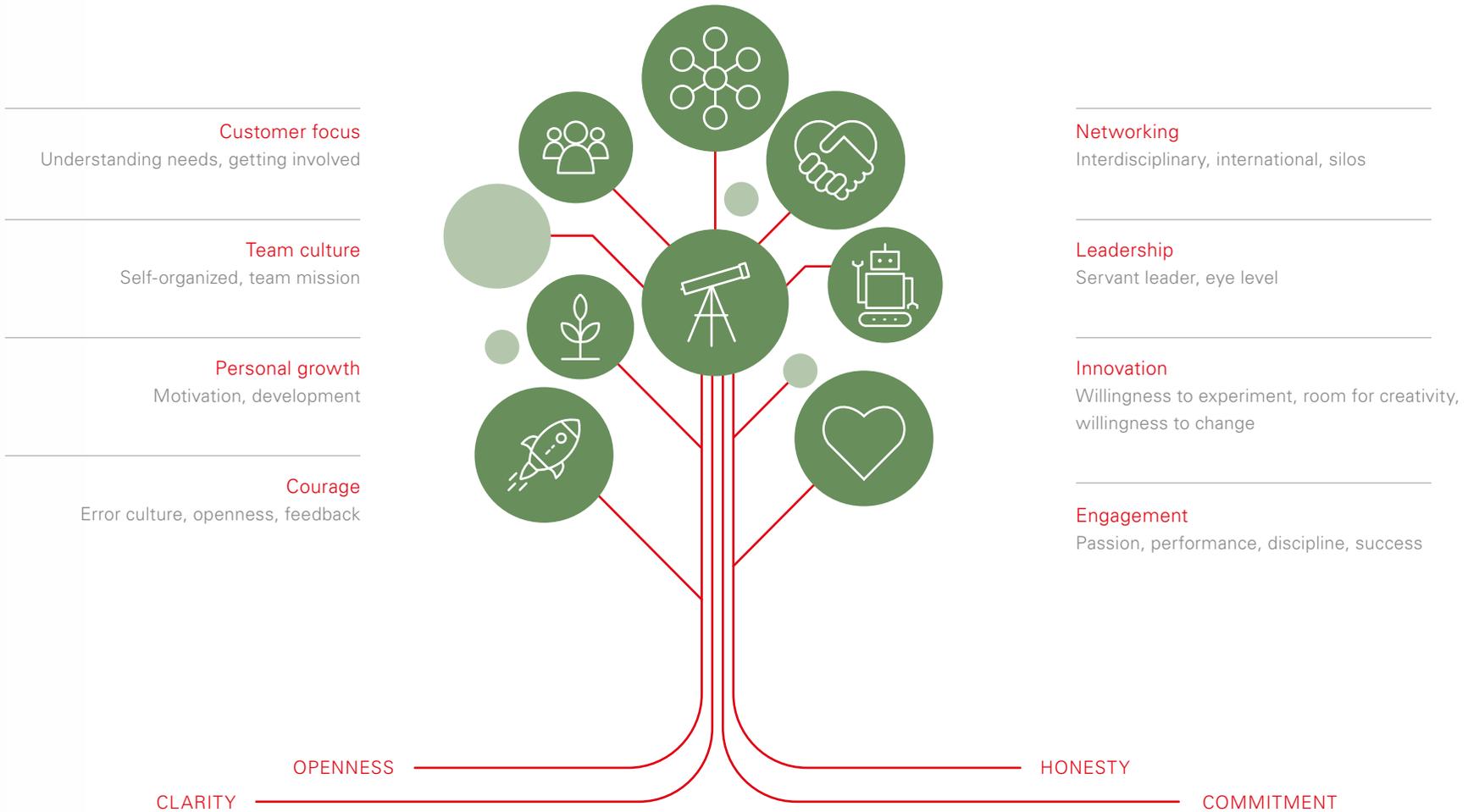
For Techem, business success is directly related to corporate responsibility. The prerequisite for this is a company culture that is characterized by appreciation and team spirit – and is shaped together with our employees. A holistic compliance management system ensures that rule-based business conduct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

## Value-oriented company culture

### Developing the culture together

Techem considers a sustainable organizational culture to be essential to harmonizing growth and digitalization. To this end, we have anchored the cultural elements of commitment, courage, customer focus, team culture, networking, innovation and personal growth that are promoted and practiced throughout the company. Both internally and externally, we attach great importance to open, clear and binding cooperation and communication. In order to involve all employees in the cultural development, Techem presented the cultural elements to all employees in an intensive communication process in 2019 and sought their feedback.





Our four attributes are the foundation of how we define collaboration, communication and interaction. They are the prerequisite for the eight cultural elements.



## Managers as ambassadors

Our managers are a key target audience and ambassadors for Techem's cultural elements. For this reason, we have integrated the cultural elements into the leadership development program currently underway. Here, management has defined a generally applicable understanding of leadership, to which each manager has responded with his or her own individual leadership concept. To further support the ongoing discussion process – and also to establish a feedback culture – each manager has received feedback on his or her leadership concept. This is rounded off by 360° feedback from the team, colleagues and their own manager, the content of which is adapted to the leadership culture.

**We intend to link the remuneration structure of top management in Germany to the achievement of our ESG targets by 2023.**

At the management level, we train people whom we call brand ambassadors to be additional communicators to ensure that important information from the company, our purpose and our values are communicated to our employees in a continuous and comprehensible manner. The brand ambassadors help us fill complex content and contexts as well as our company's story with life and examples. They are also available to all employees to answer questions and act as sparring partners to pass on feedback to the communications department and our management.

To promote value-based management of our company, we have decided to also make remuneration more responsible and, in the process, further embed sustainability in the company. By 2023, we intend to link the remuneration structure of top management in Germany to the achievement of our ESG targets.

## Culture makers for networking

Employees from all over Germany volunteer as "culture makers." They define activities for each element of our culture for the entire organization and implement them together. For example, they hold interdisciplinary team competitions to strengthen the team culture and organize networking relay races in Techem's internal social network. In this so-called "Techem Team Challenge," teams introduce themselves and their tasks, fun facts, contacts and other information worth knowing and nominate a next team, which then also passes on the "baton." This is a fun and informal way to promote networking within the company.

In order to encourage closer cooperation within the company, we launched an internal campaign in 2020 aimed at promoting the use of people's first names, which is not very common in Germany. To show their willingness to do so, employees were able to use door signs, stickers or the e-mail tagline with the phrase "DU kannst mich DUZEN, wenn DU magst." ("You can call me by my first name if you want.") Techem employees and managers have responded very positively to the initiative. If someone insists on being addressed more formally, we of course grant that request.

We will continue to strengthen the company culture across the Group and expand both our Culture Makers initiative and our Leadership Development program to the Techem countries.



## Responsible corporate governance

### Anchoring compliance

Techem places great importance on acting with integrity and acts in accordance with applicable law. Our self-imposed standards go beyond the legal requirements in some cases. The Compliance department is an important multiplier here and therefore reports directly to the CEO as a staff function.

Issues like preventing 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 that encompasses the entire Techem Group in terms of how it is viewed and how it works.

Particularly in view of Techem's significant market position – and the related increased requirements under competition law – acting with integrity is of great importance to Techem. Introduced in 2005 and revised in 2020, our Techem Code of Conduct serves as a clear commitment to communicating our understanding of values from the inside to the outside. This was most recently updated in the reporting year and is supplemented by more in-depth guidelines, fact sheets and training courses on topics such as avoiding conflicts of interest or the proper handling of gifts and invitations. We also optimized our merger & acquisition process from a compliance perspective in the reporting year.

Our employees have various contact and reporting channels at their disposal to inform Compliance of concerns or violations or make suggestions. This also includes the internal whistleblowing system Whisply, which employees can use to submit anonymous reports to Compliance, the Legal department, HR, Data Protection and Internal Auditing from any Internet-enabled device. Techem intends to use Whisply throughout the Group and position it even better by 2023.

There were no violations of competition law regulations in 2020. Techem's business in Germany did not have to pay any fines or face monetary sanctions due to non-compliance with laws or regulations in the area of economic criminal law in 2020 either. There were no significant compliance violations or suspected cases in 2020. All matters were investigated and appropriate measures or consequences were initiated if necessary.

### Environmental compliance

Responsible corporate governance also includes compliance with environmental regulations to which Techem is bound. At Techem, the Supply Chain Management department is responsible for material compliance, i.e. material management that is aligned with the relevant standards and norms. Techem complies with international standards such as REACH, RoHS and CE marking.

We are currently working with an external service provider to establish a material compliance management system including document management in accordance with EN 63000. No significant fines or non-monetary sanctions were imposed on Techem due to non-compliance with environmental protection laws and regulations in the reporting year.



Anonymous reports can be submitted via the Whisply whistleblower system.



# 100%

of employees were trained on compliance topics



INTERVIEW

### What does compliance mean for Techem?

**Patrick Wenzel**, Group Compliance Officer at Techem:

“Compliance means doing the right thing even when no one is looking. As a company, it is our responsibility to continuously improve ourselves in this regard, to adapt to the requirements and to communicate the content to our employees and business partners. In the future, it will be more important to strengthen cooperation with partners from corporate governance areas such as sustainability and culture development and to leverage synergy effects.”

### Preventing corruption

To prevent corruption, all Techem companies without exception are audited for their corruption risk as part of a holistic risk assessment. Individual audits are also carried out if there is a reason to conduct them. In fiscal year 2020, there were individual cases of suspected corruption that we investigated carefully. None of the suspected cases was confirmed. We seek to ensure that no cases of corruption arise throughout the Group on an ongoing basis.

### Training employees

Techem has set itself the goal of training all employees on applicable compliance requirements at least every two years. The topic of compliance is also an integral part of the onboarding process for new employees.

In Germany, in January 2021, all employees – including all managers – completed a basic online training course on the topic of compliance, which also included content on corruption prevention. We had also identified nine further Techem countries in which we planned to train employees by the end of 2020. Due to the coronavirus pandemic, we were only able to provide training in six of these countries. Depending on the course of the pandemic, we plan to train the remaining three companies by the end of 2021.



### Protecting data

Data from customers and residents is an essential basis for Techem’s current and future services. As one of the major data processors in the industry, Techem is aware of its responsibility. Maintaining data protection and data security requirements is the basis for the trust that our customers and their tenants place in us. Data protection and security are thus indispensable for our core business.

Data protection officers or additional data protection coordinators have been appointed at all Techem companies to advise on implementation, specify guidelines and monitor compliance with the measures. A dedicated information security team ensures the secure handling of data. In addition to best practice recommendations, the ISO 27001 standard in particular forms the basis of our data security measures. Techem intends to introduce an information security management system in accordance with this standard. By 2025, the system is to cover all critical and non-critical processes in Germany and all critical processes in the national companies.

In May 2020, we also introduced a central data privacy management system that covers all Group companies in the area of data privacy. To validate the effectiveness of the system, a comprehensive internal data privacy audit is planned by 2022. We intend to conduct an external audit to review data privacy compliance in 2023.

In 2020, there were nine substantiated data protection complaints from customers, all of which were countered by taking the appropriate measures. Techem is not aware of any incidents of data loss or data theft in the reporting period. We intend to maintain this on an ongoing basis: Our goal is not to have any data protection breaches occur Group-wide.



Data from customers and tenants is an essential basis for Techem’s services – their trust in us is therefore indispensable.





## Political dialogue

### Leveraging 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 and smoke alarm services. They are all based on laws, ordinances or standards, such as the Heating Costs Ordinance. In many cases, the national ordinances are based on regulations of the European Union (EU), which are subject to regular review and adaptation. These can have both positive and negative effects for Techem. Increasing climate protection requirements, for example, 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, for example.

At the same time, policymakers rely on the expertise of market players like Techem to achieve a climate-neutral building stock by 2050. We contribute our expertise on the topics of energy efficiency and avoidance of CO<sub>2</sub>e emissions in the building sector, but also on digitalization in real estate in direct exchange with politicians and key stakeholders.

Responsibility for the topic lies with Communications & Marketing. In our political work, we adhere to our compliance requirements and internal 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. As a rule, we organize a Parliamentary Evening once a year. In the past three years, we have focused on the national level in order to build up our activities in and around Berlin. We are also increasingly active in Brussels – made possible by a growing public affairs team – in order to be informed at an early stage about developments at the EU level. Techem is registered in the EU Transparency Register.

We do not make donations to political parties. The company is a member of the Wirtschaftsrat der CDU e. V. in Germany and was also a member of the Wirtschaftsforum der SPD e. V. in 2020. The membership fee in both cases amounted to EUR 12,000 in 2020.





## 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, including:

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### **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.

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### **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-protecting technologies. The BDI Initiative currently has around 30 members representing all elements of the building sector – the shell, technology and operation.

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### **Bitkom (Federal Association for 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.

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### **DENEFF – Deutsche Unternehmensinitiative Energieeffizienz:**

The DENEFF is an initiative of now more than 180 companies with products and services in the field of energy efficiency. The organization sees itself as the “strong voice of energy efficiency,” which has set out to be the first independent, cross-industry network of frontrunner companies and organizations to advocate ambitious and effective energy efficiency policy in Germany.

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### **European Association for Consumption-Based Energy Cost Allocation (E.V.V.E.):**

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.

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### **vedec – Verband für Energiedienstleistungen, Effizienz und Contracting:**

Contracting makes an important contribution to achieving climate targets. Open to new technologies, efficient and sustainable, it can tap even greater potential. 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.



# Sustainable supply chain

The topic of environmental and human rights standards also plays an important role in the supply chain at Techem. That is why we take environmental and social criteria into account when selecting new suppliers, require them to comply with our Code of Conduct, and conduct supplier audits.

## The supply chain – an overview

### Our supply chain

In total, Techem works with more than 4,200 suppliers who are managed by the Purchasing department. 95 percent of our sales are accounted for by 574 suppliers. The operational management of our device and accessory suppliers is the responsibility of the Supply Chain Management department. The suppliers are mainly based in Germany – only a small number are located in Europe or other regions.

Services account for just under half of our procurement volume. These include the reading or installation of meters, the installation of EV-Charging stations, and the analysis of water for legionella. In addition, there are IT and consulting services, travel bookings, marketing, ve-

hicles and other indirect commodity groups. We spend the other half of the procurement volume on purchasing devices, such as measuring devices or smoke alarms. Some of the suppliers from whom we procure these devices are based outside Europe or have production facilities outside the EU. Furthermore, the Tier 2 suppliers, i.e., their subcontractors, are in some cases located in emerging countries. The risk potential for violating environmental and social standards is correspondingly higher here. We address this with our Code of Conduct and by conducting sustainability audits (see subsequent).

### Suppliers in 2020

Total suppliers	4,228
› thereof from Germany	4,131
› thereof from Europe (excluding Germany)	85
› thereof from other regions worldwide	12

This data includes all suppliers that are managed from Techem headquarters. The date of record was Dec. 31, 2020.



### Procurement and delivery of the devices

In our goods procurement, we always adapt when something changes in the market or on the customer side. Procurement is organized centrally so that we can control and optimize processes in a more targeted way. An established system of key performance indicators supports us with this. Based on a rolling forecast, our Techem central warehouse at the Liederbach site is supplied on a daily basis by our suppliers in Germany and Europe. In doing so, we consolidate our requirements in order to compile the shipment sizes as optimally as possible and to conserve resources. Goods are delivered exclusively by road using freight forwarders.

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.

~40%

of the procurement volume is sourced from strategic suppliers.

### The Code of Conduct as a basis for cooperation

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 observe the Code of Conduct of the Association for Supply Chain Management, Procurement and Logistics (BME) or their own with comparable content. The Code of Conduct contains 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 supplier or service provider does not commit to the BME Code of Conduct or a set of rules with comparable requirements, Techem refuses to cooperate with that company. Techem was certified by the BME for its sustainability management under the Code of Conduct in 2020.

### Audits on environmental and social standards

At Techem, Procurement, together with Quality & Methods, is responsible for compliance with labor, social, environmental and quality standards in the direct supply chain. Our focus is on Techem's strategic suppliers, whose share of the total procurement volume for technical products was around 40 percent in 2020. New strategic suppliers are audited as part of quality supplier audits promptly after the contract is signed, and current strategic suppliers are audited at least every three to four years. We have integrated environmental and social standards into these quality supplier audits since the end of 2020. Due to the current situation, this is done digitally or the audits are carried out abroad by service providers. In order to take even better account of environmental and social standards in the future, we will rely on specific sustainability audits for strategic suppliers from mid-2021. In addition, we already carry out quality supplier audits for Tier 2 suppliers in isolated cases in particularly high-risk supply chains, such as those for batteries or injection molding. As part of a pilot project, we also intend to use random audits of environmental and social standards in Tier 2.



INTERVIEW

**How does Techem approach sustainability in the supply chain?**

**Klaus Linderich**, Head of Procurement at Techem:

"Derived from our company vision 'Making buildings green, smart and healthy,' we in Purchasing take our responsibility in the supply chain seriously. We strive to accompany our suppliers on the path to advocating fairness and a sustainable approach to our environment. Greater transparency in the supply chain is a prerequisite for this. To this end, we are planning a pilot project to screen Tier 2 suppliers in emerging countries, selected on the basis of a risk analysis. In addition, we are preparing for the German "Lieferkettensorgfaltspflichtengesetz" (Supply Chain Due Diligence Act) and the related requirements for Techem with a cross-divisional team."



98%



of Techem's operational suppliers are based in Germany.

Production of batteries by a Techem supplier in China



## FOR THE CLIMATE AND THE ENVIRONMENT

Climate change poses major challenges for the building sector, which Techem is addressing both through its core business and in its own operations. The focus is on efficient and smart building technology – effectively reducing energy consumption for heat and hot water and driving the transformation of the real estate sector.



# Climate-friendly buildings

Techem contributes to a climate-neutral building stock through its business activities. This is achieved when users are aware of the energy impact of their behavior, energy flows are optimally controlled, and renewable energy generation is included.

## The heating supply as the key to the energy transition

### Utilizing potentials

When it comes to the energy transition, the influence of the building sector is often underestimated – even though it is the third largest contributor to greenhouse gas emissions in Germany. Over 85 percent of energy consumption in real estate is attributable to the generation of hot water and heating. There is considerable potential for saving CO<sub>2</sub>e emissions here, which our customers can exploit thanks to smart building technology from Techem. Besides power generation, Techem's range of services covers the entire value chain of heating and water in properties. This includes optimized fuel procurement, efficient and regenerative energy supply solutions, recording and billing of consumption, intelligent solutions for controlling heating systems and

energy monitoring for property owners, managers and users. In this context, Techem, as a leading provider of wireless metering of energy consumption in apartments, continues to advance networking and digital processes in real estate.

# +85%

of energy consumption in real estate goes toward producing hot water and heating.



The optimization and replacement of heating systems is a key prerequisite for a successful heating turnaround.

### Replacing, optimizing and operating heating systems

The optimization and replacement of heating systems is a key prerequisite for a successful heating turnaround. Only with modern and properly-set heating systems can energetically and economically sensible results be achieved. One reason for the renovation rate that is currently still too low is the considerable investment required to replace outdated heating systems. This is why Techem offers homeowners to assume the investments for the initial construction or modernization of central heating systems and, in return, to supply tenants with heating and, if necessary, hot water from a central heating system. This so-called heat contracting also enables particularly climate-friendly tenant power models in which electricity and heat are generated



directly in the properties for the tenants with the help of combined heat and power plants (CHP). Renewable raw materials such as wood pellets or biogas are also increasingly being used in heat contracting.

Techem wants to further reduce the number of customers who opt for conventional fuels. For this reason, we have set ourselves the goal of also offering a renewable energy alternative for all of our heating solution products by 2022. In addition, by 2022, the product carbon footprint (CO<sub>2</sub>e per kWh of heat) and CO<sub>2</sub>e emissions will be shown on invoices for new Techem heating solutions. To ensure that not only customers with new buildings rely on sustainable solutions, a pilot project will run until 2022 to expand the product portfolio for existing buildings to include green solution packages – for example with PV systems, CHP units or heat pumps. Not only



new, but also existing heating systems will be equipped with a smart monitoring system by 2022 to automatically monitor the energy efficiency of systems.

## 10–15%

of energy consumption can be saved today through digital and intelligent control of heating systems.

### Controlling heating systems intelligently

Even if the heating system is new or was recently modernized, heating systems that have been installed properly usually do not fully exploit their savings potential. Heating control is generally based on the maximum expected heat demand in the home. This generates heat that remains unused and thus increases energy costs and CO<sub>2</sub>e emissions. Networked consumption recording and control devices and sensors for important process variables, as well as artificial intelligence, already enable us to achieve energy savings of 10 to 15 percent on average for heat generation and heating systems in existing buildings in the future. In combination with renewable energy generation systems, the savings can be considerably more than 20 percent.

### Record consumption precisely

Heating cost allocators, cooling and heating meters, and water meters from Techem precisely and reliably record and measure the resource consumption of properties. Our devices can be read remotely using wireless technology and thus comply with the requirements of the EU Energy Efficiency Directive. This stipulates that from 2022 on landlords must provide their tenants with monthly consumption information – this is only possible with remotely readable meters. By 2025, 90 percent of the devices in European properties are intended to be remotely readable (status: 76 percent).

With our Techem Smart System, we offer a complete digital solution that combines our products and services into a holistic system. The focus here is on device monitoring, which enables continuous monitoring of the data from the recording devices, to show the need for prompt replacement in the event of a defect or low remaining battery capacity, for example. In addition, energy monitoring provides more transparency on consumption during the year (see p. 71). Data protection is a fundamental criterion for Techem: The data from the recording devices is transmitted in encrypted form in accordance with the highest BSI-compliant data security standard.

## 52 million

More than three quarters of the measuring devices from Techem can already be read wirelessly.



## INTERVIEW

**How does Techem avoid 8.7 million tons of CO<sub>2</sub>e per year?**

**Dr. Arne Kähler**, Head of Research & Development at Techem:

“Techem collects the consumption data for room heating and hot water production and thus obtains a large sample from the German Techem billing portfolio. On this basis, we determine the greenhouse gas emissions in CO<sub>2</sub> equivalents (CO<sub>2</sub>e) for the entire German Techem billing portfolio and for an average apartment. We assume an average climatic year (10-year average). For 2020, this results in 2.5 metric tons of CO<sub>2</sub>e emissions per year for an average apartment. Space heating accounts for around two tons and water heating for around 0.5 tons. Scientific studies (e.g. Felsmann & Schmidt, TU Dresden 2013) have repeatedly

shown that billing services reduce energy consumption by an average of 20 percent – in other words, we positively influence consumer behavior. For each residential unit in a multi-family house, an average of around 490 kilograms of CO<sub>2</sub>e for room heating and around 140 kilograms for water heating are avoided each year. Converted for our billing portfolio in Germany and in all Techem countries, this currently adds up to avoidance of around 8.7 million tons of CO<sub>2</sub>e per year.”

**Market entry as a competitive metering-point operator**

The liberalization of metering point operation in the electricity and gas industry opens up the opportunity for Techem to combine submetering of heat and water consumption with metering of gas and electricity, thus bringing together the two previously separate markets. In technical terms, more and more properties will be equipped with a smart meter gateway – intelligent communication systems that meet the highest data protection and data security requirements and can be used across all sectors. The digital connection of buildings via the smart meter gateway is a prerequisite for the energy turnaround in today’s buildings.

Techem has set itself the goal of equipping the first 400 properties with smart metering systems by 2021 and becoming one of the leading cross-sector metering operators in Germany by 2023.



Techem avoids  
**approx. 630 kg of CO<sub>2</sub>e**

per residential unit each year.



INTERVIEW

**What influence does cross-sector consumption recording have on energy efficiency and climate protection?**

**Gero Lücking**, Head of Smart Metering at Techem:

“With cross-sector recording, it is possible to bundle all energy-relevant data from a building in one hand for the first time. We can make building-specific suggestions for improving the efficiency of the existing heating system. We can make recommendations for new investments and combine them with the use

of renewable energies such as solar thermal and photovoltaics. We provide concrete profitability calculations as well as investment and implementation offers directly. These types of offers are aimed at the property owner, but we can also give tenants advice on their user behavior for efficient heating and efficient use of electricity.”



## Expanding the infrastructure for electromobility

### Charging stations increasingly standard

According to the German government’s plans, seven to ten million electric vehicles will be on German roads by 2030. And electromobility is increasingly gaining ground. Around 309,000 pure electric cars and 540,000 hybrid vehicles were registered in Germany at the beginning of 2021. This represents a year-on-year increase of more than 126 and 86 percent respectively. As a result, charging stations and wallboxes are becoming increasingly important for tenants.

### We offer complete solutions

In order to counter this development and to actively shape a climate-friendly change in transport, Techem puts together a service package for the housing industry last year. We have been offering complete solutions for charging infrastructure in properties since April 2021. These range from a feasibility check on site or digitally, to professional and standard-compliant installation of the wallboxes, to taking over the technical operation of the charging stations as well as the billing of the charging

# 400

charging stations are planned to be installed by Techem in Germany by the end of 2021.

current. We hope to install 400 charging stations in Germany by the end of 2021. Europe-wide, we have set ourselves the goal of having more than 10,000 charging stations powered by green electricity in service by 2025.



# Climate and environmental protection in the company

Techem has stood for the efficient use of energy and water with innovative solutions since 1952. Consistent climate and environmental protection has to begin internally though. Accordingly, we also rely on holistic energy and environmental management for our own actions, which we continuously improve.

## Reducing the environmental impact

### **Anchoring environmental management**

The impact of our activities on the environment takes place along the entire value chain. As a company in the energy services sector, we meet the legal requirements and even exceed them if possible. To this end, we are increasingly assessing and monitoring the entire value chain and deriving measures. At Techem, organizational responsibility is distributed according to topic: Energy is the responsibility of Quality & Methods, Waste is the responsibility of Supply Chain Management, Water is the responsibility of Infrastructure, Device Development is the responsibility of Research & Development, and

the purchase of goods and services is the responsibility of Procurement. In 2021, we will create a position for an Environment and Climate Manager to better coordinate environmental issues in the future. In addition, we will introduce an environmental management system in accordance with ISO 14001 by 2023.

### **Environmental impact in the supply chain**

Our goal is to conserve resources, consistently avoid or reduce environmental impacts, prevent risks and thus

secure our long-term business success. ESG (Environment, Social, Governance) criteria and the CoC (Code of Conduct) are fixed components of our supplier selection and supplier evaluation. Key production sites are audited at least every three to four years to ensure compliance with the criteria ([see p. 38](#)). Possible violations of applicable law are reported to top management in ad hoc and annual reviews. Appropriate measures are initiated to prevent recurrence.



## Sustainable product design

Techem strives to make its products and services as sustainable as possible. One main focus is on high product quality and durability. For example, we continue to use individual components of our devices, such as batteries, even if the meter has to be replaced due to the expiration of the calibration period. To recycle the batteries at the end of their service life, Techem is connected to the ECOBAT battery take-back system.

When it comes to the design of the product, we rely in part on recycled materials. For example, we use recycled granulates for the housing production of wireless heating cost allocators. By using the same types of plastic in a device, we also create an improved recovery 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 combining product units – from one unit to 20 units per package. The planned digitalization of assembly instructions will save even more resources. To further understand the environmental impact of our equipment, we will pilot

**With the help of lifecycle analyses and a product refurbishment approach, we want to make our equipment even more environmentally friendly and durable.**

lifecycle assessments of selected equipment by 2023. We also plan to develop a product refurbishment approach by 2022, thereby giving the equipment a second lifecycle.

## Sensitizing employees

Environmentally and climate-conscious behavior can only have its full effect if we work together. We have also enshrined this in our Code of Conduct for employees: "We actively contribute to developing and distributing eco-friendly technologies and measures to save millions of tons of CO<sub>2</sub>e per year. In our working environment, we adhere to environmental requirements and minimize the environmental impact wherever possible."

Posters on energy- and water-saving behavior and on the key figures for consumption and emissions in our office buildings raise employees' awareness of the need to conserve resources. There is also an annual e-learning course on the economical use of energy and water with a final knowledge test. The savings achieved are communicated via internal channels. By 2022, we also intend to introduce online training in Germany that is mandatory for all employees and thus raise awareness of sustainability even further.

In everyday office life, Techem also reinforces environmentally conscious behavior among its employees with the company restaurant at the Eschborn site, which is supplied with regional and seasonal food. Plastic cutlery is dispensed with completely. In addition, fair trade organic coffee and tea are offered free of charge at all German sites.

## Energy and emissions

### Developing potential in-house

Techem makes a sustainable contribution to energy efficiency in the customer's building stock. The company is also committed to climate-friendly energy management and energy efficiency for the properties occupied by Techem and its own operations in order to keep costs and CO<sub>2</sub>e emissions low. Our energy policy sets the guidelines for responsible use of energy. Among other things, it states that we want to conserve resources, protect the environment, and improve energy efficiency and cost-effectiveness in all properties Techem uses.



## Certified energy management

Techem ensures that its energy management and energy-related performance – i.e. measurable results in terms of energy efficiency, energy use and energy consumption – are monitored regularly and continuously improved. For this purpose, we have introduced an energy management system according to ISO 50001 and arranged for Techem Solutions GmbH to be certified. In the course of this, we have committed ourselves to investing in energy-efficient products and services and to considering opportunities for improving energy-related performance in new or modified facilities and sites, among other measures. We constantly monitor whether our organization is operating in an energy-efficient manner and make improvements wherever possible. Regular audits and assessments contribute to this. For example, Techem conducts energy audits at all its sites in Germany in accordance with the requirements of DIN EN 16247-1 and the specifications of BAFA. For our EU sites with mandatory energy audits, we have audits carried out in accordance with the national regulations there. The savings opportunities identified in the process and relevant to us are discussed by management and addressed if the measures can be implemented economically.

## Working energy efficiently

Techem does not own any real estate, but has rented its sites. In this respect, we have no direct influence on the energy condition of the building envelope or on the technical building equipment. One exception is our Techem headquarters in Eschborn, which we have had certified to the DGNB Gold Standard together with the landlord (see p. 48). When sites are downsized or relocated, we pay attention to efficient building technology to ensure the lowest possible energy consumption. Lighting is also always converted to energy-saving LED technology – assuming this is not already installed. In addition, when it comes to our office and kitchen equipment, we place importance on particularly energy-saving and durable appliances where this makes economic sense. Techem has been sourcing exclusively green electricity for its sites in Germany since 2015. By 2022, we also intend to purchase exclusively green electricity for international sites – if the lease agreements permit.

We involve our employees in the implementation of the energy policy – they can submit their suggestions for further savings via a suggestion scheme, for example. The ideas are reviewed by the energy manager and – if economically feasible – their implementation is initiated.

In 2020, Techem managed to reduce its total energy consumption by 6.6 percent compared to 2019, thus also reducing CO<sub>2</sub>e emissions accordingly. The reasons for this were:

- › Relocation, downsizing, merging or closing of sites
- › Modernization of sites: for example, conversion to LED lighting, installation of light and presence detectors, energy-efficient office and kitchen equipment
- › Coronavirus-related mobile working of a large share of the workforce





## Climate-friendly mobility

Techem encourages its employees to use the most climate-friendly means of transportation possible. For example, our travel policy gives preference to train travel over air travel. Flights that are still booked are offset by the non-profit organization atmosfair. Employees can also apply for a 50 percent subsidy for a public transport ticket, which can also be used privately. If justified, employees receive a 2nd class Bahn Card free of charge. We also offer discounted leasing of e-bikes and bicycles. Techem provides a good infrastructure for cyclists with bicycle parking spaces and showers at its headquarters in Eschborn. By 2023, we plan to expand the bicycle infrastructure, including modern storage facilities, charging options, and showers at Techem's seven major sites in Germany. In order to make the Techem vehicle fleet in Germany climate-friendly, a complete conversion to alternative drives is planned by 2028 at the latest.



### STORY

#### Certification with DGNB Platin planned at headquarters

The Techem sites are rented, therefore we usually have only limited influence on energy efficiency. This will be a different story at our headquarters in Eschborn in the future. We actively support the landlord with our own services in achieving the DGNB Platin certification standard. The DGNB certificate is one of the best-known international certification systems for sustainable construction. The DGNB focuses on the entire lifecycle of a building. To optimize the ecological footprint, Techem will install its own products and solutions. This allows us to set an

example – because energy efficiency is easy to achieve in new buildings, but is more of a challenge in existing ones. At the same time, we can use the building as a “test lab” for our innovations. DGNB certification is based on a holistic sustainable approach. In addition to ecological and economic factors, the well-being and health of the building’s users are also promoted through targeted measures.



## Energy consumption

Only a small share of the energy purchased is consumed by Techem itself for office operations and fuel use. A large share of the energy purchased is converted into heat by Techem (e.g. by burning natural gas) and sold to customers – the actual energy consumption therefore takes place at the customer's premises.

## Greenhouse gas emissions

A large share of Scope 1 greenhouse gas emissions are generated by the provision of heat (e.g. through the combustion of natural gas). Scope 2 includes purchased district heating and electricity for our own consumption. Scope 3 takes greenhouse gas emissions from the upstream value chain attributable to the trading of district heating and electricity into account.

## Energy consumption (in MWh)

	2018	2019	2020 <sup>1</sup>
Total energy purchases	1,161,026	1,200,043	1,123,681
› thereof renewable energy (absolute)	58,022	65,320	61,541
› thereof renewable energy (percentage)	5.0%	5.4%	5.5%
Total energy sales (e.g. heat or electricity)	-913,575	-904,242	-847,275
Total energy consumption within the organization	247,451	295,801	276,406

<sup>1</sup> Figures provisional, as not all accounts were available at the time of going to press.

Scope: All information relates to Techem's German sites and building technology facilities.

## Greenhouse gas emissions Scope 1 – Scope 3 (in t CO<sub>2</sub>e)

	2018	2019	2020 <sup>1</sup>
Scope 1 – direct GHG emissions	259,889	264,324	248,887
Scope 2 – indirect GHG emissions	1,989	2,107	1,954
Scope 3 – other indirect GHG emissions	51,554	55,296	49,370
<b>Total</b>	<b>313,432</b>	<b>321,727</b>	<b>300,211</b>

<sup>1</sup> Figures provisional, as not all accounts were available at the time of going to press.

Scope: All information relates to Techem's German sites and building technology facilities.



## Conserving resources

### Saving water

For Techem, water is an important resource worth protecting. Due to climate change, water stress is becoming an increasing problem – also in Germany. Through water meters and services such as the value-added Techem Monitoring platform, we provide tenants with an overview of their water consumption and help to encourage them to save water by raising awareness.

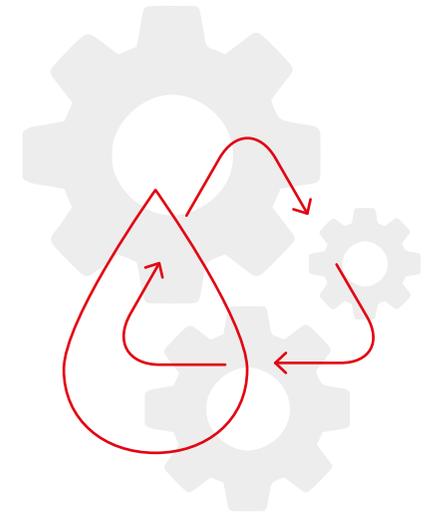
In Techem's own operations, water is only used to a small extent in sanitary facilities and for preparing food: 3,599 cubic meters of water were consumed in the reporting year (see p. 67). The water comes from the public drinking water supply and is used in the sanitary rooms, the office kitchens and the company restaurant. The sanitary rooms are equipped with water-saving fixtures. Wastewater is discharged into the municipal systems. Since Techem has no production facilities that require water, no minimum standards are required for the quality of wastewater discharge. The standard is set by local water and wastewater laws.

In 2020, water consumption was significantly lower because a large number of employees worked from home due to the coronavirus.

### Waste management

All devices that Techem has on the market must be returned to the disposal cycle. The Supply Chain Management department is responsible for this. The devices used by Techem consist of electronic components, plastics and metal. As early as the design stage of our products, we take into account the waste impacts that arise in the course of their lifecycle. Among other things, we focus on recyclable product design and reduction of packaging material (see p. 46). In 2020, devices weighing a total of around 340.4 metric tons were removed in Germany. Dismantled devices are taken to a certified disposal company. The material flow from dismantling to disposal is controlled by a newly established disposal management system under the leadership of the supply chain organization. The rate for proper disposal was around 94 percent in 2020.

The LI batteries installed in the electronic devices are also fed into a certified take-back system for further recycling. Around 9.28 tons (net) were disposed of here in 2020. Internationally, disposal is carried out in accordance with the respective regulations. In order to manage waste in a more targeted manner in the future, we intend to develop a concept for waste management and recycling by 2023 and roll it out for the entire Group.





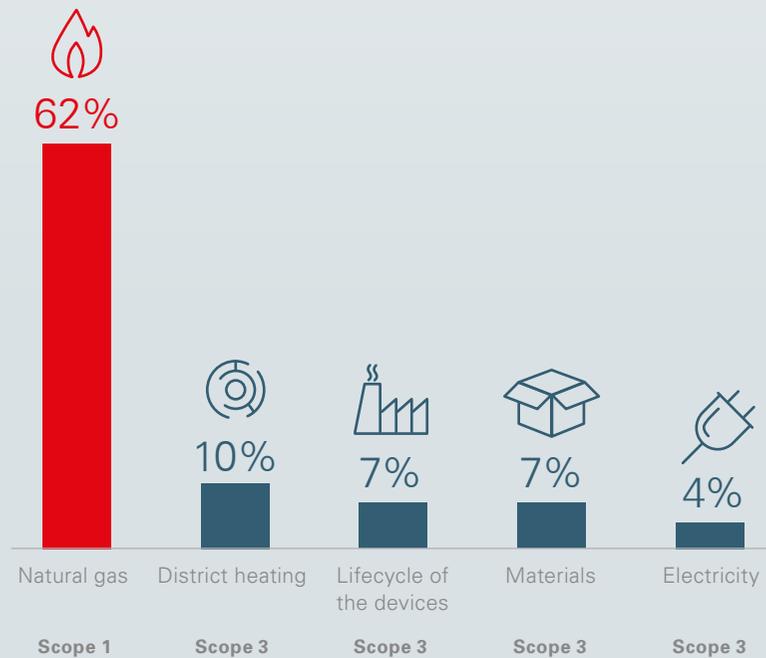
# Reducing our CO<sub>2</sub>e footprint and managing climate risks

In 2020/2021, Techem conducted an analysis of its global CO<sub>2</sub>e footprint together with its main shareholder Partners Group and with the support of an external consultancy, and analyzed climate-related opportunities and risks.

## Our five biggest sources of emissions

Techem's global carbon footprint amounted to around 394,755 metric tons of CO<sub>2</sub>e in 2019. The largest share of Techem's total emissions is caused in the Techem Solutions business area for the supply of heat and electricity to Techem customers. Energy sources are mainly natural gas (approx. 62 percent of total emissions), but also heating oil, biogas or wood chips. The supply of district heating to our customers comes in second (around ten percent). Third place goes to the lifecycle emissions of our more than 50 million appliances - such as heating cost allocators or smoke alarms - installed in properties (approx. seven percent of total emissions). Our consumption of materials (around seven percent) is in almost equal fourth place. Approximately four percent is attributable to electricity that we supply to our customers.

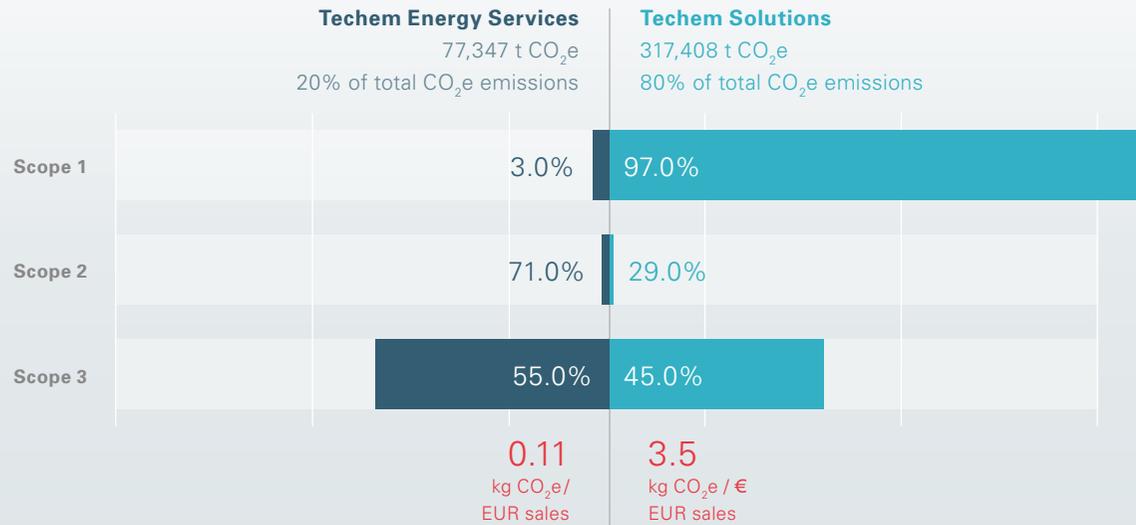
Top 5 CO<sub>2</sub>e emission sources at Techem worldwide



Techem calculated the Group-wide CO<sub>2</sub>e footprint for its international sites for the first time only for 2019. All other energy and emissions data in this report refer to the national sites in Germany. The CO<sub>2</sub>e footprint was calculated according to the guidelines of the Greenhouse Gas Protocol. The data basis was almost exclusively our own measurements and calculations. In a few cases, validated data from international institutions was used (e.g., for the device-related data).



CO<sub>2</sub>e emissions in detail



**How we are getting better**

It is important to Techem to continuously reduce its global CO<sub>2</sub>e footprint. To this end, we are establishing a climate roadmap by 2022 and setting the target horizon for our climate neutrality.

Techem already offers its customers climate-friendly supply solutions (see p. 42) and is also increasingly commissioned for the construction and operation of systems supplied with renewable energies. However, the final decision on the use of renewable energies lies with the customer. In order to make more customers aware of sustainable solutions, we will show the product carbon footprint (CO<sub>2</sub>e per kWh of heat) for new Techem supply solutions as well as the CO<sub>2</sub>e emissions on invoices

for customers in the future. For selected devices, we plan to conduct lifecycle analyses by 2023 to validate the calculations, gain further insights, and take targeted action.

**Analysis of our climate risks and opportunities**

In the further course of the project, we looked at the opportunities and risks that climate change poses for Techem. In doing so, we distinguished between physical risks and transition risks and considered two scenarios – adaptation to a 2 degree path and adaptation to a 4 degree path. Geographical data and an external science-based database were used to assess the physical risks.

Physical risks at our own sites, such as infrastructure damage, scarcity and activity damage, or transport damage due to heat waves, storms, or floods, for example, were assessed as low. The potential for physical risks in the (extended) supply chain is comparatively higher. Accordingly, we hope to gain an even better overview of any risks in the future as part of our supply chain management.

We classify transition risks, government measures in response to climate change and changing customer needs against this backdrop, for example, as low for Techem. Unlike for many companies, climate-related regulations can even be associated with opportunities for Techem, as public incentives to reduce emissions, for example, help us to develop new climate-friendly offerings. At the same time, a change in customer needs means that demand for climate-friendly energy supply solutions will increase. We already offer these to our customers today. We and our customers will benefit from rising demand. Because solutions that are still expensive or unprofitable today will experience economies of scale through increased use in the future. This will enable us to address a broad customer base with attractive offers.

Techem will continue to address climate-related opportunities and risks and plans to establish and publish climate reporting in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) by the Sustainability Report 2022.



## FOR EACH INDIVIDUAL AND THE COMMUNITY

As a leading global provider of energy management services in real estate, Techem relies on qualified and motivated employees. We offer them a secure and attractive working environment that promotes them in the best possible way. Healthy and satisfied customers and tenants are also a key concern for Techem and we address this through a variety of measures.



# Attractive working conditions and a diverse workforce

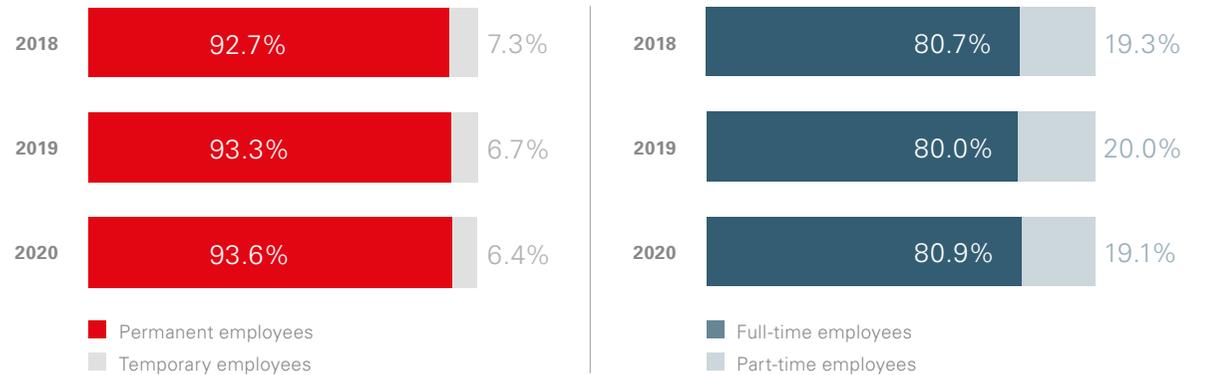
Our 3,750 employees worldwide form the backbone of Techem. We offer them a secure working environment in which they can develop and be trained individually. At Techem, demanding tasks can be reconciled with private commitments and requirements. At the same time, our employees benefit from a working environment in which diversity and equal opportunities are specifically promoted.

## Challenging and supporting all employees

### Our employees

Our employees are a key component of our company's success. We offer them attractive working conditions that include job security: A large share of our employees therefore have permanent contracts. Techem's aspiration is to retain employees in the long term. Accordingly, we seek to keep the fluctuation rate (self-terminations) below 5 percent in the long term. To keep an eye on employee satisfaction, we will introduce an Employee Net Promoter Score (eNPS) in Germany from mid-2021 and define a target value. We will then review the eNPS every six months.

Employment relationships at a glance



The employee figures include all active employees in Germany excluding trainees and temporary staff as of December 31 of the respective year.



**New employees and fluctuation 2020**

	< 30 years	≥ 30 < 50 years	≥ 50 years	female	male	diverse	total
Share of new entrants in the total workforce in %	5.4%	7.4%	1.6%	6.2%	8.2%	0.0%	14.4%
Fluctuation in %	0.7%	2.3%	3.1%	2.2%	3.9%	0.0%	6.1%

The data includes all active and passive employees in Germany, excluding temporary staff. At the time of going to press, the data could only be collected for the six-month short fiscal year from April to September 2020. The key figures were extrapolated for reasons of future comparability.

**Training of junior staff**

In order to secure our own junior staff and strengthen the skilled trades, Techem relies on young specialists, whom we train in-house. Our goal is to train young people according to their needs, sometimes in cooperation with other companies. We offer internships, vocational training and dual study programs. School students can also get to know us through career guidance formats. We have digitized these formats because of the pandemic and intend to expand them in the future.

In 2020, the company employed 65 trainees in four occupations. The focus was mainly on technical and commercial apprenticeships (e.g. office management assistant, IT specialist or sanitary, heating and air-conditioning systems mechanic). In 2020, we introduced a new apprenticeship program for plant mechanics, which we offer in cooperation with other companies. In addition, in 2020 there were five young professionals in a trainee program at the Eschborn site and 19 students in five dual study programs (including Bachelor of Arts in Real Estate Management, Bachelor of Arts in Accounting & Controlling and Bachelor of Arts in Marketing Management).

The training team is integrated into the HR Management Services department, which in turn is part of HR, Legal & Claims. Our junior employees who are not employed at the main site are supervised by regional trainers on site. The trainees regularly change departments in order to become familiar with all work processes.

In order to develop the skills of our junior staff for the future, we provide them with ongoing training, in presentation techniques, communication and correspondence, or time and self-management, for example. In addition, the trainees work together on projects that they complete independently. In 2020, for example, they managed the trainee homepage and developed ideas in the "Trainee goes green" project that contribute to sustainability in everyday work.

Due to the coronavirus pandemic, other formats, such as the Techem Camp, could not take place in the reporting year. The pandemic has shifted our training more strongly into the digital realm. For example, all junior employees received a laptop during the reporting period

so that they can work regardless of location. Likewise, events such as the onboarding event for trainees and the applicant days were held virtually for the first time. Digitalization will remain important in the future. In addition, we will make training more international. For example, we want to enable more trainees to spend time abroad.





### Further training in line with the requirements

It is not only our junior staff who benefit from a wide range of training courses. We provide all employees with customized support tailored to their respective areas of responsibility, such as specialist training for sales and customer management. Training on interdisciplinary aspects, such as communication, is also possible. If skills development cannot be covered internally, our employees can take advantage of external offers. The Human Resources and Organizational Development team is responsible for coordination. It identifies the need for further training and makes appropriate offers to our employees.

External training courses at Techem cover specialist topics that are jointly determined by employees and managers, such as the Chamber of Industry and Commerce business management course or a course in project management. In addition, Techem offers its employees internal training and seminars. In 2020, a large part of the training consisted of familiarizing employees with Microsoft Office 365 so that they can work without being tied to a specific location. This training forms part of our efforts to make our processes more digital overall.

From October 2021 on, all employees will have access to a comprehensive online learning portfolio that is tailored to their needs and accessible at all times. It covers diverse learning content on professional, methodological, social, digital, and leadership competencies. The content is taught using short learning videos, podcasts, online and face-to-face training. In addition to formal learning opportunities, we also want to further strengthen learning with and from one another and learning in the workplace. We also want to promote a modern work culture. We achieve this through formats such as mentoring, job sharing and job rotation, for example.

By 2023, Techem wants employees to invest an average of 40 hours in their training – during regular working hours. To make access to training even more flexible in the future, 80 percent of the company's own training courses are to be offered digitally by 2023. Of these, 50 percent are to take place at any location and at any time.



#### STORY

### The Techem Academy

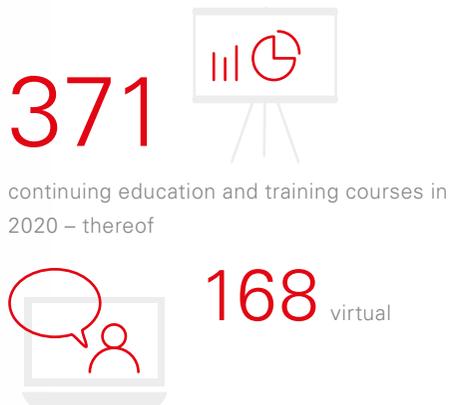
Techem strives to create smart, long-term learning experiences that are fun and meaningful. In the future, we will use the Techem Academy to create a uniform virtual platform for all employees and managers that centrally designs, implements and further thinks about learning and knowledge management. The goal of the Academy is to enable our employees to master the challenges of the digitalized working world. We achieve this through tailored training courses that impart and deepen knowledge and skills. Training courses on metacompetencies are also offered. In this way, we create the framework for self-responsible

learning and working. We want to put our employees at the center of our training design and create learning experiences together. That is why we involve learners in the training development process from the very beginning. Techem will develop a tool to measure the success of its training by 2022. This is intended to increase quality. From 2022 on, annual quality measurement will take place as well as success measurements during the year.



### Employee appraisals as a basis

Managers discuss which further training measures are appropriate in individual cases with employees in annual employee appraisals. In these meetings, they determine how the individual can develop further and what type of training is required for this. Based on this assessment, next development steps are discussed. Separate leadership competencies are offered for managers in this context. A mid-year check is available at the employee's request, which includes a second, shortened interview. In fiscal year 2019/20, 83 percent of all employees took up the offer of an employee review. Most of the interviews were conducted virtually due to the pandemic-related distance regulations. To prepare employees for this, training on virtual appraisal interviews was offered in advance.



### Training days for employees 2020

Training days per employee	2.84
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At the time of going to press, the data could only be collected for the six-month short fiscal year from April to September 2020. The key figures were extrapolated for reasons of future comparability.

### Further development fit for the future

Every two years, employees aspiring to a management or specialist career can apply for the "STEP" corporate development program. Applicants are made known across divisions and their potential is assessed in talent conferences to ensure fairness and objectivity in the selection process. The program consists of seven modules spread over 18 months. For the last cohort, we advertised the program not only in Germany but also at our international sites. Among other things, the program teaches leadership skills and methods of team and project management.

We also offer the Leadership Development Program for managers. Participants acquire knowledge that is important for the cultural development and future viability of our company. For this purpose, executives develop their own leadership concept, which answers questions on performance and teamwork, for example (see p. 31).

Techem has set itself the goal that



Techem also seeks to ensure that at least





## Open and respectful company culture

### Diversity and equal opportunities

Techem understands the diverse prospects and backgrounds of its employees as a key factor in its success. This includes fair and respectful interaction at eye level – both within the company and with customers and business partners. That is why we signed the Diversity Charter in 2021. We have anchored our attitude in particular in the Techem Code of Conduct, which forms the basis for daily actions at Techem. It obligates all employees to respect the personal dignity, personal rights and privacy of every person – regardless of age, ethnic origin, gender, religion or ideology, disability and sexual identity. In our Code of Conduct, we also commit to providing equal professional opportunities to all employees. If incidents occur that violate our Code of Conduct, employees can report them anonymously via the Whisply tool. There were no registered incidents of discrimination at Techem Germany in the reporting period.

Human Resources is responsible for the topic of diversity and equal opportunities. So far, our focus has been on family support and flexible working. This includes giving employees time off when their children are sick. We also grant special leave for important family matters.

In the future, we will strive for a management approach that goes beyond these topics. Techem will develop a diversity strategy and adopt an anti-discrimination policy by 2021. Within this framework, we also want to identify which other diversity measures are most relevant for



INTERVIEW

### What about equality in the energy industry?

**Sina von Ketelhodt**, Head of Communications & Marketing at Techem:

“Even before joining Techem, I worked in the energy industry, which is still quite male-dominated. The further I climbed the ranks, the less diverse things became. The traditional understanding of roles still shapes us all today. Younger

people in particular lack role models. With my advisory board work in the BeyondGenderAgenda initiative, I can send a signal both internally and externally: oftentimes much more is possible than we ourselves and others think. In my case, that means balancing leadership, responsibility and family with three children.”

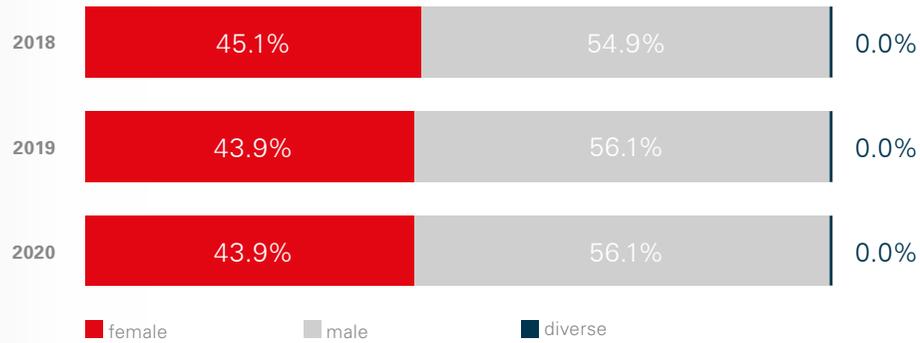
Techem. To ensure that we proceed as free of discrimination as possible in the recruiting process and in employee management, we plan to familiarize recruiters and managers with the topic of “unconscious bias” through training.

**With a diversity strategy and an anti-discrimination policy, we want to place a stronger focus on diversity and equal treatment at Techem in the future.**

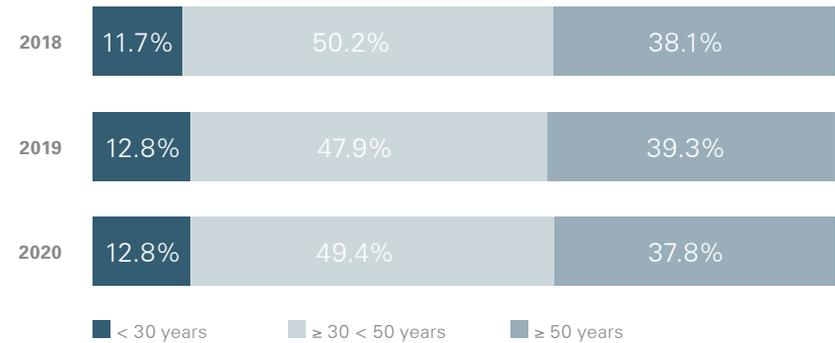


### Employees by age and gender

Distribution by gender in percent



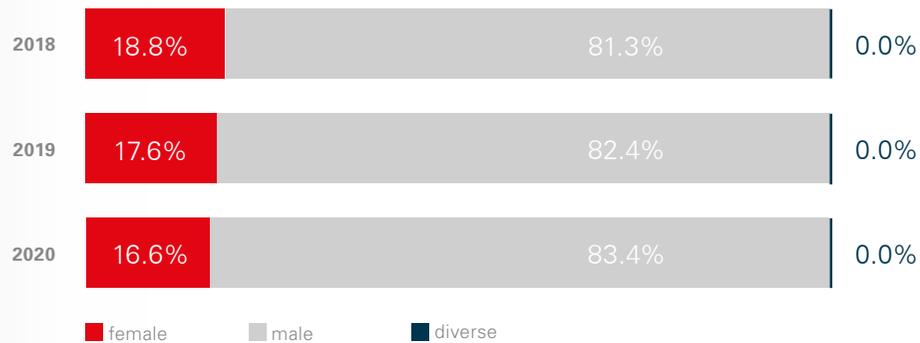
Age structure in percent



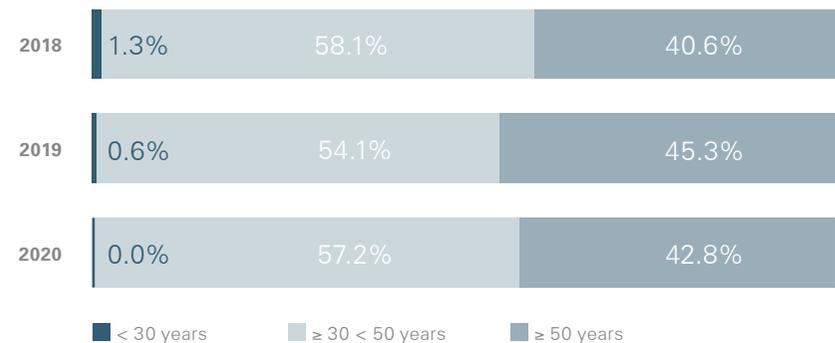
The data includes all active employees of the German companies – including executives, excluding temporary staff as of December 31.

### Managers by age and gender

Managers by gender in percent



Managers by age in percent



Minor discrepancies may arise in the totals due to rounding. This data relates to management levels 1 to 4 of the German companies.



## INTERVIEW

**How is Techem preparing for the working world of tomorrow?**

**Kira Kern**, Head of HR, Legal & Claims at Techem:

“Digitalization has fundamentally changed our working world. In addition to technological progress, it brings mainly cultural changes with it. At Techem, we see these changes as an opportunity to actively shape the future of work. That is why approaches such as New Work and New Learning are crucial components of our HR strategy. We are making our work models more flexible. We promote self-determination and self-actualization with our Leadership Principles. And we empower our employees by enabling them to develop their skills as needed with digital learning concepts. We will meet the challenges of the new world of work. We will succeed if we see ourselves as an adaptive organization that lives lifelong learning and an open culture of mistakes and feedback.”



## Secure and flexible work

### Compensation and incentives

At Techem, performance and professional experience are decisive factors in determining the salary for each employee. We also use external benchmarks. In addition, we have established a job evaluation process that evaluates all positions objectively. In this way, we want to ensure that equal work is remunerated in the same way. There are no collective bargaining agreements at Techem. The hourly wage of our employees is above the German minimum wage. In Germany, Techem employees are entitled to individual information on their remuneration under The Act to Promote Transparency in Wage Structures among Women and Men. The law aims to ensure that women and men receive the same salary for work of equal value. In 2020, three female employees at Techem companies in Germany submitted requests for information. All requests for information

were answered. Techem plans to have an external investigation conducted by 2022 to examine a potential gender pay gap.

In addition, Techem offers its employees various incentives. We subsidize travel costs for local public transport or make bicycle leasing possible. In addition, we grant a subsidy of over 20 percent for company pension plans. In accordance with statutory requirements, all employees of our German companies can apply for parental leave. In 2020, 124 employees – 81 women and 43 men – were on parental leave. 62 employees returned from parental leave in the reporting period (see S. 79).

### Agile working methods

Not just since the experience with the coronavirus pandemic has Techem been focusing on an agile working world that is becoming increasingly digital and flexible. We want to create a future-oriented working environment that does justice to two things: the needs of our employees for more flexibility and our claim to be an innovative and digital service provider. A new company agreement regulates that our employees in Germany can choose their working hours and location flexibly. With the end of the restrictions imposed due to the coronavirus pandemic, it will be possible for employees to work from home up to four days a week.



In addition, we have anchored an agile way of working in our company culture and management approach. For us, this means, among other things, dealing courageously with mistakes and working collaboratively. The implementation of agile ways of working with customer projects is the responsibility of a team in the IT Digital division consisting of internal and external Scrum Masters. One of the youngest Techem companies, Techem X, even works primarily with agile methods such as Design Thinking and Lean Startup ([see p. 67](#)).

### Occupational health and safety

We consider it a fundamental obligation to provide our employees with a healthy working environment and a safe workplace. Particular attention is paid to our customer service technicians, who are exposed to special accident hazards in the course of their work. We promote the health and performance of our employees through occupational safety measures and preventive occupational medicine. For example, we train them on fire protection and safe office work. Employees can access the information they need on occupational health and safety at any time via the Techem information system TING, which is constantly

expanded and updated. The Infrastructure and Human Resources departments are responsible for this. Techem observes the applicable occupational health and safety laws, regulations and recommendations. There are no further internal regulations. Safety-related support is provided by an external service provider. In addition, we have appointed a senior safety specialist who advises us on overarching issues and looks after our headquarters in Eschborn. Another safety specialist is responsible for the other sites in Germany. We have also appointed other functionaries, including first-aiders, safety officers and site officers.



#### STORY

### Our activities during the coronavirus pandemic

We have established numerous measures to minimize the risk of infection for our employees. 80 percent of the workforce works in a home office. The remaining employees are required to wear masks when they are away from their desks. We also observe maximum room occupancy and use an air purifier where this is not possible. For our front desk employees who are in contact with customers on

a more regular basis, we have installed glass screens. They also receive free FFP2 masks. Via our intranet, the workforce is constantly informed about current measures that are discussed, evaluated and initiated on a daily basis by a specially established coronavirus staff. Occupational safety specialists, our company physician and the works council are also involved in the decisions.



Four health and safety committee meetings are held each year to discuss and decide on all health and safety issues. The meetings are attended by safety specialists, safety officers, the company doctor, the works council, representatives from Human Resources, the representative for severely disabled employees and the Infrastructure unit. In addition, our safety officers, site managers and site representatives exchange views on occupational safety issues on an annual basis.

### Prevention of occupational accidents

At Techem, we assess potential hazards for work areas and activities by assigning them a specific risk rating. The assessment is based, among other things, on the probability of occurrence and the extent of damage. We initiate necessary measures if the risk is in an unacceptable range. Safety specialists monitor the implementation of the measures during their walk-throughs. If an accident occurs despite hazard prevention, a three-part process is triggered:



#### 1.

For accidents requiring a subsequent doctor's visit, the safety specialist receives the accident reports.



#### 2.

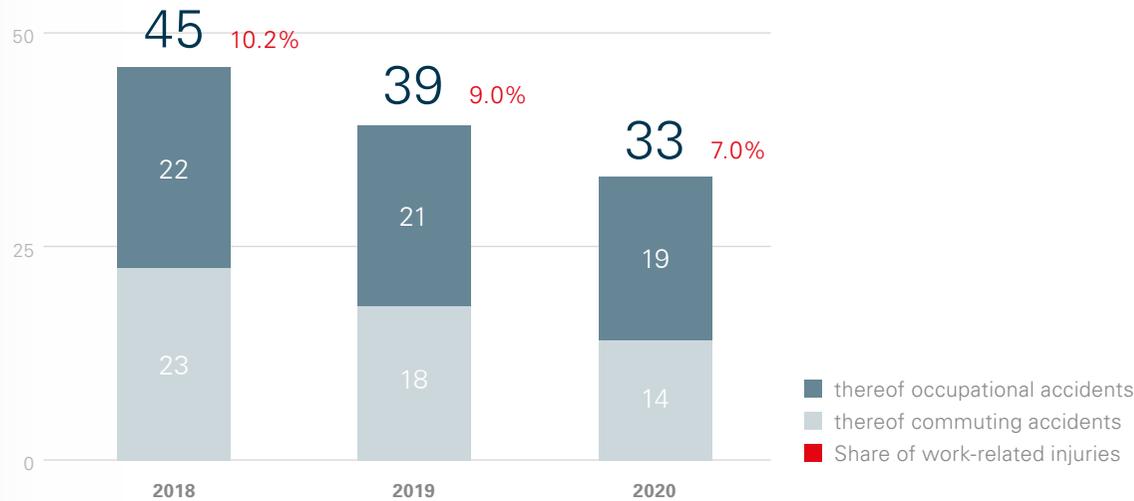
An analysis is then carried out together with the manager of the person involved in the accident. Measures are derived from the analysis.



#### 3.

If the analysis and the measures are also important for other employees, the contents are processed and distributed in the respective teams.

### Work-related injuries to employees



The accidents at work and on the way to and from work suffered by the German companies' own employees were evaluated. The data included occupational and commuting accidents that resulted in at least one day of absence. The share (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.



## In the future, we want to conduct training to make service technicians more aware of hazards and prevent accidents.

There were 33 work-related injuries in the year under review, of which 19 were occupational accidents and 14 commuting accidents. In all cases, the injuries were minor. There were no fatalities or injuries with serious consequences (see p. 79). Overall, the accident rate can be classified as low by German standards. In recent years, however, it has become apparent that more serious accidents have occurred primarily among service technicians. We want to change this in the future and are focusing more on awareness-raising measures. For example, we have introduced a special training program for service technicians to teach them how to recognize hazards. Suitable prevention and response measures are trained on the basis of specific case studies. We seek to keep our LTIFR (Lost Time Injury Frequency Rate) below 5.

### Sensitization of employees

In general, we provide regular training to alert new and active employees to hazards. This training includes:

- › Initial and follow-up briefings for new employees at the site by the respective manager
- › Mandatory e-learning with a final test once per quarter, offered on the ZEUS platform
- › Instruction of employees on the handling of hazardous substances

We are also planning a training course on occupational safety for managers, which interested parties can complete on the ZEUS platform at least once a year. Techem also conducts workshops at least once a year that are aimed at managers and deal with responsibility and risk assessment. Such training sessions are intended to make managers aware of their obligations to ensure the occupational safety of their employees. Nevertheless, training courses were held on a limited basis during the reporting period due to the pandemic. In addition, safety and site officers attend our annual safety days, although these were cancelled in 2020 due to the coronavirus pandemic.

### Providing preventive healthcare

Our health management program Techem Vital offers our employees numerous benefits to strengthen their mental and physical health. We intend to continuously strengthen the program and digitize it where appropriate. Among the offerings are: Back training, cooking classes and discounted massages. These offerings could not be made available in the reporting year due to the coronavirus pandemic. Instead, many employees took part in digital yoga courses, which they could book for a small fee. Our employees can visit a company doctor who holds regular consultation hours at the Eschborn site. We also offer flu vaccinations and provide advice on aids such as height-adjustable desks and monitor glasses, which we subsidize. In addition, our employees benefit from the services of the external service provider Perspektive. It advises them free of charge on personal, health, financial and company issues.



# Customer and tenant satisfaction and health

Healthy and satisfied customers and tenants are extremely important to Techem. We survey our customer satisfaction regularly and take measures to improve it. In addition, Techem offers services and products that improve health protection in real estate. After all, buildings of the future must guarantee a healthy living space.

## Holistic customer care

### Certified customer service

We understand customer service to mean that we gear our thoughts and actions to the needs and concerns of our customers. Customer management is responsible for this area and constantly collects and evaluates customer feedback. We align our work processes with internal and external quality standards, such as ISO 9001 to 9015, which we have certified on a regular basis.

### We track and improve customer satisfaction

In the reporting period, we surveyed more than 800 private and business customers by telephone and online about their satisfaction. In the sample, greater emphasis was placed on private customers, as they make up the majority of our clientele. In the survey, we collected data including the Net Promoter Score (NPS). This measures the extent to which consumers would recommend a company to others. Techem achieved an NPS in 2020 that was not satisfactory for us. This was a clear signal for us to take action. For example:

- ✓ We have introduced a simplified and transparent handover of customer/service relationships in the event of a change of ownership.
- ✓ We have improved the accessibility and service level of telephone support for private customers and tenants and ensured a higher quality of advice.
- ✓ Private customers can sign up for our billing service digitally as part of our new Techem Direct project. Over the next few months, we want to make other parts of the customer journey even more service-oriented, especially for the target audience private customers. In the future, we want to make customer concerns more transparent and measurable in complaints management.



Customer service is the responsibility of Customer Management. The goal is for our customers to have as positive an experience as possible and to perceive us as a sympathetic partner.

In addition, in the coming reporting period, we would like to continuously measure satisfaction where we come into contact with customers. We have already implemented this for our telephone service. With 1.5 million contacts per year, this has a decisive influence on customer satisfaction. Yet other customer contact points are to follow.

Based on the initial survey results, Techem defined a target value for the NPS in the reporting period. Starting in 2022, the score is to be collected continuously via the touchpoints and annually via strategic customer satisfaction surveys and be continuously improved. In addition, Techem intends to reduce the follow-up complaint rate and the share of follow-up contacts in Germany to 50 percent each by 2023.



### Thinking along with tenants

Through our new market research platform Techem Experts, we not only reach customers, but also keep an eye on tenants' needs. For example, they are asked how satisfied they are with the coordination of appointments, meter reading as well as billing, and can make suggestions for improvement. We thank the participants for their efforts by donating to charitable organizations. The plan is to conduct up to four surveys a year on the platform.

### Customer service in times of coronavirus

During the pandemic, we mainly served our customers by phone and via digital channels. Nevertheless, it was important to us to enable our customers to visit our site if they wanted to. The visits took place under strict hygiene rules. We also digitized our tried-and-tested "industry meetings" customer events in the reporting year. We reached over 1,200 customers with these and are continuing the digital format in 2021.



## Healthy living for tenants

### Improving their well-being

For us, it goes without saying that we protect the health of our residents by constantly assessing the impact of our activities. At the same time, products and solutions to increase residential health are part of our portfolio. These are considered across the board by our Product Management department, as are the effects of digital infrastructures. The safety of heat generation systems is ensured by our company Techem Solutions.

### Concentration of legionella kept low

We test legionella concentrations regularly in more than 50,000 buildings. In these buildings, we have routine samples taken at around 300,000 taps.

We work together with the accredited SGS Institut Fresenius for the legionella tests. The institute is responsible for sampling and analytics. In the reporting year, the cooperation with the institute was expanded even further. In the meantime, the data on the samples is

# ~ 300,000

taps for sampling for legionella testing



STORY

### The relevance of legionella testing

Legionella are bacteria that can multiply under certain conditions in the drinking water system of buildings, in water pipes that have not been used for a long time, for example. Legionella can enter the lungs via inhaled aerosols and trigger illnesses. This is why regular tests are mandatory, for example, in many German

apartment buildings. The relevance of these tests has been reinforced by the month-long shutdown due to the coronavirus pandemic. This is because the water pipes in hotels, sports facilities or swimming pools were not used for a long time; this increases the risk of legionella infestation.

recorded via app and transmitted to us. During testing, we and SGS Institut Fresenius take various DIN standards and worksheets of the German Technical and Scientific Association for Gas and Water (DVGW) into account.



### Smoke alarms protect residents

Owners are required by law to equip apartments with smoke alarms and to ensure their operational readiness. Techem offers high-quality 10-year smoke alarms with CE marking according to EN 14604 for this purpose. The smoke alarms are also tested in accordance with vfdb 14-01 and equipped with functions for complete remote inspection in accordance with DIN 14676-1. Around 90 percent of the smoke alarms covered by Techem Service can be read remotely, without access to the private dwelling.

Remote inspection allows us to avoid having to enter homes for annual testing. If problems occur between annual tests, residents can call a 24-hour hotline. We can then fix the problem within a few working days. In the future, we intend to make an appointment with residents to replace the faulty smoke alarm within three working days.

Besides the annual remote inspections, owners can also commission us to carry out an inspection twice a month. This increases the chance of detecting undetected malfunctions or defects at an early stage.

90%

of our managed smoke alarms can be checked remotely.



Techem supplies heat to

~140,000

apartments.

### Maintenance and operational optimization of heating systems

Techem operates over 2,800 systems and thus supplies around 140,000 homes with heat. The supply and operational reliability of the systems plays an important role here. We ensure this by replacing systems and system components – such as pumps and heat generators, for example. This ensures the health and safety of owners and tenants. If hazards nevertheless occur, protective measures are initiated and the results documented. Legally required inspections are carried out and defects are remedied. If a legal or protected right has been violated, the reasons are analyzed and measures are taken to prevent a recurrence. In the year under review, there were no known cases in which persons or objects of protection were endangered. No fines or warnings were issued.



STORY

#### Incubator Techem X

In the reporting year, our new company Techem X was launched as an incubator for digital products and services. The aim is to strengthen our innovative power and complement our main business areas - especially in the areas of new digital services, products and business models. Interdisciplinary teams apply methods such as Design Thinking and Lean Startup to develop new services in a

short time. One important project is the Next-Generation Smoke Alarm, which is being equipped with new sensors. The alarm is designed to report additional pollutants that are in the air and go beyond the usual components of fire smoke. In addition to our Research & Development unit, one of the major housing companies in Germany is also involved in the project.



A wireless device from Techem emits about as much transmission energy per year as a cell phone during a four- to five-minute call.



### Minimizing exposure by using wireless devices

The effects of signals sent wirelessly on people have been a topic of public debate for some time. In order to prevent negative effects, Techem regularly has the electromagnetic compatibility of its own wireless systems tested 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 from a device to a necessary and technically possible level. Compared to other wireless devices, the radio emissions of Techem devices are among the weakest in everyday life. For example, the transmission energy emitted during a four- to five-minute cell phone call equates to the energy emitted by a Techem device over the course of an entire year. The impact of Techem devices on the human body is therefore extremely low. In the most recent expert opinion from 2016, it could be

confirmed that there is no evidence of any impairment or health-relevant effect of the Techem wireless systems on the human organism.



# Innovation, cooperation and social commitment

Techem strives to make real estate greener, smarter and healthier. To achieve this, we work with strong partners to research new solutions, raise tenants' awareness of consumption, and maintain a close dialog with society.

## Joint research

### Cooperation with strong partners

Cooperation and research projects are carried out on a topic-specific, cross-divisional basis and with changing responsibilities. When we select a project, we make sure it fits in with our company vision. When it comes to project execution, compliance, data privacy and data security are top priorities. One research focus, for example, is to work out the potential of the building sector for a turnaround in energy and heat.

Here are just a few examples of our collaborations and research projects:

- › Collaboration in research projects of the Physikalisch-Technische Bundesanstalt (PTB), the most important metrology authority in Germany. Here we are involved in the development of new heat meter technologies.
- › Cooperation with the TU Dresden, the University of Stuttgart and the Esslingen University of Applied Sciences. Among other things, this cooperation has resulted in our smart monitoring system.
- › Participation in product standards in technical committees, the Comité Européen de Normalisation (CEN) and the Association of German Engineers (VDI), for example.
- › Cooperation with blackprint booster, which promotes start-ups in the real estate industry.
- › Chair of the Property Technology (PropTech) working group of the German Information and Telecommunications Industry Association (Bitkom). We promote networking between young companies and established industry representatives.
- › Membership in the Smart Living business initiative, in which German companies have joined forces across sectors to introduce innovations to the markets more quickly.
- › Associated partnership in the ForeSight research project, which is funded by the German Federal Ministry of Economics. Its goal is to make artificial intelligence a driver for predictive smart living applications.



Techem's goal in Germany is to continuously collaborate with and invest in new start-ups to identify new green and smart building solutions for Techem. The company is also currently conducting a field test to identify partners and test solutions. This is intended to uncover new business areas and potential extensions of existing solutions. Promising approaches will be included in the portfolio from 2022 on.

### 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 science. The members, including associations, companies and research institutions, have been working intensively for years on an energy-efficient heat supply for residential properties.

They are united by the goal of reducing heat consumption in residential properties at economically justifiable costs, reducing CO<sub>2</sub>e emissions in the heating sector, and thus making an important contribution to a climate-neutral residential building stock by 2050. To achieve this, the energy consumption of the buildings must be reduced on the one hand and the remaining part of the energy demand must be covered by renewable energies on the other. The "Balt Best" research project, which is unique in Germany to date, falls under the umbrella of the alliance.

The Alliance's goal is to achieve a mostly carbon-neutral building stock by 2050.



STORY

#### BaltBest: Exploring efficiency measures

BaltBest<sup>1</sup> is the largest ongoing research project of its kind in Germany. Across Germany, a total of 100 multi-family houses and around 1,200 apartments have been equipped with a wireless measurement infrastructure with over 5,800 sensors from Techem in order to analyze what efficiency potential lies in the systems engineering. Preliminary results show that continuous monitoring of systems engineering is a prerequisite for high energy efficiency. Only 14 percent of the systems examined in the project were optimally set, while a need for action was identified in 44 percent and even urgent action in 42 percent. Existing heating systems are generally oversized.

When a heating system is replaced, the output of the new system is based less on the actual heat demand and more on the old system. Also, the heating output in daily operation is insufficiently adapted to the current heat demand (the outside temperature). Moreover, effective night setbacks are the exception in the existing system. The project is funded by the German Federal Ministry for Economic Affairs and Energy (BMWi) with more than EUR 1.1 million.

<sup>1</sup> Acronym for "Influence of operational management on the efficiency of old heating systems in existing buildings."



## Sensitizing consumers

### Positive influence on consumption behavior

Techem considers it an important task to positively influence consumption behavior – especially in order to reduce the consumption of natural resources. We contribute to this with our business activities: Techem offers consumption-based heating and water cost billing in around six million households in Germany. It enables residents to view their own heating and water consumption and the related costs once a year. Scientific studies estimate the savings effect of these bills at around 20 percent.

The Research & Development and Product Management units are responsible for further developing this service and the infrastructure required for it. This includes offering additional consumption information during the year. They can show residents additional options for saving energy and water. For years now, Techem has been making this information available to those residents who live in apartments that are technically equipped for this purpose.



### Providing helpful information

When residents are aware that they should adjust their consumption behavior, they need recommendations that are easy to implement. We provide tips on the proper use of heat and hot water, for which our public relations department is responsible. To this end, we have been operating our own [website](#) for several years, which provides such advice free of charge. In addition, devices can be used to inform users about heat consumption. We are currently testing the extent to which these devices reduce consumption.

**Billing services for water and heat are estimated to reduce consumption by around 20 percent.**



## Social commitment and dialog

### Exchange with stakeholders

We regularly exchange views with various interest groups. These include tenants, customers, non-governmental organizations and investors. In addition to direct dialog, our market research captures trends and opinions to better understand stakeholder needs. We also included various stakeholder groups in our materiality analysis in the reporting year ([see p. 19](#)). In 2021, we intend to organize our first stakeholder roundtable to gather feedback from key stakeholder groups on our sustainability engagement. The roundtable will take place on a regular basis in the future.

### Fundraising and employee campaigns

Since we ourselves have been spared the worst economic consequences of the coronavirus pandemic, it was important for us to help. We therefore combined our virtual employee festival with a fundraising campaign and were able to support the organizations Save the Children and Die Arche with EUR 80,000 (including around EUR 28,000 in private donations). In addition, we donated 5,000 reusable masks to Die Arche.

Techem also supported the Nebenan.de foundation in the first months of the coronavirus pandemic. All Techem infosheets pointed to a free hotline that quickly arranged neighborly help. This made it easy to reach older people in particular who have no Internet or few social contacts.

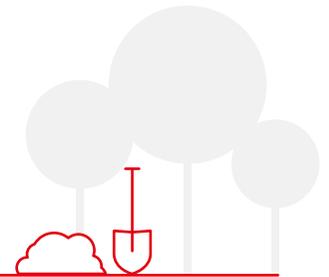
We also planted around 2,500 trees in 2020. This was made possible, among other things, by employee campaigns such as Earth Day 2020. In addition, it is a tradition at Techem to make a donation of EUR 15,000 every year at Christmas. We use the money to support aid organizations that were selected by our employees in a vote in 2020.

In the future, we want to strengthen our social commitment by giving our employees the opportunity to become actively involved. To this end, we are developing a volunteering concept. We have also set ourselves the goal of designing a social project to promote resource conservation and testing it as a pilot project from 2022. The Marketing & Communications department is responsible for our social commitment.

We planted

~ 2,500

trees in 2020.





# About this report

This report is the Techem Group's first Sustainability Report. It is aimed at all stakeholders who would like to gain an impression of our sustainability-related performance. In it, we present our new sustainability strategy including goals and create transparency about structures and measures.

Except for the key financial figures and unless described otherwise, the key figures presented in this report relate to Techem Germany. The current key financial figures relate to the six-month short fiscal year from April to September 2020. The figures describing our workforce relate to either December 31, 2020, the calendar year 2020, or the short fiscal year 2020, depending on the topic. We have extrapolated some of the key figures on employees relating to the short fiscal year 2020 to twelve months for reasons of future comparability. The environmental indicators relate to the calendar year 2020 and the time frame is shown in all tables and graphs in the report. The editorial deadline for all other data was mid-May 2021.

Some environmental indicators are based on projections, as final figures for calendar year 2020 were not yet available. We have indicated such estimates. The Techem Sustainability Report was designed following the standards of the Global Reporting Initiative (GRI), the internationally recognized framework for sustainability reporting. It was prepared in orientation to the GRI standards (2016) and the supplements to the standards on Water and effluents (303, 2018), Waste (306, 2020), and Occupational health and safety (403, 2018).

During the preparation of the report, we involved all relevant specialist departments. Techem's management has reviewed and approved it to the best of its knowledge. No external audit of the report was arranged. Starting with reporting year 2022, a limited assurance review of the GRI-relevant key figures is planned. We also intend to extend the information to Techem's national companies by the 2022 report. The Techem Sustainability Report will be published annually in the future.



## Our key figures

### Suppliers in 2020

Suppliers in total	4,228
› thereof from Germany	4,131
› thereof from Europe (excluding Germany)	85
› thereof from other regions worldwide	12

This data includes all suppliers that are managed from Techem headquarters. The cut-off date is December 31, 2020.

### Total energy consumption by energy source (in MWh)

	2018	2019	2020 <sup>1</sup>
Total energy purchases	1,161,026	1,200,043	1,123,681
› Biomethane	33,706	37,154	36,260
› Diesel fuel (company car fleet)	11,103	10,859	9,610
› Natural gas	833,223	856,302	825,473
› District heating	145,265	156,303	137,140
› Heating oil	45,278	38,716	21,976
› Wood pellets and wood chips	21,975	26,064	23,520
› Power/electricity	70,476	74,645	69,703
Total energy sales (e.g. heat or electricity)	-913,575	-904,242	-847,275
Total energy consumption within the organization	247,451	295,801	276,406
Share of renewable energy in total energy purchases			
› absolute	58,022	65,320	61,541
› relative	5.0%	5.4%	5.5%

<sup>1</sup> Preliminary figures, as not all accounts were available at the time of going to press.

Scope: All information relates to Techem's German sites and building technology facilities.

**Greenhouse gas emissions Scope 1 – Scope 3 (in t CO<sub>2</sub>e)**

	2018	2019	2020 <sup>1</sup>
<b>Scope 1 – direct GHG emissions</b>	<b>259,889</b>	<b>264,324</b>	<b>248,887</b>
› Biomethane	2,359	2,601	2,538
› Diesel fuel (company car fleet)	3,042	3,064	2,636
› Natural gas	237,297	243,859	235,196
› Heating oil	16,851	14,397	8,154
› Wood pellets and wood chips	340	403	363
<b>Scope 2 – indirect GHG emissions</b>	<b>1,989</b>	<b>2,107</b>	<b>1,954</b>
› District heating	1,205	1,272	1,172
› Power/electricity	784	835	782
<b>Scope 3 – other indirect GHG emissions</b>	<b>51,554</b>	<b>55,296</b>	<b>49,370</b>
› District heating trade (upstream value chain)	36,667	39,446	34,525
› Electricity trading (upstream value chain)	14,887	15,850	14,845
<b>Total</b>	<b>313,432</b>	<b>321,727</b>	<b>300,211</b>

<sup>1</sup> Preliminary figures, as not all accounts were available at the time of going to press.

The biomethane volumes purchased are accounted for using the emission factor provided by the supplier (market-based method);

The quantities of diesel fuel refueled, including the emission quantities, were determined and provided by the leasing companies;

The CO<sub>2</sub>e figures for the heating energy sources natural gas and heating oil come from IINAS (GEMIS factors 2015);

The quantities of wood pellets and wood chips purchased are accounted for using the emission factor provided by the supplier (market-based method);

The CO<sub>2</sub>e figures for district heating come from IINAS (GEMIS factors 2015);

The electricity quantities purchased were accounted for using the emission factor provided by the supplier (market-based method);

Scope: All information relates to Techem's German sites and building technology facilities.



Water extraction

	2018	2019	2020
Total water extraction in m <sup>3</sup>	10,243	10,288	3,599
› thereof water from third parties	10,243	10,288	3,599

All information relates to Techem's German sites. The difference between 2020 and 2019 can be explained by the reduced staffing at our sites due to the coronavirus. In some cases, the figures for 2020 are extrapolations.

Employment relationships at a glance

	2018	2019	2020
Temporary employees	7.3%	6.7%	6.4%
› thereof female	55.3%	62.2%	57.5%
› thereof male	44.7%	37.8%	42.5%
› thereof diverse	0.0%	0.0%	0.0%
Permanent employees	92.7%	93.3%	93.6%
› thereof female	43.6%	42.3%	42.7%
› thereof male	56.4%	57.7%	57.3%
› thereof diverse	0.0%	0.0%	0.0%
Full-time employees	80.7%	80.0%	80.9%
› thereof female	35.1%	34.0%	34.6%
› thereof male	64.9%	66.0%	65.4%
› thereof diverse	0.0%	0.0%	0.0%
Part-time employees	19.3%	20.0%	19.1%
› thereof female	83.5%	82.3%	82.1%
› thereof male	16.5%	17.7%	17.9%
› thereof diverse	0.0%	0.0%	0.0%

The employee figures include all active employees in Germany excluding trainees and temporary staff as of December 31 of the respective year. The installation of the devices and the reading of the meters are partly carried out by external customer service providers under contract: In 2020, 1,241 external customer service technicians and 825 meter-readers worked for Techem.



### New employees and fluctuation in 2020

	< 30 years	≥ 30 < 50 years	≥ 50 years	female	male	diverse	total
Share of new entrants in total workforce in %	5.4%	7.4%	1.6%	6.2%	8.2%	0.0%	14.4%
Fluctuation in %	0.7%	2.3%	3.1%	2.2%	3.9%	0.0%	6.1%

The data includes all active and passive employees in Germany, excluding temporary staff. At the time of going to press, the data could only be collected for the short six-month fiscal year from April to September 2020. The key figures were extrapolated for reasons of future comparability.

### Training days for employees in 2020

Training days per employee	2.84
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At the time of going to press, the data could only be collected for the short six-month fiscal year from April to September 2020. The key figures were extrapolated for reasons of future comparability.

### Employees by age and gender

	2018	2019	2020
<b>Distribution by gender in percent</b>			
female	45.1%	43.9%	43.9%
male	54.9%	56.1%	56.1%
diverse	0.0%	0.0%	0.0%
<b>Age structure in percent</b>			
< 30 years	11.7%	12.8%	12.8%
≥ 30 < 50 years	50.2%	47.9%	49.4%
≥ 50 years	38.1%	39.3%	37.8%

The data covers all active employees of the German companies – Including executives, excluding temporary staff.



Managers by gender

	2018			2019			2020		
	female	male	diverse	female	male	diverse	female	male	diverse
Managers	18.8%	81.3%	0.0%	17.6%	82.2%	0.0%	16.6%	83.4%	0.0%

Due to rounding, minor discrepancies may arise in the totals.

This data relates to management levels 1 to 4 of the German companies.

Managers by age

	2018			2019			2020		
	< 30 years	≥ 30 < 50 years	≥ 50 years	< 30 years	≥ 30 < 50 years	≥ 50 years	< 30 years	≥ 30 < 50 years	≥ 50 years
Managers	1.3%	58.1%	40.6%	0.6%	54.1%	45.3%	0.0%	57.2%	42.8%

Due to rounding, minor discrepancies may arise in the totals.

This data relates to management levels 1 to 4 of the German companies.



### Employees on parental leave

	2018	2019	2020
Number of employees who have taken parental leave	134	113	124
› thereof female	98	81	81
› thereof male	36	32	43
› thereof diverse	0	0	0
Number of employees who returned to work after parental leave	70	64	62
› thereof female	37	34	23
› thereof male	33	30	39
› thereof diverse	0	0	0

The data includes all employees of the German companies, excluding temporary staff. The data refers to the respective Techem fiscal year.

### Work-related injuries to employees

	2018	2019	2020
Number of work-related injuries	45	39	33
› thereof occupational accidents	22	21	19
› thereof commuting accidents	23	18	14
Work-related injury rate	10.2	9.0	7.0
Number of work-related injuries with serious consequences	0	0	0
Number of fatalities due to work-related injuries	0	0	0

The accidents at work and on the way to and from work suffered by the German companies' own employees 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. Occupational and commuting accidents of non-employees are not recorded.



## GRI Content Index and UN Global Compact Index

GRI Standard	Page reference	Notes	UN Global Compact
GRI 101: Foundation 2016			
GRI 102: General Disclosures 2016			
<b>Organizational profile</b>			
GRI 102-1: Name of the organization		Techem Verwaltungsgesellschaft 671 mbH	
GRI 102-2: Activities, brands, products, and services	p. 8, 10, 13-16		
GRI 102-3: Location of headquarters	p. 8		
GRI 102-4: Location of operations	p. 9		
GRI 102-5: Ownership and legal form	p. 11, 80		
GRI 102-6: Markets served	p. 8, 9, 13		
GRI 102-7: Scale of the organization	p. 10, 13		
GRI 102-8: Information on employees and other workers	P 54, 76		6
GRI 102-9: Supply chain	p. 37, 38, 74		
GRI 102-10: Significant changes to the organization and its supply chain		None, as first report	
GRI 102-11: Precautionary Principle or approach	p. 21-25, 32, 45		7
GRI 102-12: External initiatives	p. 4, 58, 69, 70		
GRI 102-13: Membership of associations	p. 36		
<b>Strategy</b>			
GRI 102-14: Statement from senior decision-maker	p. 3, 4		
GRI 102-15: Key impacts, risks, and opportunities	p. 5-7, 13-15, 17-20, 23-25, 32, 35, 41-44, 51, 52, 60, 69, 70		
<b>Ethics and integrity</b>			
GRI 102-16: Values, principles, standards, and norms of behavior	p. 29-33, 37, 38, 58		1-10



GRI Standard	Page reference	Notes	UN Global Compact
<b>Governance</b>			
GRI 102-18: Governance structure	p. 8, 11, 12		
GRI 102-20: Executive-level responsibility for economic, environmental, and social topics	p. 17		
GRI 102-21: Consulting stakeholders on economic, environmental and social topics	p. 18, 19, 35, 36, 69-72		
GRI 102-32: Highest governance body's role in sustainability reporting	p. 73		
<b>Stakeholder engagement</b>			
GRI 102-40: List of stakeholder groups	p. 19, 72		
GRI 102-41: Collective bargaining agreements	p. 60		3
GRI 102-42: Identifying and selecting stakeholders	p. 19, 72		
GRI 102-43: Approach to stakeholder engagement	p. 19, 25, 35, 36, 72, 64, 65		
GRI 102-44: Key topics and concerns raised	p. 19, 20, 64		
<b>Reporting practice</b>			
GRI 102-45: Entities included in the consolidated financial statements	p. 8		
GRI 102-46: Defining report content and topic boundaries	p. 18-20		
GRI 102-47: List of material topics	p. 20		
GRI 102-48: Restatement of information		None, as first report	
GRI 102-49: Changes in reporting		None, as first report	
GRI 102-50: Reporting period	01/01/2020 – 12/31/2020	For the scopes of the key figures, <a href="#">see p. 73</a> .	
GRI 102-51: Date of most recent report	June 2021		
GRI 102-52: Reporting cycle	p. 73		
GRI 102-53: Contact point for questions regarding the report	p. 88		
GRI 102-54: Claims of reporting in accordance with GRI Standards	p. 73		



GRI Standard	Page reference	Notes	UN Global Compact
GRI 102-55: GRI content index	p. 80-87		
GRI 102-56: External assurance	p. 73		
<b>Essential topics</b>			
<b>GRI 204: Procurement practices 2016</b>			
GRI 103: Management approach 2016 (including 103-1, 103-2, 103-3)	p. 23, 37-39		
GRI 204-1: Proportion of spending on local suppliers	p. 37, 39	So far, we have only been able to report the share of our local suppliers out of all our suppliers.	
<b>GRI 205: Anti-corruption 2016</b>			
GRI 103: Management approach 2016 (including 103-1, 103-2, 103-3)	p. 23, 32, 33		10
GRI 205-2: Communication and training about anti-corruption policies and procedures	p. 23, 33		10
GRI 205-3: Confirmed incidents of corruption and actions taken	p. 23, 33		10
<b>GRI 206: Anti-competitive behavior 2016</b>			
GRI 103: Management approach 2016 (including 103-1, 103-2, 103-3)	p. 32, 33		10
GRI 206-1: Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	p. 32		
<b>GRI 301: Materials 2016</b>			
GRI 103: Management approach 2016 (including 103-1, 103-2, 103-3)	p. 24, 45, 46, 50		7, 8, 9
GRI 301-2: Recycled input materials used	p. 24	Techem does not produce its own equipment, but purchases it from suppliers. It is therefore not possible at present to provide concrete information on the materials used for our equipment. We will review by the Sustainability Report 2021 whether it will be possible to report on the share of recycled materials used in the future.	7, 8, 9



GRI Standard	Page reference	Notes	UN Global Compact
<b>GRI 302: Energy 2016</b>			
GRI 103: Management approach 2016 (including 103-1, 103-2, 103-3)	p. 24, 45-48, 51, 52		7, 8, 9
GRI 302-1: Energy consumption within the organization	p. 49, 74		
GRI 302-4: Reduction of energy consumption	p. 47		
<b>GRI 303: Water and effluents 2018</b>			
GRI 103: Management approach 2016 (including 103-1, 103-2, 103-3)	p. 45, 46, 50		7, 8
GRI 303-1: Interactions with water as a shared resource	p. 15, 27, 50, 71		7, 8
GRI 303-2: Management of water discharge-related impacts	p. 50		7, 8
GRI 303-5: Water consumption	p. 50, 76	It is currently not possible to disclose water consumption in water stress areas. We plan to publish this data starting with the Sustainability Report 2021.	
<b>GRI 305: Emissions 2016</b>			
GRI 103: Management approach 2016 (including 103-1, 103-2, 103-3)	p. 24, 27, 43-48, 51, 52		
GRI 305-1: Direct (Scope 1) GHG emissions	p. 49, 75		
GRI 305-2: Energy indirect (Scope 2) GHG emissions	p. 49, 51, 52, 75		
GRI 305-3: Other indirect (Scope 3) GHG emissions	p. 49, 51, 52, 75	To date, we have only collected Scope 3 emissions for 2019. We plan to report our Scope 3 emissions annually starting with the 2022 Sustainability Report at the latest.	
GRI 305-5: Reduction of GHG emissions	p. 43, 47, 49		
<b>GRI 306: Waste 2020</b>			
GRI 103: Management approach 2016 (including 103-1, 103-2, 103-3)	p. 24, 45, 46, 50		7, 8
GRI 306-1: Waste generation and significant waste-related impacts	p. 50		7, 8
GRI 306-2: Management of significant waste-related impacts	p. 24, 45, 46, 50		7, 8



<b>GRI Standard</b>	<b>Page reference</b>	<b>Notes</b>	<b>UN Global Compact</b>
GRI 306-3: Waste generated	p. 50	So far, we can only provide data on dismantled equipment. We plan to set up a collection system for waste-related data and to report this at the latest as of the Sustainability Report 2022.	
<b>GRI 307: Environmental compliance 2016</b>			
GRI 103: Management approach 2016 (including 103-1, 103-2, 103-3)	p. 32		7
GRI 307-1: Non-compliance with environmental laws and regulations	p. 32		
<b>GRI 308: Supplier environmental assessment 2016</b>			
GRI 103: Management approach 2016 (including 103-1, 103-2, 103-3)	p. 23, 37, 38, 39		7, 8
GRI 308-1: New suppliers that were screened using environmental criteria	p. 38		
<b>GRI 401: Employment 2016</b>			
GRI 103: Management approach 2016 (including 103-1, 103-2, 103-3)	p. 25, 54, 55, 60		6
GRI 401-1: New employee hires and employee turnover	p. 55, 77		6
GRI 401-2: Benefits provided to full-time employees that are not provided to temporary or part-time employees	p. 60		6
GRI 401-3: Parental leave	p. 60, 79		6
<b>GRI 403: Occupational health and safety 2018</b>			
GRI 103: Management approach 2016 (including 103-1, 103-2, 103-3)	p. 61-63		
GRI 403-1: Occupational health and safety management system	p. 61		
GRI 403-2: Hazard identification, risk assessment, and incident investigation	p. 62		
GRI 403-3: Occupational health services	p. 63		
GRI 403-4: Worker participation, consultation, and communication on occupational health and safety	p. 61-63		3
GRI 403-5: Worker training on occupational health and safety	p. 61, 63		
GRI 403-6: Promotion of worker health	p. 63		



GRI Standard	Page reference	Notes	UN Global Compact
GRI 403-7: Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	p. 62		
GRI 403-9: Work-related injuries	p. 62, 79		
<b>GRI 404: Training and education 2016</b>			
GRI 103: Management approach 2016 (including 103-1, 103-2, 103-3)	p. 25, 55-57		
GRI 404-1: Average hours of training per year per employee	p. 57, 77		
GRI 404-2: Programs for upgrading employee skills and transition assistance programs	p. 55-57		6
GRI 404-3: Percentage of employees receiving regular performance and career development reviews	p. 57		
<b>GRI 405: Diversity and equal opportunity 2016</b>			
GRI 103: Management approach 2016 (including 103-1, 103-2, 103-3)	p. 24, 58-60		6
GRI 405-1: Diversity of governance bodies and employees	p. 59, 77, 78		6
<b>GRI 406: Non-discrimination 2016</b>			
GRI 103: Management approach 2016 (including 103-1, 103-2, 103-3)	p. 58		6
GRI 406-1: Incidents of discrimination and corrective actions taken	p. 58		
<b>GRI 407: Freedom of association and collective bargaining 2016</b>			
GRI 103: Management approach 2016 (including 103-1, 103-2, 103-3)	p. 37-39		1, 2, 3
GRI 407-1: Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk		The majority of our suppliers are based in Germany and the EU; the same applies to our sites. The legal requirements in Germany and the EU member states form the basis for ensuring that the right to freedom of association and collective bargaining is guaranteed and that human rights are respected.	1, 2, 3



GRI Standard	Page reference	Notes	UN Global Compact
GRI 408: Child labor 2016			
GRI 103: Management approach 2016 (including 103-1, 103-2, 103-3)	p. 37-39		1, 2, 5
GRI 408-1: Operations and suppliers at significant risk for incidents of child labor		Techem does not operate any sites in countries where there is a significant risk of child labor, or that people are forced or obliged to work. We refuse to work with suppliers for whom there is a risk of such violations.	1, 2, 5
GRI 409: Forced or compulsory labor 2016			
GRI 103: Management approach 2016 (including 103-1, 103-2, 103-3)	p. 37-39		1, 2, 4
GRI 409-1: Operations and suppliers at significant risk for incidents of forced or compulsory labor		See GRI 408-1	
GRI 412: Human rights assessment 2016			
GRI 103: Management approach 2016 (including 103-1, 103-2, 103-3)	p. 37-39		1, 2
GRI 412-1: Operations that have been subject to human rights reviews or impact assessments		See GRI 407-1	1, 2
GRI 414: Supplier social assessment 2016			
GRI 103: Management approach 2016 (including 103-1, 103-2, 103-3)	p. 37-39		1, 2
GRI 414-1: New suppliers that were screened using social criteria	p. 38		1, 2
GRI 415: Public policy 2016			
GRI 103: Management approach 2016 (including 103-1, 103-2, 103-3)	p. 35		10
GRI 415-1: Political contributions	p. 35		10
GRI 416: Customer health and safety 2016			
GRI 103: Management approach 2016 (including 103-1, 103-2, 103-3)	p. 66-68		
GRI 416-1: Assessment of the health and safety impacts of product and service categories	p. 66-68		



GRI Standard	Page reference	Notes	UN Global Compact
GRI 416-2: Incidents of non-compliance concerning the health and safety impacts of products and services	p. 67		
GRI 418: Customer privacy 2016			
GRI 103: Management approach 2016 (including 103-1, 103-2, 103-3)	p. 23, 34		
GRI 418-1: Substantiated complaints concerning breaches of customer privacy and losses of customer data	p. 34		
GRI 419: Socioeconomic compliance 2016			
GRI 103: Management approach 2016 (including 103-1, 103-2, 103-3)	p. 32, 33		
GRI 419-1: Non-compliance with laws and regulations in the social and economic area	p. 32		



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