

amplifying

O U R I M P A C T





“By training the trade, building valuable partnerships, promoting regulatory progress and empowering consumers to live more sustainably, we’re amplifying our impact for good.”

Chee Wee Gan
Senior Vice President,
Strategy and Sustainability

DOING WELL by doing good

As the world’s leading global heating & cooling, water heating and refrigeration company, Rheem® is on an ever-evolving journey to create and amplify a positive impact on our planet through our products, processes and people.

While there is only so much any organization can do on its own, by partnering for progress, together we bring about a large, lasting influence in the markets we serve and beyond.

Like Rheem itself, which started small as a shared dream between two brothers in 1925 and grew into one of the most respected businesses in the world, our sustainability efforts started in 2019 as a ripple. Now, we’re making waves around the globe.

We stay committed to leading the way with innovative products, responsible processes and inspired people—all to make a greater impact on the environment we all share.



A Letter from Chris Peel greetings

In the pages that follow, you will see how Rheem’s sustainability programs have made a major impact since they were launched only four years ago. Our people made a commitment, dedicated themselves to doing the right thing and not surprisingly, surpassed our expectations. Not only am I proud of our achievements in 2022, I’m even prouder that our teams are *amplifying our impact* so that every sustainability initiative that begins at Rheem extends beyond our doors and carries with it the promise of a better world for future generations. That amplifying effect is helping us establish Rheem as a leader in the global decarbonization movement.

In 2022, we continued to invest heavily in sustainable technology, such as heat pumps, operated greener and leaner factories by reducing emissions and waste and empowered our industry’s workforce with sustainability training. We are the only company in the industry, in fact, with a stated goal to train the trade around the world on sustainability. Last year, we achieved our 2025 goal—three years early—to train more than 250,000 plumbers, contractors and key influencers.

When we train contractors and plumbers on our sustainable innovations, we’re equipping them to recommend these products to consumers, who then spread the word to family, friends and neighbors. Other channel partners and stakeholders—including distributors,

retailers, builders and specifying engineers—are joining forces with us, as well. They have immeasurable influence, and they are using it to show people how easy it is to help protect the environment by choosing Rheem products. Our products, themselves, amplify our impact: every sustainable product we innovate is multiplied by the number of end-users who purchase it and then multiplied again by all the years it stays in service.

People are taking notice of our leadership. We were honored with numerous awards in 2022, including the ENERGY STAR Partner of the Year Award for the second year in a row and the Green Builder Eco-Leader Award for the fifth year in a row. Another recognition of our influence—albeit without a trophy—is that some of our customers and partners are now coming to Rheem for advice on their own sustainability programs.

We are building a global community of changemakers because we know it takes many hands to sow the seeds of a sustainable planet. Thanks to everyone who has joined us on this journey. You are amplifying our impact.

Chris Peel
PRESIDENT AND CEO

Fast Facts

40+
Global
Air & Water
Brands

\$6+
Billion
in 2022
Global Sales

12K
Employees
on Five
Continents

22
Manufacturing
Plants Around
the Globe

Selling to
88+
Countries

In This Report

a letter from Chris Peel.....	02	degrees of leadership: amplifying our impact through sustainability training....	15
what Rheem stands for.....	03	degrees of leadership: powering progress through partnership.....	17
our commitment to a greater degree of good.....	05	transforming good ideas into goodworks.....	19
our culture: part of a purpose.....	07	degrees of efficiency: reducing our global greenhouse gas emissions	21
promoting sustainability in global government affairs	09	degrees of efficiency: striving for zero waste to landfill	23
degrees of innovation: accelerating sustainability with innovative products	11		
degrees of innovation: introducing our newest sustainable products.....	13		

What Rheem Stands For

Rheem® has a nearly 100-year history and a bright future ahead. To ensure our path is clear from generation to generation, we developed a set of principles we use both as a guide and a measuring tool for everything we do as employees and as a company.



OUR VISION

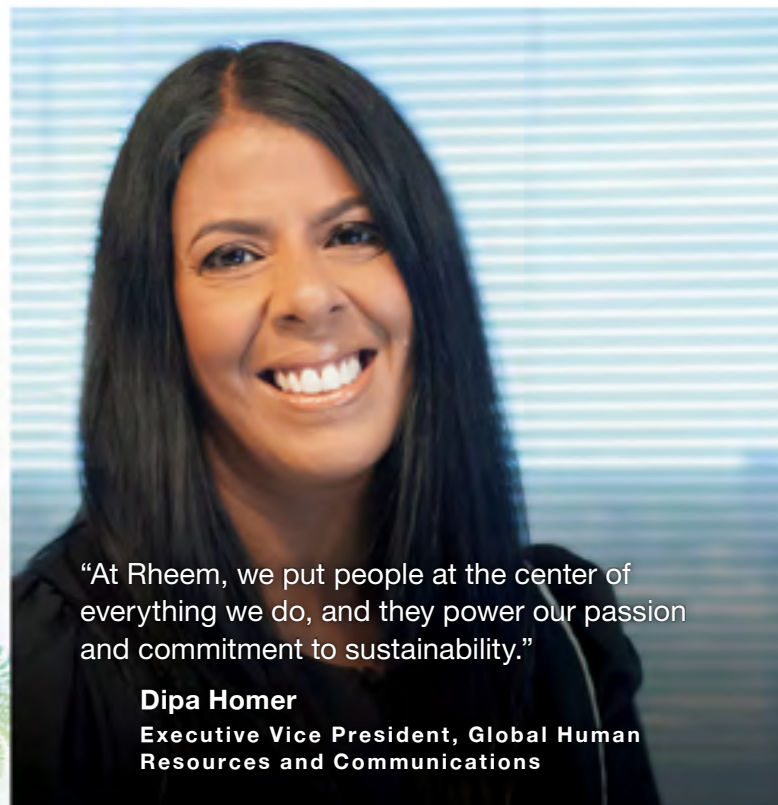
It is our vision to be a strong global organization with world-class processes, a robust infrastructure and sound cultural values. It is also our vision to guide the industry in sustainable practices and be a product innovation leader in all key markets served, producing consistently high-quality products—at the right cost, delivered on time, while providing superior value and service through recognition of the diverse needs of our customers.

OUR SUSTAINABILITY COMMITMENT TO OUR CUSTOMERS, PARTNERS & EMPLOYEES

To help homeowners and end-users unlock the benefits of sustainable products, such as saving energy and shrinking their carbon footprint, Rheem prioritizes bold and continuous innovation in our product design. We offer advanced sustainability training to our industry’s workforce because we know that empowering plumbers, contractors and key influencers to have a positive impact on the environment changes the world for the better. At the same time, we influence the direction of the industry at large through responsible leadership in government affairs. And since our employees are the key to our collective success, we hire and inspire our teams to be next-generation thinkers and responsible stewards of the environment.

OUR MISSION STATEMENT

We will **RESPECT** the opinions of others and treat people with **DIGNITY**, and act with **INTEGRITY**. We will conduct business activities with sincerity and **HONESTY** and foster an environment of **TEAMWORK, FAIRNESS** and **TRUST**, without bias and free from discrimination. We will rely on one another to do what is right.



“At Rheem, we put people at the center of everything we do, and they power our passion and commitment to sustainability.”

Dipa Homer
Executive Vice President, Global Human Resources and Communications

UNCOVERING what matters most

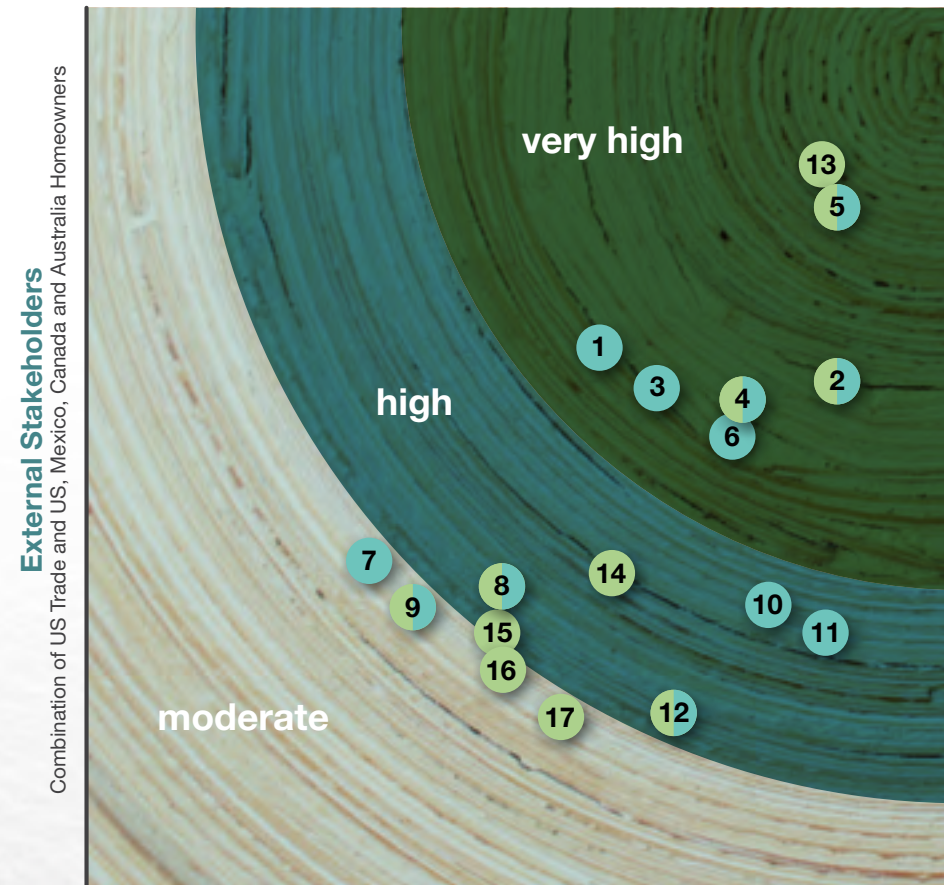
From the earliest days of our sustainability efforts, we have used materiality assessments to help us identify and focus on the topics that are most important to internal and external stakeholders around the globe. From our research, we know that offering certified energy-efficient products is considered the #1 sustainability priority for Rheem across the trade, consumers and Rheem leadership. In 2023, we will be refreshing our materiality research to help identify our next-generation goals.



“We must consistently strive to become better stewards of the Earth’s resources in a measured and thoughtful manner.”

Greg Henry
Executive Vice President and Chief Financial Officer

MATERIALITY MATRIX



1. Trains the trade on sustainable product practices
2. Utilizes sustainable manufacturing processes
3. Educates customers on the benefits of sustainable products
4. Innovates smart products
5. Innovates energy & water efficient products
6. Promotes, sponsors and provides scholarships for young contractors
7. Utilizes sustainable transportation practices
8. Uses sustainably sourced / recycled materials and components
9. Offers homeowner / contractor recycling program
10. Has recycling program at plants & offices
11. Has corporate sustainability program
12. Has corporate philanthropy program
13. Offers certified energy-efficient products
14. Offers certified sustainable products
15. Offers recyclable products
16. Offers end-to-end sustainable products
17. Utilizes environmentally friendly packaging

- Homeowners
- Plumbers & HVAC Contractors
- Applies to both categories



“Growth at Rheem is inextricably tied to sustainability, and our product innovations are driving a global decarbonization movement.”

Rich Bendure
President, Global Water

our commitment to A GREATER DEGREE OF GOOD

From the 2019 launch of our sustainability program, we have focused on making a difference. And as our program has grown and expanded globally through the years, we've amplified our impact. But one thing has remained unchanged: our steadfast commitment to delivering *A Greater Degree of Good*™.

This initiative has helped us develop a deeper understanding of Rheem's place in this world. And while our operations span the globe across borders and customs, we speak a common language—sustainability.

We built our *A Greater Degree of Good* initiative on three key pillars, each with its corresponding Rheem® 2025 goal and each strategically aligning with 2030 United Nations Sustainable Development Goals (SDGs).

Sustainability at the 2022 Pro Partner International Conference

Our industry's evolution toward sustainability isn't just important—it's critical. Heating, cooling and water heating products are among the top energy consumers in homes and businesses, and they have significant impact on the environment. At Rheem, we're taking bold action to make a difference.

In addition to engineering environmentally friendly products, we actively engage the global trade workforce around sustainability. There was no better opportunity to do so in 2022 than at Rheem's International Pro Partner Conference in Las Vegas. The event energized more than 5,000 of Rheem's top HVAC contractor customers, called Pro Partners, around our new Endeavor™ Line of high-efficiency heating & cooling products, plus our user-friendly sustainable product features and Sustainability Standout® seal. In his opening remarks, **Mike Branson, Rheem President, Global Air**, announced the release of our 2021 Sustainability Progress Report onstage at the MGM Grand Garden Arena, drawing thunderous applause. Later, hundreds of Pro Partners gathered at the sustainability booth in the Pro Partner Expo to sign a pledge to promote Sustainability Standout products to their customers.

“The theme of the event, Pro Powered, emphasizes how progress in the HVAC industry is often driven by the everyday actions of committed contractors,” said **Randy Roberts, Rheem Vice President of Sales and Marketing**. “Thanks to our network of Pro Partners, sustainability at Rheem is Pro Powered.”



Contractors signed a sustainability pledge at the 2022 Pro Partner Conference



“I am proud that sustainability at Rheem is amplified by the commitment and actions of our employees, in how they approach their work and live their lives.”

Mike Branson
President, Global Air

Our Pillars & Goals



DEGREES OF INNOVATION

Our 2025 goal: Launch a line of heating, cooling and water heating products that boast a 50% reduction in greenhouse gas footprint.



DEGREES OF EFFICIENCY

Our 2025 goal: Reduce greenhouse gas emissions by 50% and achieve Zero Waste to Landfill in our global manufacturing operations.



DEGREES OF LEADERSHIP

Our 2025 goal: Train 250,000 plumbers, contractors and key influencers on sustainable products or sustainable installation and recycling best practices.

Advancing to 2025

RHEEM'S SUSTAINABILITY TIMELINE

2017-2018

- Met with Industry Thought Leaders / Internal Stakeholders
- Initiated Materiality Research
- Formalized Sustainability Business Strategy

2019

- Launched *A Greater Degree of Good* and 2025 Commitments
- Captured GHG Baseline in North America
- Completed Waste Audits / Captured North American Diversion Rates
- Began Integrating Sustainability into the Product Development Process
- Launched Sustainability Product Training

2020

- Captured GHG Baseline / Waste Diversion Rates Globally
- Released Rheem's First Sustainability Progress Report
- Launched Decarbonization Initiative

2021

- Launched GoodWorks and Sustainability Steer Cos
- Piloted Product Sustainability Elements
- Released Second Sustainability Progress Report
- Kicked Off Lifecycle Assessment Pilot
- Held the Inaugural Global Sustainability Summit

2022

- Continued Extending Product Sustainability Elements to Global Markets
- Finalized Pilot Lifecycle Assessment
- Launched Refrigerant Task Force
- Launched Energy Management Program in North America
- Achieved Sustainability Training Goal

2023

- Complete New Global Materiality Research
- Expand Lifecycle Assessment
- Complete Six Global Waste Audits
- Launch Global Employee Sustainability Training
- Hold Second Global Sustainability Summit

2025



“

Rheem is the only company I know that has integrated sustainability into its products, processes and people. I'm proud to work for a company always aiming to provide **A Greater Degree of Good**.

Michelle Gumaru
Logistics Coordinator, Rheem MEA



“

A handful of people talking about sustainability just isn't going to cut it. We need millions of us actively involved! At Rheem, we're determined to be a **part of the solution**.

Stephen Parslow
Technical Trainer,
Rheem New Zealand



“

Rheem leadership's **prioritization of sustainability** and Rheem's clear long-term business vision were key drivers in my decision to join the company.

Jessica Steinhoff
Sustainability Manager,
Rheem Europe



“

Rheem **excels at caring** for our present world and for our future environment.

Helen Jackson
Finance Coordinator,
Rheem Canada



Our Culture: PART OF A PURPOSE

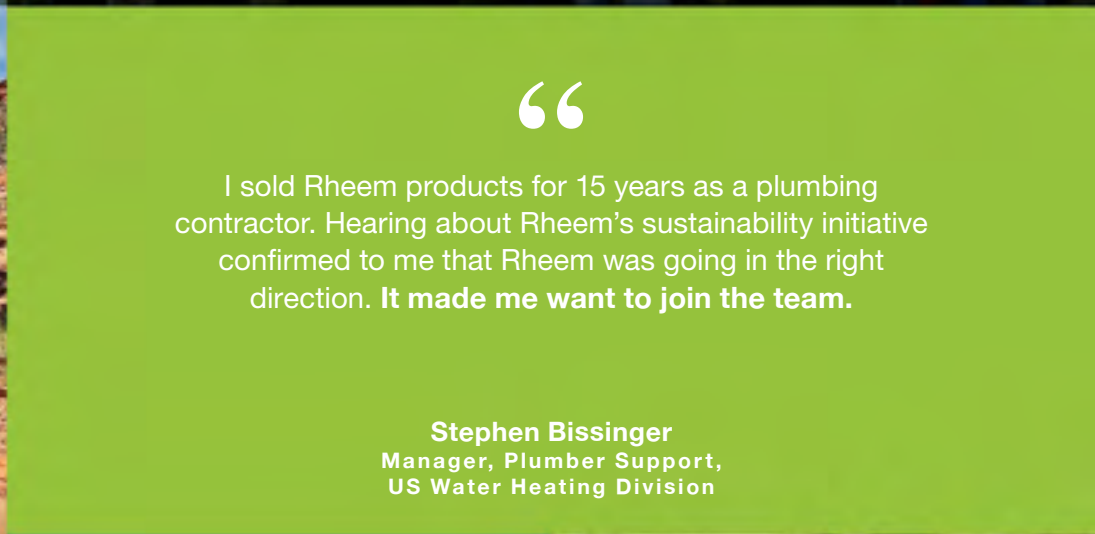
Rheem® employees around the globe value working for a company committed to making a positive impact on the planet. In fact, nearly 75% of employees who knew about our sustainability initiative when they joined Rheem in 2022 say it attracted them to be part of our team. And all our employees play a role in helping us contribute to something greater.



“

As a marketer at Rheem, **I take so much pride in my marketing efforts** knowing that not only am I helping customers, but the environment as a whole.

Lindsey Bianchi
Content Marketing Analyst,
Rheem Air Distribution



“

I sold Rheem products for 15 years as a plumbing contractor. Hearing about Rheem's sustainability initiative confirmed to me that Rheem was going in the right direction. **It made me want to join the team**.

Stephen Bissinger
Manager, Plumber Support,
US Water Heating Division



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I'm proud to say that **I work for a sustainable company**. I appreciate that Rheem not only cares for its employees but also for its communities and its impacts.

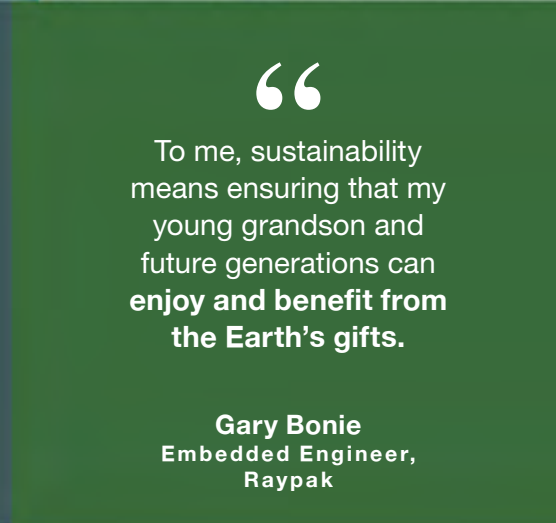
Shannel Sams
Events Marketing Specialist,
Rheem Enterprise



“

Rheem finds ways to get all employees—from top executives to assembly line workers—personally engaged in day-to-day corporate sustainability efforts. **I'm proud to work here**.

Adeline Seow
Human Resource &
Administration Manager,
Rheem Singapore



“

To me, sustainability means ensuring that my young grandson and future generations can **enjoy and benefit from the Earth's gifts**.

Gary Bonie
Embedded Engineer,
Raypak



“

Seeing that Rheem cares about the environment **motivates me to contribute** and do my part, too.

Cristian Guerrero
Raw Materials Warehouse Chief,
Rheem Chile



“

As an engineer, I find it incredibly rewarding to work for a company **fully committed to implementing sustainability** in the design and manufacturing of its products.

Emma Flores
Engineering Manager,
Friedrich



“

I'm proud to work for a company committed to developing market-leading sustainable products that will have a **positive impact** on our country and the planet.

Daemien Davis
National Training Manager, Rheem Australia



“

Rheem views sustainability as vital for both our business and our everyday lives. **Everyone has a choice, and everyone has a voice**.

Melissa Camilini
Accounts Receivable
Specialist, Eemax



“

It's clear that sustainable changes to manufacturing are needed globally. Knowing that I work for a company that **lives and breathes sustainability** is humbling and satisfying.

Hallee Ramirez
Marketing Specialist, HTPG



“

Rheem is forward-thinking and our sustainability mindset is top-to-bottom. I've greatly enjoyed starting my career at Rheem and look forward to our bright future.

Kalen Gabel
Research Engineer,
US Air Conditioning Division

promoting sustainability in GLOBAL GOVERNMENT AFFAIRS



“Where we do business, Rheem commits to supporting rules that advance product efficiency and reduce product greenhouse gas emissions.”

Scott Bates
Chief Legal Officer

Rheem® is committed to driving change in the industry to make a lasting impact on our environment, both for this generation and those to come. So, we work with governments in the US and around the world to achieve positive long-term sustainability outcomes.

Our regulatory and policy experts actively partner with associations, community organizations and advocates—all with a sustainability focus—to influence and promote:

- Widespread adoption of more environmentally friendly products
- The phasedown of high-global warming potential (GWP) refrigerants
- The acceleration of equitable decarbonization of buildings
- Energy efficiency standards and verification for heating, ventilation and air conditioning (HVAC) and water heating products

US Leadership

In 2022, as part of a broad coalition, Rheem developed recommendations for the US Department of Energy on amended energy conservation standards for consumer water heaters. If adopted, these recommendations will transition most electric storage water heaters to heat pump technology—an important step toward efficient water heating.

We’re proud to have played a role in the US ratification of the Kigali Amendment to the Montreal Protocol. As Chair of the Alliance for Responsible Atmospheric Policy, Vice President of Government Affairs for Rheem, Karen Meyers, led a discussion at the 34th Meeting of the Parties to the Montreal Protocol on low-global warming potential refrigerants. This meeting was the first opportunity for nations to gather since the US ratification of the Kigali Amendment and provided Rheem a platform to highlight the benefits of a regulatory framework where low-GWP refrigerants are prioritized.

US climate policy advanced further with the passage of the Inflation Reduction Act (IRA), which includes consumer incentives to lower the upfront costs of high-efficiency equipment, such as heat pumps. Rheem created a regulatory guide to educate consumers, contractors and distributors on the new credits and rebates.

Also in 2022, Rheem developed a dynamic energy and emissions modeling tool to support states’ implementation of strategies that reduce emissions from residential buildings. The tool guides effective policy for high-efficiency electrification rebate programs, spurring market adoption of heat pump technologies.



“Rheem collaborates with policymakers in Europe to make realistic solutions for sustainable heating available to all homeowners.”

Arno La Haye
Managing Director,
Rheem Europe

Global Leadership

We harness our experience to advocate globally for strengthened product and system energy efficiency, refrigerant transition and decarbonization. In Australia, ambitious climate goals paired with renewable energy generation potential create unique opportunities to implement effective demand response (DR) policies. Rheem designed a patented protocol in 2022 enabling the Australian government’s adoption of DR standards for certain water heating equipment.

Evolving Regulatory Opportunities and Rheem’s Investment in Europe

Driven by the urgent need to tackle climate change, the European Union (EU) has set ambitious targets to achieve net-zero emissions by 2050 and is implementing various policies and regulations to support this goal. The Russian invasion of Ukraine in 2022 highlighted the need to accelerate the transition to renewable energy and reduce dependence on fossil fuels to improve energy security and meet climate targets. The ambitious REPower EU plan was swiftly put forward to achieve these objectives. In addition, the Corporate Sustainability Reporting Directive (CSRD) was adopted by the EU at the end of 2022, requiring companies to report on a wider range of ESG issues and bringing non-financial reporting to the same footing as financial reporting.

The heating sector is a relevant player in the decarbonization context in Europe, as it accounts for a significant portion of greenhouse gas emissions. In Europe, Rheem is playing an important role in empowering policymakers with fact-based field test results to advance effective decarbonization policy. We are also investing in sustainable business models. In 2022, we acquired **DEJONG**, a Dutch carbon-neutral company that specializes in manufacturing stainless steel tanks for heat pump systems. Also, the launch of the XTEND by Rheem company **Intergas** is the latest example of how sustainability is integral to our innovation. This product is the first hybrid heat pump developed entirely in-house and works together with a high-efficiency combi-boiler. The XTEND provides comfort to homes, delivering heating and hot tap water with reduced carbon emissions and much less environmental impact.

Finally, as a company committed to driving long-term positive impact, we hired a European Sustainability Manager to promote an integrated, strategic approach to sustainability across our businesses and lead our decarbonization efforts in Europe.



REPower EU Heat Pump Installation Goals



heat pumps installed in the EU **as of end of 2021**

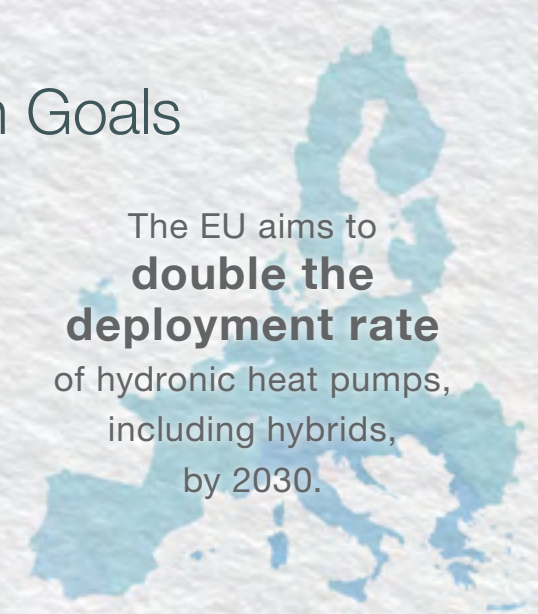


new HP in buildings **by 2026** (27 million total)



new HP in buildings **by 2030** (47 million total)

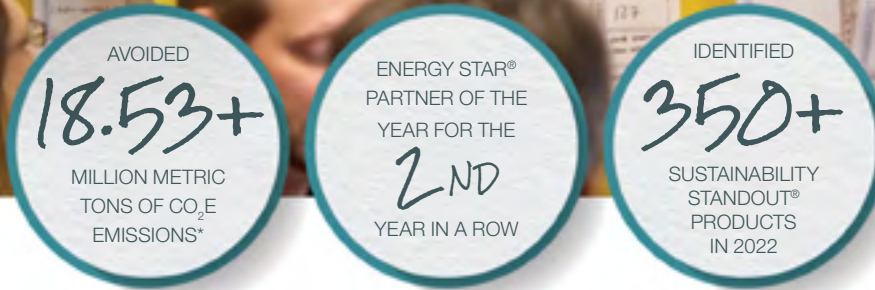
The EU aims to **double the deployment rate** of hydronic heat pumps, including hybrids, **by 2030.**



SOURCE: Joint Resource Centre of the European Commission

Accelerating Sustainability with Innovative Products

DEGREES OF INNOVATION
innovative products



Since Rheem® products provide comfort to homes and businesses around the world and around the clock, each sustainability advancement we make helps protect the planet and move our industry forward. Every day, we set out with purpose to create products that are high-quality, long-lasting and good for both our customers and the environment.

2022 ACCOMPLISHMENTS

Innovation accelerated across Rheem in 2022 as we developed and launched new sustainable heating, cooling and water heating products.

At the start of the product development process, we host **Sustainability Strategy Sessions** with cross-functional teams to ensure we're building sustainability into the core of our new products. We held these sessions globally in 2022 and trained employees on this unique approach to design. Rheem's **Sustainability Standout® seal**, our signature designation highlighting products that meet a stringent set of our company's internally defined sustainability standards, rolled out to more markets. We helped our global teams determine rigorous criteria for products earning the seal and integrate the seal into marketing and training materials to help consumers find our best-of-the-best products for sustainability.

Heat pumps are an environmentally friendly technology with outstanding growth potential, and Rheem continued to make meaningful investments in this space. In 2022, Rheem was the first to market in the US with groundbreaking 120-volt plug-in heat pump water heaters that make switching from gas to heat pump technology easier than ever. Meanwhile, Rheem's US Air Conditioning Division joined the Department of Energy's Cold Climate Heat Pump Challenge and advanced progress on a high-performing residential heat pump suited to cold temperatures. In the Netherlands, Intergas provided hybrid hydrogen heat pumps to retrofit a residential community testing new carbon-neutral technologies.



"Designing sustainable features into our products is core to our processes. Whether it's material selection, product efficiency or end-of-life treatment, it all matters!"

Chris Day
Vice President, Product Management and Channel Marketing, Global Water

Also in 2022, we developed a roadmap to reduce carbon emissions across our global product lines. Decarbonization took the spotlight at our Global Product Management Summit and was featured in our Plumber Excellence Panel. In addition, we kicked off design thinking research to promote greater adoption of sustainable decarbonization products across the US.

2023 FOCUS

In 2023, we will continue to help meet the rising demand for eco-friendly products and make our most sustainable products easier for consumers and contractors to find and select. We will launch new market-leading air and water products that earn our Sustainability Standout seal and upgrade many of our existing products with new sustainable features.

SUSTAINABILITY INNOVATION AWARDS



2022 Vision Awards
Rheem Commercial Heat Pump Split System & Rheem Triton®

2022 Sustainable Products of the Year Award
Rheem *Prestige*® Series Variable Speed Heat Pump

2022 Good Design Award
Renaissance™ Packaged Commercial Units (15–25 tons)

2022 LEED Homes Award
Friedrich® VRP® West End Heights Project

2022 Best Tested in the Consumentenbond
Intergas® Xtreme Boiler

2022 Manufacturer/Supplier of the Year – GCC Region
VRF Systems and Water Heaters



"Innovation is at the heart of our sustainability mandate as we develop new products and advanced technologies to reduce carbon emissions."

Tim Shellenberger
Vice President, Product Engineering

Did You Know? DEJONG's Stainless Steel Tanks Are a Sustainable Alternative

Rheem's Netherlands-based business DEJONG has been a leading producer of stainless steel hot water tanks in Europe for 45 years. A recent comparative life cycle analysis (LCA)¹ found that the overall carbon footprint of the prevailing alternative—an enameled steel tank with polyurethane insulation and a galvanized steel jacket—was 1,027 pounds of carbon dioxide equivalent (CO₂e), whereas DEJONG's unique stainless steel tank design was less than half—just 445 pounds of CO₂e!

¹The comparative study considered label B tanks with 168L capacity in a Western European market.

Partnering for Sustainable Packaging

Global teams at Rheem are innovating packaging that protects our products as well as the environment.

Until recently, blocks of hard-to-recycle expanded polystyrene foam (EPS) were used in packaging every gas tankless water heater manufactured by Rheem in Chile. Collaborating with our partner **Smurfit Kappa**, we set out to develop packaging that would be equally durable, but eco-friendly and up to 20% smaller. Today, most water heaters manufactured by Rheem Chile are packaged in Forest Stewardship Council (FSC)-certified, recycled cardboard boxes that protect the product without the need for foam. Pieces of the box fold in to perfectly cushion the heater, guarding it against damage.

The 100% recyclable design is already making a difference, so far avoiding over 100 metric tons of CO₂ equivalent emissions¹ and preventing more than 60 tons of EPS from entering landfills. The smaller box also saves room in trucks, helping plumbers serve more customers in a day. In 2022, the design extended to Rheem water heating products sold across Latin America, earning a Rheem 2022 Innovation Award.

Insights from the collaboration with Rheem will help other Smurfit Kappa clients, amplifying our impact. Said **Franklin Aguilera, Rheem R&D Engineer**, "It feels good to be driving such important progress for the environment."

¹Determined using The Carbon Reduction Institute's Analysis of the Impact of Greenhouse Gases in the Life Cycle of Packaging and Other Plastic Products in Chile (v1.0 Report) and the Corrugated Packaging Alliance's carbon footprint calculator.

RHEEM'S NEWEST Sustainable Products

Across our global businesses, Rheem® launched new air and water products in 2022 that surpassed expectations and boldly raised the standard for sustainability in HVAC and water heating.



DEGREES OF INNOVATION
innovative products



Rheem Endeavor™ Line
Gas Furnaces | Split Air Conditioners | Split Heat Pumps

USA



Rheem Resolute™ Commercial
System (15-Ton Heat Pump)

USA



Rheem Renaissance™ Commercial
Packaged System (15-25 Ton)

USA



Solar PV System with SolarEdge Energy
Bank Battery and Goodwe Battery

Australia

China



Odin Max Series
Residential Heat Pump

Netherlands



Intergas Xtend®
Hybrid Heat Pump

USA



RHPC-19/45PIM Series
Commercial Heat Pump

China

USA



Rheem ProTerra® Plug-In
Heat Pump Water Heater

USA



Raypak XVers™ Powered by KÖR
Condensing Fire-Tube Boiler

USA



Rheem IKONIC™ Condensing
Tankless Water Heater

USA



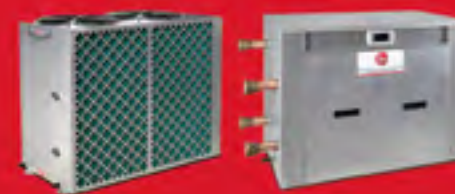
Rheem Smart Electric Water Heater
with Demand Response

USA



Rheem Maximus® Super High Efficiency
Condensing Gas Water Heater

MEA



Rheem Commercial Air to Water
and Water to Water Heat Pumps

MEA



Rheem Renaissance
Xcede Packaged Unit

Amplifying Our Impact Through Sustainability Training

DEGREES OF LEADERSHIP
inspired people



Advancing the adoption of sustainable heating, cooling and water heating products and practices is critical for protecting the environment, and our partners in the trade play a pivotal role. We empower plumbers, contractors and key influencers around the globe with training on the sustainable products we sell and on practices that make a difference for the planet. Our training elevates sustainability in HVAC, water heating and refrigeration and helps prepare our industry's workforce for the future.

2022 ACCOMPLISHMENTS

In 2022, we kicked into high gear, bringing sustainability training to over 160,000 people—more than the prior three years combined. **We also achieved, years ahead of schedule, our goal to train 250,000 plumbers, contractors and key influencers** on sustainable products or sustainable installation and recycling best practices by 2025. We are proud to have trained more than 300,000 people in our industry on sustainability since 2019.

To ensure that the quality of our training keeps pace with this progress, in 2022 we launched a global initiative to enhance our sustainability training programs. Ninety percent of our teams reported that the content and results of their training improved. Our training is now more effective than ever in equipping global audiences to succeed with sustainability.

Also in 2022, Rheem® teams pursued opportunities to bring sustainability training to more audiences. In Mexico, we partnered with one of the largest public universities to train over 2,000 students on sustainable HVAC products and increased gender diversity in the trade with specific training programs focused on helping women plumbers advance their careers.



“We’re educating customers on our sustainable products and building technicians’ expertise in NATE certification skills and best practices for installation and maintenance.”

Brian Hempenstall
Managing Director,
Rheem Middle East and Africa

2023 FOCUS

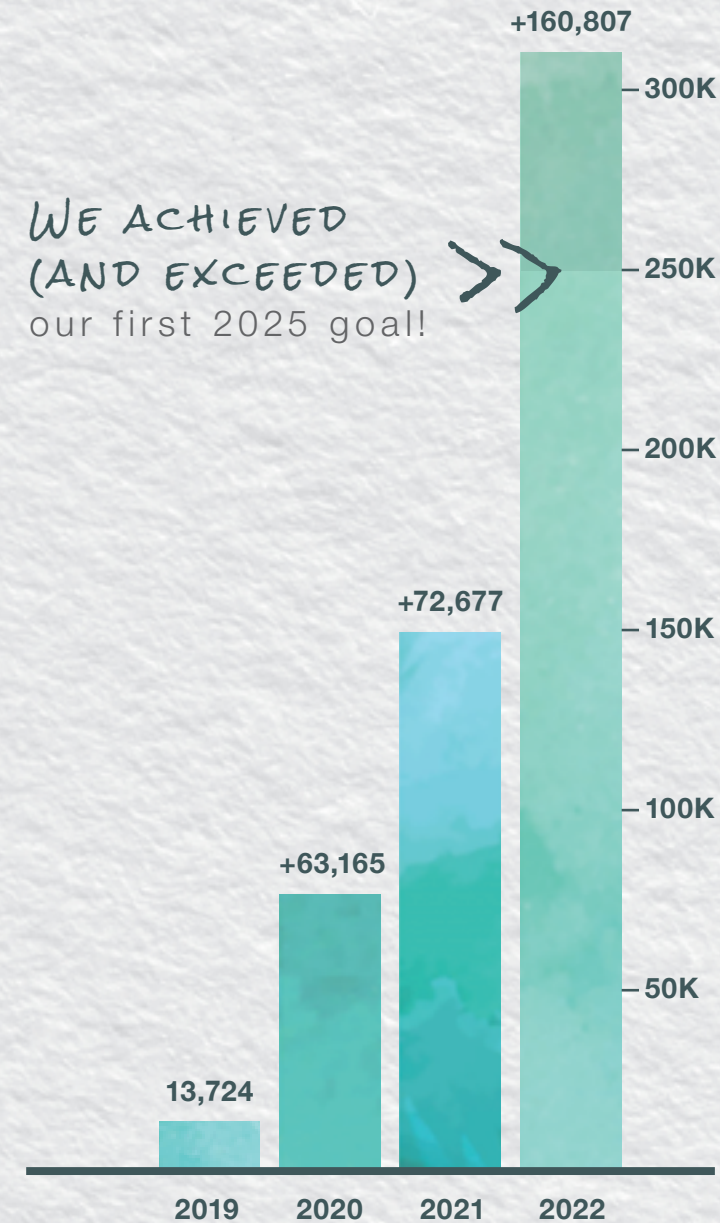
In 2023, we will build on our accomplishments, leveraging our global influence for the greater good. We will set ambitious training targets to reach more trade partners and influencers and will develop and launch comprehensive sustainability training for Rheem employees worldwide. We also plan to integrate sustainability into our Contractor App and provide additional training tools, making sustainable products and practices more accessible than ever.



“As we mark our training milestone and Rheem company Solahart celebrates 70 years in business, we recognize our legacy of leadership in sustainability and decarbonization.”

Chris Taylor
Managing Director,
Rheem Australia and New Zealand

OUR SUSTAINABILITY TRAINING PROGRESS



POWERING PROGRESS through partnership

The sustainability progress we've made would not be possible without our partnerships. They play a paramount role in helping Rheem® achieve our goals, and because our partners' sustainability visions align with ours, we're able to work together and amplify our positive environmental impact.



DEGREES OF LEADERSHIP partner spotlights

“With Intergas, I can bring the best decarbonization solutions to the market at a very competitive price and a good quality.”

Wim Hemmes
Director,
Hemmes Installatietechnik BV

“Rheem’s commitment to the trade, including on sustainability training, sets it apart. The Rheem team treats my company as if we were their number-one customer. The support is second to none.”

Mike Ford
Residential Plumbing Manager,
Albuquerque Plumbing, Heating & Cooling

“

We're proud to partner with Rheem, a company that shares our sustainability mission to minimize our operational footprint and help customers be more sustainable through the use of our products.

Phil Grant
Vice President, Direct
Channels, Watts Water
Technologies

“Rheem’s responsive customer service and full suite of decarbonization products makes it easy to specify sustainable products for building projects.”

Gabriela Toma
Vice President,
Glumac

“

By using Rheem products, we can offer our customers energy-efficient solutions that not only benefit their homes, but also contribute to a more sustainable future for all.

Jason Presti
HVAC Technician,
Akrym Sheet Metal

Building a Sustainable Future, Together

Just as plumbers and contractors have a critical role to play in driving the widespread adoption of sustainable water heating and HVAC products, so too do builders. **KB Home**, the #1 customer-ranked and #1 energy-efficient national homebuilder, installs Rheem® high-efficiency water heaters in its homes across the US. In 2022, the Department of Energy (DOE) selected KB Home to implement a special sustainable building project in Southern California: a community made up of more than 200 all-electric, DOE Zero Energy Ready-certified homes. When KB Home considered partners to deliver water heaters and smart thermostat control systems for this trailblazing project, the natural choice was Rheem.

The development represents California’s first residential microgrid and the state’s largest net zero single-family community. Rheem’s ProTerra® Hybrid Heat Pump Water Heater and EcoNet® Smart Thermostat control system will support superior homeowner comfort and work in parallel with utility demand response programs to maximize efficiency and grid reliability. This pilot project for decarbonization and grid connectivity, powered by Rheem’s sustainable products, is serving as a test bed for the homes and communities of the future.

Rheem participated in KB Home’s Supply Chain Sustainability Summit and in October, KB Home presented Rheem with its Innovation & Sustainability Leadership Award. “KB Home prides itself on building better homes that protect the environment we all share, and Rheem helps us achieve our sustainability goals,” said **Jacob Atalla, KB Home’s Vice President of Sustainability**.

Said **Alan Cape, Rheem National Sales Manager**, “We’re proud to work with innovative builder partners like KB Home to amplify our impact for the greater good.”



“At Rheem, we aim to meet the needs of our stakeholders while achieving core sustainability goals and providing long-term value.”

Barbara O'Reilly
Vice President and General Manager,
Rheem Canada



“Running our business in an environmentally friendly way is just good practice, and has proven to be a key factor in recruiting a strong team.”

Tom Wujcik
Vice President, Sales,
US Water Heating Division



Turning Good Ideas Into



All 12,000 Rheem® employees can contribute to sustainability through our GoodWorks program. By serving as a GoodWorks Explorer or Ambassador, global employees come together to make a meaningful difference in our offices, plants and communities. Their passion and projects are changing our company and the world.

“

The GoodWorks Explorers program has allowed everyone to realize that on sustainability,

every person

is the right person to act and every moment is the right moment to start.

Donald Thomas
GoodWorks Explorers Lead,
Friedrich Corporate

RHEEM MEXICO

educated local schoolchildren on recycling for World Environment Day.

“

Our GoodWorks Explorers are promoting our sustainable products and the

positive impact

they have on our daily life.

Rebecca Foo
GoodWorks Explorers Lead & Steering Committee Lead,
Rheem China

“

Our team is committed to

preserving

the environment. Reducing paper in our owner’s manuals and eliminating foam from our packaging are two ways we’ve made a difference.

Marcelo Vangelino
GoodWorks Steering Committee Lead,
Rheem LATAM

IBC®

launched a

“Punt the Printer”

campaign encouraging employees to go paperless.

“

We strive to raise sustainability

awareness

among employees, and to reduce our waste and energy usage by involving every employee in our sustainability progress.

Natalie Mok
GoodWorks Explorers Lead & Ambassador,
Rheem Australia

RHEEM MEA

planted

mangroves to prevent erosion along the United Arab Emirates coastline.

“

Sustainability has a footprint in all aspects of our business.

GoodWorks provides the

employee engagement

to help develop our next best steps.

Dan Partin
GoodWorks Steering Committee Lead,
US Air Conditioning Division

“

Knowledge is power, and Rheem’s commitment

to sustainability education will have a significant impact on our factories and communities for generations to come.

Melissa Westmoreland
GoodWorks Explorers Lead & Ambassador,
HTPG

RHEEM CHILE

provided finished compost to employees to

grow new plants.

“

RHEEM PARTS DIVISION

presented a sustainability

lesson to 100 elementary schoolchildren.

RHEEM CANADA

launched

digital business cards

to make networking more sustainable.

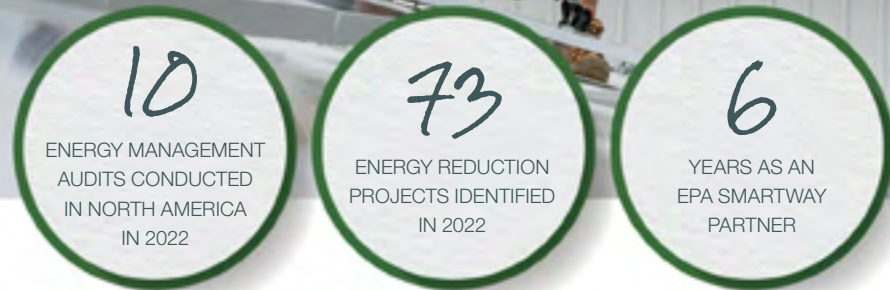
FRIEDRICH®

hosted a contest for kids to craft toys made of

recycled materials.

Reducing Our Global Greenhouse Gas Emissions

DEGREES OF EFFICIENCY
responsible processes



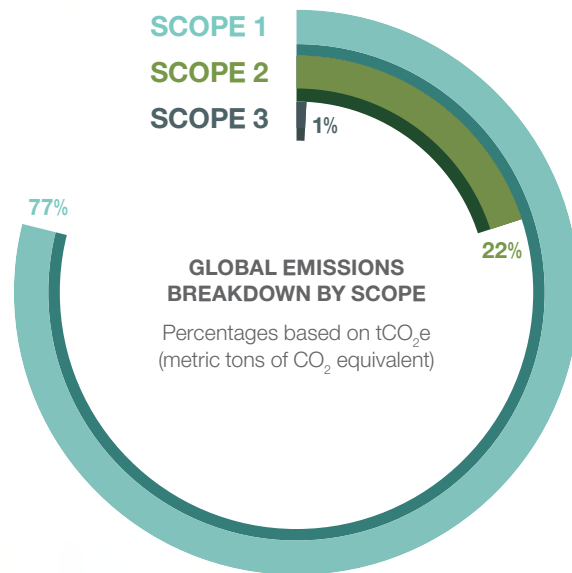
Since we set our goal in 2019 to reduce greenhouse gas (GHG) emissions across Rheem® manufacturing operations by 50% by 2025, we have taken bold action to address our impacts. Our goal, which aims to reduce emissions by half compared to our 2018 baseline, encompasses greenhouse gas emissions across Scopes 1, 2, and 3:



“I’m proud of our 2022 greenhouse gas reductions. We’re embracing our opportunity and responsibility to harness our teams’ innovative ideas and do more.”

Kevin Ruppelt
Senior Vice President and General Manager, US Air Conditioning Division

- SCOPE 1**
Direct emissions from owned or controlled sources
- SCOPE 2**
Indirect emissions from the generation of purchased energy
- SCOPE 3**
Select indirect emissions (waste and water) that occur in the value chain



2022 ACCOMPLISHMENTS

In 2022, we kicked off our Energy Management Program (EMP) across our North American sites. The EMP is a comprehensive demand- and supply-side program that helps our manufacturing sites identify energy savings projects, gauging the projects’ potential positive impact on the environment and our 50% GHG reduction goal. By the end of 2022, all our North American manufacturing facilities completed their level 1 energy audits, and we initiated a search for clean energy sources for all those plants.

As part of the EMP, our teams developed air leak detection tests and tools for reducing leakages around piping in the manufacturing areas. By implementing a leak detection and repair program at Raypak®, we successfully reduced 226,695 pounds of CO₂. Across our sites, we made efficiency upgrades in compressors and air handlers, switched from fluorescent to LED lighting and improved the curing and drying process.

Meanwhile, our Refrigerant Task Force comprised of designated global subject matter experts tackled refrigerant emissions tracking and reductions. The task force established process mapping for refrigerant loss management at our largest sites and formulated a plan to extend to smaller sites.

To help us further understand our environmental footprint, we completed a Life Cycle Assessment (LCA) at our HVAC manufacturing plant in Fort Smith, Arkansas, and prepared to launch our next assessment. We continued investing in renewable energy infrastructure globally, installing solar panels at Rheem’s plants in Mexicali, Mexico—offsetting nearly 800,000 pounds of CO₂ equivalent emissions in 2022—as well as in Australia and New Zealand.



“We are committed to operational excellence, with a special focus on relentlessly pursuing greenhouse gas reduction and Zero Waste to Landfill for a sustainable tomorrow.”

Luis Chacon
Vice President and General Manager, Mexico Operations



2023 FOCUS

In 2023, we will implement identified GHG reduction projects from our EMP, such as increasing onsite solar panel installations and upgrading equipment. On the refrigerant side, we will kick off projects identified by our Refrigerant Task Force, including automating our tracking process and performing regular leak detection tests.

Recycling Water and Heat to Reduce Our Footprint at IBC

The process of manufacturing residential and commercial boilers generates a lot of heat. Before any boiler at Rheem’s IBC® plant in British Columbia, Canada, finishes production, its performance in bringing large quantities of water up to a high temperature is tested. Without a recovery mechanism, all this heat is rejected to the outdoor air—an unfortunate waste of warmth in a cold climate. Employees across IBC’s production, operations and R&D teams realized there was a better way. Why not bring the hot air going out of the plant back in?

The teams developed a creative in-house solution. First, they diverted the hot water to air handling units to cool and cycle it

back into production for continued use in testing. Next, they engineered the air handler system to push the concentrated hot air that results from testing back into the building to warm the plant during cold weather. This innovative project conserves water and reduces emissions from avoided gas consumption, saving money and creating a more comfortable environment.

Said **Anderson Teoh, IBC Production Manager**, “IBC is taking steps to improve the sustainability of hydronic heating, from our manufacturing to our products. We’re committed to delivering a better, more sustainable future.”

Striving for Zero Waste to Landfill

DEGREES OF EFFICIENCY
responsible processes



More than a goal, Zero Waste to Landfill (ZWTL) is our pledge to engage in the responsible use of resources, ensuring that we are being thorough and thoughtful while making the most of everything we have. ZWTL is a continuous cycle of redesigning, reducing, reusing and recycling each material that would otherwise be trash, until we are sure that our manufacturing processes are producing almost nothing except our products. To achieve or potentially exceed our goal, it's critical that we continue to engage everyone in our business—from plant workers to top leadership to our suppliers and partners—to play an active role in our sustainability vision.

2022 ACCOMPLISHMENTS

As part of our Zero Waste to Landfill initiative, in 2022 we visited our Raypak®, Friedrich® and Chile plants and completed interactive waste audits. We also conducted a virtual waste audit at our China site, where we remotely toured the facility with plant managers and identified sustainability opportunities, followed by a thorough review of emissions, recycling and diversion data. When visiting in person, we prioritized employee engagement and continued to build and promote behavior change centered on the idea of creating a culture of zero waste.

Across the globe, all Rheem® sites demonstrated their commitment to sustainable materials management and discovered new ways to divert waste from landfills. Many of our global teams began working with suppliers directly to find ways to reduce unnecessary incoming waste, while other teams implemented additional waste reduction measures, like sanitizing and reusing personal protective equipment. Rheem Chile began working with suppliers to reduce packaging on incoming raw materials and in 2022, they reduced more than 1,000 pounds of non-recyclable or difficult-to-recycle packaging. Our China facility launched “Kick the Can,” an initiative to remove desk trash bins to further encourage employees to sort waste mindfully and think of the landfill as the last resort.



“Innovation and sustainability are part of Rheem’s DNA, driving us to achieve ambitious goals like Zero Waste to Landfill.”

Steve Li
General Manager,
Rheem North and
Southeast Asia

2023 FOCUS

In addition to performing in-person waste audits, consultations and employee engagement activities at our Australia, New Zealand and Vietnam factories, we aim to minimize recycling contamination and validate the processes of our waste vendors in 2023. And across the globe, we will continue implementation and expansion of our GoZero! program to activate, achieve and maintain Zero Waste to Landfill status.

EXPLORE ZERO WASTE AT RHEEM CHILE



“Friedrich Monterrey team members have achieved tremendous results. In 2022 they improved their local environment, impacted their community and inspired the entire business.”

Chuck Campbell
Vice President and
General Manager, Friedrich



Launching a Zero Waste Revolution at Friedrich

When Friedrich Air Conditioning joined the Rheem family in 2021, they embraced Rheem’s ambitious sustainability goals. Friedrich’s plant in Monterrey, Mexico, where the company manufactures residential and commercial room air conditioning products, began its Zero Waste to Landfill journey with a landfill diversion rate of 63%. In 2022, employees switched to reusable plates and cutlery in the cafeteria, started diverting food scraps to a local pig farm and identified a specialized recycler for nine tons of foam. They also brought the spirit of Zero Waste to Landfill into the community, filming videos with their families about how to help the environment and engaging kids in a recycled toy competition that yielded over 20 entries. By the end of 2022, Friedrich’s manufacturing plant diversion rate increased to 88%.

SEE THE FRIEDRICH TEAM IN ACTION



“We’ve made sustainability a new culture and way of life at Friedrich. Our employees are leading the change,” said **Alfredo Zuniga**, Friedrich’s Vice President of Manufacturing.

OUR GLOBAL FAMILY OF BRANDS



Visit [Rheem.com/Sustainability](https://www.Rheem.com/Sustainability) to learn more about how Rheem’s commitment to sustainability benefits the environment, customers and home & business owners.



We are committed to delivering *A Greater Degree of Good*™ across the globe—through our intelligent products, responsible processes and inspired people.