

EnBW policy statement

A woman with dark hair, wearing a white hard hat with the EnBW logo and a high-visibility yellow safety jacket with reflective green stripes, stands in front of an industrial facility. She is leaning on a yellow railing. The background shows a large industrial structure with many windows and pipes under a clear sky.

EnBW policy statement pursuant to the Act on Corporate Due Diligence Obligations in Supply Chains (LkSG)

Contents

I.	The EnBW Board of Management's commitment to respecting human rights and environmental standards	3
II.	The scope of the policy statement	4
III.	Exercising environmental and human rights due diligence	5
	1. Responsibility for exercising due diligence	5
	2. The approach to risk analysis	6
	3. An overview of the company's own business activities	8
	4. Risks and measures in the company's own business area	9
	5. An overview of value added in EnBW's supply chains	12
	6. Risks and measures in the supply chain	14
	7. Grievance process	21
	8. Tracking effectiveness	21
IV.	Documentation and reporting	22
V.	About this policy statement	23



I. The EnBW Board of Management's commitment to respecting human rights and environmental standards

As a sustainable and innovative infrastructure partner, long-term business success and socially and environmentally responsible activities go hand in hand at EnBW. Exercising our **environmental and human rights due diligence** is one of EnBW's **core values** and is firmly enshrined in our corporate strategy. We have been a member of the United Nations (UN) Global Compact since 2010 and are committed to **respecting human rights and internationally recognized labor and environmental standards** in accordance with the UN Guiding Principles on Business and Human Rights and the OECD Guidelines on Multinational Enterprises. We are actively involved in federal government initiatives, such as the Energy Sector Dialog, which, as part of the National Action Plan for Business and Human Rights (NAP), aim to improve the human rights situation along the supply and value chains in Germany and throughout the world.

With the EnBW Code of Conduct, the EnBW Supplier Code of Conduct and the EnBW Declaration of Human Rights, we have set out our principles in relation to human rights and the environment and defined what we expect of our employees, suppliers and business partners with regard to our own business activities and value creation within the supply chains.

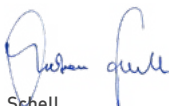
In doing so, we have closely adhered to the following frameworks:

- [The Universal Declaration of Human Rights](#)
- [The International Covenant on Civil and Political Rights](#)
- [The International Covenant on Economic, Social and Cultural Rights](#)
- [The core labor standards of the International Labor Organization \(ILO\)](#)
- [The UN Guiding Principles on Business and Human Rights](#)
- [The OECD Guidelines on Multinational Enterprises](#)

Building on the values and principles that we have set out in the EnBW Code of Conduct and the EnBW Declaration of Human Rights, this policy statement describes how we meet our due diligence obligations pursuant to the Act on Corporate Due Diligence Obligations in Supply Chains (Lieferkettensorgfaltspflichtengesetz, or LkSG) and specifies the **prioritized risks** we have identified. **Measures aimed at meeting our environmental and human rights due diligence obligations** in our own business area are regulated in various policies, including the internal Group guidelines. The EnBW Supplier Code of Conduct and the EnBW rules of conduct governing the responsible procurement of raw materials set out what we expect of our business partners and suppliers.

Karlsruhe, 18 July 2023

EnBW Energie Baden-Württemberg AG



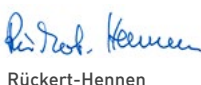
Schell



Güsewell



Kusterer



Rückert-Hennen



Dr. Stamatelopoulos

Find out more about EnBW's **Code of Conduct** on our website.

[Online ↗](#)

Further information on the **Declaration of Human Rights** can be found here.

[Online ↗](#)

Find out more about EnBW's **Supplier Code of Conduct** on our website.

[Online ↗](#)

Find out more about the **rules of conduct on the procurement of raw materials** here.

[Online ↗](#)

II. The scope of the policy statement

This policy statement is binding on EnBW Energie Baden-Württemberg AG in its own business area as well as on all Group companies over which EnBW Energie Baden-Württemberg AG exercises a **decisive influence** (hereinafter: EnBW). The binding **implementation of the EnBW Group guidelines** determines what constitutes a decisive influence. Majority shareholdings and companies with stakes in joint ventures over which EnBW Energie Baden-Württemberg AG has no decisive influence are asked to apply the substance of the principles contained herein while maintaining a sense of appropriateness.



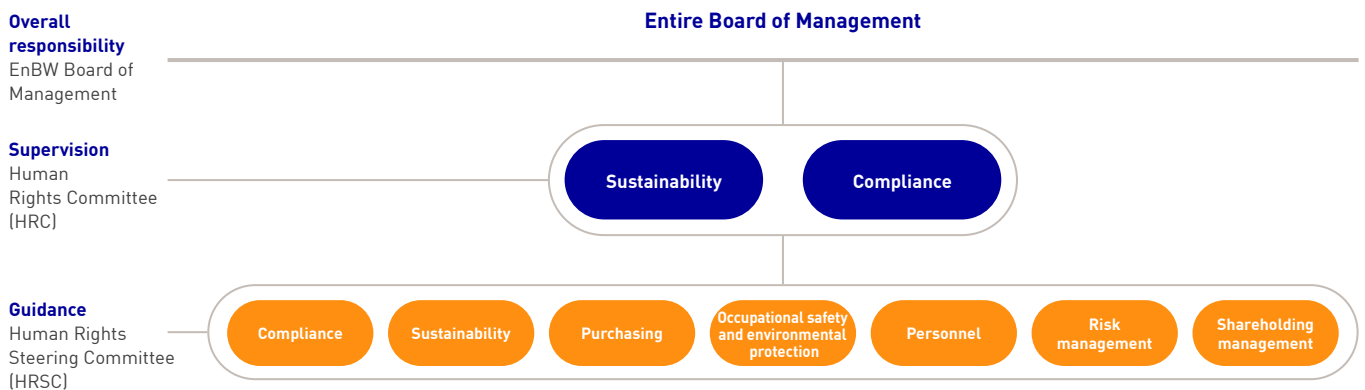
III. Exercising environmental and human rights due diligence

As an energy company and infrastructure provider, both our own business activities and those of our business partners and suppliers have an impact on the lives of people and the environment in different countries. EnBW is mindful of human and labor rights as well as environmental standards in its own business area and respects the associated rights of its employees and anyone directly or indirectly affected by its business activities. Furthermore, we are committed to ensuring that our business partners and suppliers also respect human and labor rights as well as environmental standards.

Our commitment to **respecting human rights and internationally recognized labor and environmental standards** is a **central aspect of our internal governance**. At EnBW, we regard the exercising of our environmental and human rights due diligence as a constantly evolving process. Intensive dialog with internal and external stakeholders forms the basis of all measures.

1. Responsibility for exercising due diligence

The entire **Board of Management** bears **overall responsibility** for risk management in relation to human rights and the environment (hereinafter: LkSG risk management). The Board of Management's rules of procedure specify how the responsibilities are divided up. The main tasks of the entire Board of Management include **devising** the **LkSG risk management measures** and **monitoring** them. In addition, it determines who sits on the EnBW supervisory body (Human Rights Committee).



The **Human Rights Committee**, which is made up of heads of sustainability and compliance, serves as the **supervisory body** for EnBW's risk management activities in relation to human rights and the environment. The main tasks of the Human Rights Committee include **supporting** the entire Board of Management **in monitoring risk management** and informing the Board of Management about these monitoring activities **on a regular basis and as occasion demands** and keeping it updated on the progress made in implementing measures aimed at exercising corporate due diligence, including any identified risks. The supervisory body is also responsible for **documenting and tracking the effectiveness** of due diligence measures and **reporting** on them.

To ensure targeted and effective analyses and measures, a **Human Rights Steering Committee** has also been established, which is made up of those responsible for compliance, sustainability, purchasing, occupational health and safety, human resources, risk management and investment management. The main tasks of the committee include **assuming responsibility for defining and complying with standard Group-wide requirements** in relation to LkSG risk management and overseeing the **strategic management** of the **core elements** of any due diligence obligations as well as delegating tasks to the functional and business units at operative level and/or Group companies within EnBW's own business area. These core elements include:

- Risk analysis on an annual basis and as occasion demands within the company's own business area and along the supply chain
- Prevention and remedial measures
- Grievance process
- Documentation and reporting

Insofar as processes and measures aimed at implementing the above core elements are not handled centrally, the **management team** at the Group companies over which EnBW exercises a decisive influence shall be responsible for implementing the core elements of corporate due diligence within their respective companies. The Human Rights Steering Committee ensures there is a Group-wide understanding and level of ambition by defining implementation requirements and putting in place adequate monitoring measures.

2. The approach to risk analysis

Risk analysis is a key element of corporate due diligence for identifying risks and establishing appropriate and effective preventive measures in line with their level of priority.

EnBW is working on **standardizing the processes of a multi-stage approach** in order to identify and prioritize risks in its own business area and along our supply chain.



The approach to risk analysis



In the **first step** of our annual risk analysis, we transparently set out the type and scope of our own business activities and business relationships within the supply chain along our **corporate structure** and the associated **procurement structure**:

- In terms of our own business area, the **segments** of our integrated value added as an energy company and infrastructure provider (in the areas of **Generation, Grids** and **Sales**) are relevant. This includes our locations and all companies over which we exert a decisive influence.
- We set up the procurement structure according to our **procurement categories** and the associated sourcing countries.

In the **second step**, we identify **abstract risks**, in particular industry- and country-specific risks associated with our own business activities and the locations in the segments as well as the business activities of our business partners and suppliers in the **procurement categories** and countries.

The following elements serve as a basis for our analysis:

- Internal and external sources such as reporting systems, studies and databases
- Discussions and/or cross-functional risk workshops as part of our integrated risk management
- Dialog with internal people holding positions of responsibility in LkSG-relevant areas on the Human Rights Steering Committee

In this step, we gain initial insights into the weighting and prioritization of risks – particularly through the type and scope of business activities – as well as an initial assessment of the potential severity of the violation.

In order to standardize processes and exploit synergies, we enhanced existing systems and tools such as:

- Our existing **internal risk management system** in our own business area
- The tool-assisted evaluation of suppliers from our **purchasing system**

These processes may differ depending on the application area and risk and are partly based on processes that have been established for years. In instances where the appropriateness criteria pursuant to LkSG have not yet been broadly taken into account, we are gradually integrating them into our processes in order to ensure the comparability of our analyses and implement appropriate and effective measures in prioritized risk areas.

In the **third step**, we gradually broaden our analysis by specifically identifying risks and their weighting and prioritization in order to assess the plausibility of the results of the previous abstract risk evaluation process at the level of the companies and locations as well as business partners and suppliers and to **weight and prioritize them appropriately** according to the criteria of severity and likelihood of occurrence as well as leverage and the extent to which they contribute to the cause:

- For our own **business area**, we are working on integrating the relevant issues and evaluation criteria into the existing risk management system in order to obtain a clear picture of the priority risks or aggregated risk areas across our companies and locations.
- With a more in-depth analysis of the **supply chains**, we have made a start on the previously identified procurement categories with a higher risk potential. We are endeavoring to increase **transparency** because we have especially identified potential risks specifically relating to raw materials involving indirect suppliers in the lower value-added stages of the procurement categories as part of the abstract risk assessment. Furthermore, at **supplier management** level, we have integrated an automated risk evaluation process that allows us to directly consider any environmental and human rights risks in the **selection of our suppliers** and take appropriate preventative measures.
- In terms of the **procurement of the raw materials** coal and gas for conventional generation of electricity and heat, all business partners with whom EnBW concludes direct contracts for the purchase of raw materials used in its own power plants have been carefully audited for years as part of a comprehensive business partner audit.

The process described here will be carried out annually in the future, but additionally as occasion demands. The kind of **events that trigger a risk analysis** are set out in the legislation:

- Findings from the evaluation of reports from the grievance process
- Substantiated knowledge of actual evidence that appears to indicate that an indirect supplier may have violated an environmental or human rights obligation
- Significant changes in EnBW's business activities that are expected to lead to a change in the risk situation

3. An overview of the company's own business activities

EnBW is structured in line with the model of an integrated company and operates on the basis of **business units** and **functional units**: Core operating activities along the entire energy industry value chain are concentrated in the business units. The functional units carry out Group-wide support and governance tasks. As an energy company and infrastructure provider, EnBW is active in the **Generation, Grids** and **Sales** segments in Germany and Europe.



Generation

The **Sustainable Generation Infrastructure** segment primarily encompasses our activities in the areas of renewable energies and conventional generation, including the procurement of raw materials for our own power plants, district heating, waste management and energy services. In order to guarantee the security of supply, we maintain the power plants that have been transferred to the grid reserve.



Grids

The transmission and distribution of electricity and gas are the main components of the **System Critical Infrastructure** segment. Our activities in this segment are designed to guarantee the security of supply and system stability. The provision of grid-related services and the supply of water are other activities in this segment.



Sales

The **Smart Infrastructure for Customers** segment mainly comprises the sale of electricity and gas, the provision and expansion of quick-charging infrastructure and digital solutions for e-mobility, activities in the telecommunications sector and static storage systems in conjunction with photovoltaics.

4. Risks and measures in the company's own business area

In this section, we describe the **prioritized environmental and human rights risks in our own business area**, which we have thus far identified as part of our risk analysis, and the measures put in place to help mitigate these risks. The newly identified risks resulting from the gradual expansion of the analysis to specifically identify risks at the level of companies and locations are integrated into the overall risk assessment and weighted and prioritized accordingly.

In accordance with our described risk analysis approach, the prioritized risks in our own business area are as follows:

- **Discrimination**
- **Occupational health and safety**
- **Environmental impact**

Prioritized risks in our own business area

Discrimination	
Description of risk	As a typical feature of the energy sector, the proportion of women and men involved in office work (particularly administrative and sales units) and operational/manufacturing activities (especially in the Grids and Generation segments) varies at EnBW. Despite compliance with all legal regulations prohibiting arbitrariness and groundless discrimination of employees (e.g., in relation to recruitment, remuneration, training, promotion and dismissal on the basis of ethnic or national origin, religion, disability, gender or sexual orientation), there is a risk that violations cannot be entirely ruled out in each individual case.
Segments	All
Potentially affected parties	Our own and potential employees
Measures ¹	Guidelines (1a), boards (2), training courses (4a), remedial measures (7)
Occupational health and safety	
Description of risk	Risks generally exist in the area of occupational health and safety in terms of our business activities.
Segments	Particularly in the following areas <ul style="list-style-type: none"> • The construction, operation and dismantling of facilities used for renewable energy generation in the form of solar and wind power on land and at sea • The construction, operation and dismantling of conventional energy generation facilities • The construction, dismantling and maintenance of system critical grid / intelligent infrastructure, particularly in areas with a high potential for hazards – where high-voltage current is used, for example
Potentially affected parties	Our own and potential employees
Measures	Guidelines (1a and 1b), boards (2), management systems / certification (3a), training courses (4b), local measures / project-specific measures (5a), audits (6)
Environmental impact	
Description of risk	There are essentially risks of a possible negative impact on air, water and soil quality as a result of our business activities.
Segments	Particularly in the following areas <ul style="list-style-type: none"> • The construction, operation and dismantling of facilities used for renewable energy generation in the form of solar and wind power on land and at sea • The construction, operation and dismantling of conventional energy generation facilities such as coal and gas power plants, particularly in the immediate surroundings of the facilities • The construction, dismantling and maintenance of system critical grid / intelligent infrastructure, particularly the risk posed to natural spaces and habitats by the need to use extensive areas
Potentially affected parties	Our own employees, residents in the vicinity of EnBW locations
Measures	Guidelines (1a and 1c), boards (2), management systems / certification (3b), training courses (4c), local measures / project-specific measures (5b)

¹ See catalog of measures in the company's own business area (p. 11).

Example: Specific identification of risks in the company's own business area

In order to provide an example of how we review the findings from the initial steps of our risk analysis in action areas with prioritized risks, we have set out below our **approach to assessing the risk** associated with an **activity involving high-voltage current** in the area of occupational health and safety.

An example of the specific identification of risks in the company's own business area	
Area	Risk assessment in the area of occupational health and safety
Process	<p>The risk assessment documents the findings of the investigations into work-related hazards and specifies the measures that need to be taken as a result. With the help of a risk assessment, we can determine the necessary measures and monitor their effectiveness.</p> <p>The risk assessment is the basic document that must always be produced by the manager – with the support of the health and safety officer – before the commencement of any activities or in the event of significant changes made to the activities. This is all managed using a tool-based approach in the Group-wide Quentic software.</p> <p>Description of the activity: Working with high-voltage current</p> <p>Description of the risk: Potential injuries caused by high-voltage current</p>
Findings	<p>Risk assessment based on the 3F method (frequency of the risk, impact of the accident, likelihood)</p> <p>Risk categories: 0 < 20 → low risk, check whether action needs to be taken 20 < 70 → possible risk, action needed 70 < 200 → high risk, improvement needed 200 < 400 → immediate action needed 400 < 10,000 → imminent danger</p> <p>Assessment of the risks without measures being taken (gross risk)</p> <p>Electric shock – electrocution: Frequency of danger: 6, regular (daily) Impact of accident: 15, very serious impact (fatal accident) Likelihood: 6, very possible Overall risk: 540 → imminent danger</p> <p>Electric shock – arc flash: Frequency of danger: 6, regular (daily) Impact of accident: 15, very serious impact (fatal accident) Likelihood: 6, very possible Overall risk: 540 → imminent danger</p> <p>Electromagnetic fields: Frequency of danger: 6, regular (daily) Impact of accident: 1, minor impact Likelihood: 6, very possible Overall risk: 36 → possible risk, action needed</p>
Measures derived	<p>Measures:</p> <ul style="list-style-type: none"> • Access only granted to qualified electricians or persons accompanied by qualified electricians • Annual training courses held • Signing in/out process when entering and leaving the transformer station / switchgear plant • Denial of access to wearers of active implants
Measures to track effectiveness	<p>New risk assessment based on the 3F method to check the effectiveness of the measures taken (net risk)</p> <p>Electric shock – electrocution: Frequency of danger: 2, occasional Impact of accident: 15, very serious impact (fatal accident) Likelihood: 0.5, virtually impossible Overall risk: 15 → low risk, check whether action needs to be taken</p> <p>Electric shock – arc flash: Frequency of danger: 2, occasional Impact of accident: 15, very serious impact (fatal accident) Likelihood: 0.5, virtually impossible Overall risk: 15 → low risk, check whether action needs to be taken</p> <p>Electromagnetic fields: Frequency of danger: 0.5, very rare (less than once a year) Impact of accident: 1, minor impact (first aid) Likelihood: 1, unlikely, but conceivable in the long term Overall risk: 0.5 → low risk, check whether action needs to be taken</p>

Measures in the company's own business area

EnBW has drawn up guidelines and put in place management systems and other measures such as training courses and audits, forming the basis for the protection of potentially affected parties and serving as a package of mitigating measures to reduce the likelihood of risks occurring.

In the company's own business area, this particularly applies to those areas in which prioritized risks have been identified, such as discrimination, occupational health and safety, and environmental protection. The following overview shows a relevant selection of our measures, although it is by no means exhaustive. Further information on our measures can be found on our [company website](#) and in the [Integrated Annual Report](#), among other places.

An overview of the catalog of measures in the company's own business area			
No.	Measure	Description	Risks addressed
1a	Guidelines	Our sustainability guidelines and principles, to which we are committed, form the basis for our responsible dealings with our internal and external stakeholders in line with recognized international standards. Our guidelines, such as the EnBW Code of Conduct and the EnBW Declaration of Human Rights , set out our position and the minimum standards to which we as EnBW are committed.	All risks pursuant to LkSG as well as other compliance, environmental and social issues
1b		Occupational safety, occupational medicine and healthcare management are the key tasks of our company. They form the basis for ensuring that EnBW's employees receive modern care. In order to guarantee this, all employees undertake to diligently follow the internal Group guidelines on occupational health and safety . The guidelines also cover hazardous materials management, personal protective equipment (PPE) and collaboration with external companies on occupational health and safety matters.	Occupational health and safety
1c		A Group guideline details the high environmental protection standards the company sets itself , the primary tasks and obligations, and the environmental and energy management processes at EnBW.	Environmental impact
2	Boards	Across the Group, there are boards for engaging in dialog and ensuring knowledge transfer on matters such as compliance, human rights, human resources, occupational health and safety, and environmental protection, together with people occupying relevant posts.	All risks pursuant to LkSG as well as other compliance, environmental and social issues
3a	Management systems / certification	Based on risk, the occupational safety management system at companies with a high potential for hazards is certified according to ISO 45001 – as is the case at our grid company Netze BW. An initiative to boost occupational safety has recently been launched in order to introduce ISO 45001 certification at EnBW and other relevant affiliated companies on the basis of a risk assessment of EnBW units.	Occupational health and safety
3b		In key companies with a potentially higher environmental impact, environmental management systems have been established and certified according to ISO 14001 – as is the case at EnBW and Netze BW, for example.	Environmental impact
4a	Training courses	Anti-discrimination is a relevant component for training courses and awareness-raising measures. As part of the management campaign, for example, there is a focus on equality, tolerance and anti-discrimination.	Discrimination
4b		All employees are accordingly required to regularly attend health and safety training courses relevant to their area of responsibility.	Occupational health and safety
4c		Mandatory regular training/e-learning for all employees addresses the subject of environmental protection throughout the company.	Environmental impact
4d		Awareness of environmental and human rights matters is raised among the buyers by running enhanced intensive training courses – in particular, an intensive training process lasting several months has already been completed in 2022 in five prioritized procurement categories associated with increased risks.	All risks pursuant to LkSG as well as other compliance, environmental and social issues

5a	Local measures / project-specific measures	Using the tool-based risk assessment, specific measures such as handling hazardous substances are documented along with their effectiveness.	Occupational health and safety
5b		As a preventive measure to counteract any negative environmental impact and land consumption involving natural spaces and habitats, Netze BW has been running the blooming transformer station project since 2019, which uses uncultivated areas around transformer stations to promote biodiversity. Netze BW's aim is to create natural flower meadows at every transformer station that will become home to a large number of different species usually found in the natural environment at the respective sites.	Environmental impact
6	Audits	Using tool-based risk assessments, we draw up specific measures – such as audits – in relevant areas and document their effectiveness.	Occupational health and safety
7	Remedial measures	If complaints are received relating to discrimination in our own business area, we give them the careful attention they warrant and check their plausibility. Possible remedial action ranges from talks aimed at raising awareness and legal measures for the perpetrators in line with labor laws to support in the form of psychological services for anyone potentially affected.	Discrimination

5. An overview of value added in EnBW's supply chains

EnBW procures products and services through the Purchasing segment and raw materials for its own power plants through the Raw Material Procurement segment. Together with the Sustainability segment, the relevant departments established the focus areas for **sustainable purchasing (of products and services)** and **responsible raw material procurement** several years ago in order to integrate environmental and human rights due diligence into the procurement processes.

Purchasing is organized into market-oriented procurement categories, which can essentially be assigned to the Generation, Grids and Sales segments. In 2022, Germany accounted for 85 percent of the procurement volume as a sourcing country. The rest was mainly procured in Europe and to a lesser extent in other regions of the world.

Raw materials used for conventional generation are generally procured through direct contracts with the producers themselves. The most important countries here for procuring coal are Colombia and the USA, while gas is procured from the USA, Middle Eastern countries and African countries.

Renewable energy generation: solar and wind power

The most important procurement countries		Germany, Belgium, the Netherlands, Denmark and Switzerland
The most important procurement categories		Offshore and onshore wind turbines, offshore wind electric infrastructure and solar/PV (photovoltaics)
Value-added stage		Description
Direct and indirect suppliers	Main components	The main components procured in the field of wind power are the foundations, towers, turbines, generators and rotor blades. The cable suppliers for our offshore wind electrical infrastructure supply components such as cable core, radial water barriers, sheaths, shielding and stranding. For solar power plants, we purchase solar modules, substructures, transformers, connection stations and inverters, among other things.
Indirect suppliers	Important materials	In the further processing stages important materials play a role, including steel, balsa wood, permanent magnets and carbon fibers (wind turbines), aluminum, copper and plastics (offshore wind electrical infrastructure) as well as ingots, wafers, solar cells, glass, frames and foundations (solar/PV).
	Critical raw materials	Chief among the critical raw materials in the renewable energy value chain are iron and neodymium (wind turbines), bauxite and copper ore (offshore wind electrical infrastructure) and polysilicon (solar/PV).

Conventional energy generation: coal and gas

The most important procurement countries		Colombia (coal), USA (coal and gas), Middle Eastern countries and African countries (gas)
The most important procurement categories		Procurement of the raw materials coal and gas
Value-added stage		Description
Direct and indirect suppliers	Critical raw materials	Among the critical raw materials in the conventional energy generation value chain are coal and gas. EnBW mainly sources the raw materials coal and gas for its own power plants through direct contracts with the producers.

Grids: System Critical Infrastructure and the expansion of Smart Infrastructure

The most important procurement countries		Germany, Italy, Austria, Denmark, Czech Republic and Poland
The most important procurement categories		Cables, pipes, power lines and building services
Value-added stage		Description
Direct and indirect suppliers	Main components	The main components are cables, pipes and lines.
Indirect suppliers	Important materials	In the further processing stages important materials play a role, including aluminum, copper and plastics as well as insulation and coating materials.
	Critical raw materials	Among the critical raw materials in the Grid value chain are bauxite, copper ore and crude oil.

6. Risks and measures in the supply chain

Our aim is to conduct all our business activities responsibly and create economic, ecological and social value. We are aware that there may be instances where there is a negative impact on people and the environment throughout EnBW's supply chain. We endeavor to limit any such impact and work with our suppliers and business partners to embrace our responsibility. That is why we discharge the duties that this responsibility entails for us as well as our suppliers and business partners.

Trusting and stable relationships with our business partners are a key aspect of our success. Alongside economic criteria, we attach considerable importance to business ethics, integrity, legally compliant trade, compliance with working standards and environmental protection when selecting, evaluating and monitoring new and existing business partners. The Supplier Code of Conduct and the rules of conduct governing the procurement of raw materials reflect this understanding of good business practice and specify binding minimum requirements for social and environmental standards at our suppliers and business partners.

At the same time, we are convinced that the environmental and social challenges of our time cannot be solved by acting alone. Accordingly, we seek dialog with all stakeholder groups on environmental and human rights due diligence obligations.

That is why we are an **active member of corporate initiatives** such as econsense and industry initiatives such as Bettercoal and SolarPower Europe. In addition, EnBW was a co-initiator of the German government's Energy Sector Dialog and is now an active member of this initiative. The aim of this **multi-stakeholder forum** is for players to develop a common understanding of sector-specific risks and draw up measures to mitigate risks covering selected key focus areas of the sector. The Energy Sector Dialog was launched in January 2023.

In the following section, we describe the prioritized environmental and human rights risks in the supply chain, which we have thus far identified as part of our risk analysis, and the measures put in place to help mitigate these risks. The newly identified risks resulting from the gradual expansion of the analysis to specifically identify risks at the level of suppliers are incorporated into the overall risk assessment and weighted and prioritized accordingly.

Prioritized risks in the area of responsible procurement of raw materials

In line with our described risk analysis approach, the prioritized risks in relation to the procurement of raw materials from direct suppliers are as follows:

- **Occupational safety and environmental impact**
- **Freedom of association and discrimination**
- **Unlawful violation of land rights**

Prioritized risks in relation to the procurement of raw materials from direct suppliers	
Occupational safety and environmental impact	
Description of risk	Potential risks at local level for employees in coal mines and gas production sites exist in particular due to a possible disregard for occupational health and safety and health hazards when operating plant and equipment, as well as harmful air, soil and water pollution .
Segments and key procurement category	Conventional energy generation: <ul style="list-style-type: none"> • Procurement of the raw materials coal and gas
Potentially affected parties	Employees of direct business partners, employees of subcontractors, residents living near the sites of direct business partners
Measures¹	Supplier selection / prequalification (1a and 1b), supplier evaluation/classification (2), supplier development (3), board (4), stakeholder involvement (5)
Freedom of association and discrimination	
Description of risk	The failure to guarantee freedom of association and the discrimination of employees are potential problems in the raw material sector in Latin America as well as in Arab countries.
Segments and key procurement category	Conventional energy generation: <ul style="list-style-type: none"> • Procurement of the raw materials coal and gas
Potentially affected parties	Employees of direct business partners, employees of subcontractors
Measures	Supplier selection / prequalification (1a and 1b), supplier evaluation/classification (2), supplier development (3), board (4), stakeholder involvement (5)
Unlawful violation of land rights	
Description of risk	For the population close to the coal mines and gas production sites, there are potential risks arising from only partially consensual resettlement and unlawful dispossession of land.
Segments and key procurement category	Conventional energy generation: <ul style="list-style-type: none"> • Procurement of the raw materials coal and gas
Potentially affected parties	Residents living near the sites of direct business partners, particularly vulnerable groups (indigenous population)
Measures	Supplier selection / prequalification (1a and 1b), supplier evaluation/classification (2), supplier development (3), board (4), stakeholder involvement (5)

¹ See catalog of measures in the responsible procurement of raw materials (p. 16).

Example: Specific identification of risks involving direct suppliers

In order to provide an example of how we verify the findings from the initial steps of our risk analysis in action areas with prioritized risks involving direct suppliers, we have summarized below our approach to the **business partner audit process** in the area of raw material procurement.

An example of the specific identification of risks involving direct suppliers	
Segment and key procurement category	Conventional energy generation: <ul style="list-style-type: none"> • Procurement of the raw materials coal and gas
Process	All business partners with whom EnBW concludes direct contracts for the purchase of raw materials are carefully audited as part of a comprehensive business partner audit . Sustainability index: The review is carried out using the EnBW sustainability index, an audit template that lists all raw material producers relevant to EnBW. Data situation: Besides publicly available information from the producers, EnBW uses local audits conducted by external auditors as well as evidence submitted by the producers as sources for the audit. In addition, information from databases is included in the review. We arrange visits to EnBW's most important raw material suppliers and are in constant contact with business partners. Assessment: Risks are assessed and prioritized on the basis of severity and likelihood of occurrence. In particular, we prioritize the risks posed to a larger group of people, especially vulnerable population groups.

Findings	<p>As part of the specific identification of risks among coal suppliers from Colombia, we have discerned risks that we consider to be a particular priority on account of their severity:</p> <ul style="list-style-type: none"> • These partly relate to existing allegations of the not entirely consensual resettlement of population groups in the Cesar region, which was ordered by the government due to the fact that air, soil and water pollution was found to be harmful to health. • In addition, there are still historical allegations from the civil population against a coal producer relating to the unlawful displacement of people and acts of violence committed by paramilitary groups said to be linked to the coal company.
Measures¹	Supplier selection / prequalification (1a and 1b), supplier evaluation/classification (2), supplier development (3), board (4), stakeholder involvement (5), local measures / project-specific measures (6)

1 See catalog of measures in the responsible procurement of raw materials (below).

Measures in the area of responsible procurement of raw materials

We are aware that there may be instances where there is a negative impact on people and the environment throughout the supply chain in the course of extracting the raw materials needed by EnBW. That is why it is important for us to work with business partners who take responsibility for the social and environmental impact of their actions and are committed to continuously improving their sustainability performance. The past has shown that approaches purely involving sanctions only have a limited impact. We therefore focus on cooperation and dialog with our suppliers and business partners in order to identify structural problems at an early stage and come up with solutions together. Since EnBW makes many of its **raw material purchases** for its own power plants through direct contracts with producers, identified risks can be addressed directly with appropriate measures. This list of measures is not exhaustive and provides an overview along the essential process steps. All of the listed measures are currently being transferred from the field of **coal procurement to gas procurement**.

An overview of measures in the responsible procurement of raw materials			
No.	Measure	Description	Risks addressed
1a	Supplier selection / prequalification	Established in 2014, EnBW's rules of conduct governing the responsible procurement of hard coal and other raw materials form a basis of shared values and represent an important criterion when selecting our business partners.	All risks pursuant to LkSG as well as other compliance, environmental and social issues
1b		By means of a CSR clause inserted in all direct contracts with coal producers, we make sure that EnBW's rules of conduct governing the responsible procurement of hard coal and other raw materials are a binding contractual component .	All risks pursuant to LkSG as well as other compliance, environmental and social issues
2	Supplier evaluation/classification	All business partners with whom EnBW concludes direct contracts for the purchase of raw materials have been carefully audited for a number of years as part of a comprehensive business partner audit .	All risks pursuant to LkSG as well as other compliance, environmental and social issues
3	Supplier development	Since EnBW makes many of its raw material purchases through direct contracts with producers, identified risks can be specifically addressed with appropriate measures. Through the Bettercoal corporate initiative, of which EnBW is an active member, regular audits are conducted at coal producers of relevance to EnBW and continuous improvement plans are subsequently drawn up. In addition, people attend training courses and engage in dialog on good practice on risk-related matters.	All risks pursuant to LkSG as well as other compliance, environmental and social issues
4	Board	The committee for the responsible procurement of hard coal and other raw materials (AVB) meets at regular intervals to discuss the market situation relating to the procurement of raw materials as well as relevant matters concerning the exercising of environmental and human rights due diligence – and in particular the findings of the business partner audits.	All risks pursuant to LkSG as well as other compliance, environmental and social issues
5	Stakeholder involvement	Both through Bettercoal and directly, we are in regular contact with suppliers, potentially affected parties and relevant government representatives in the respective procurement countries on environmental or human rights issues. In the course of regular local visits , we get a specific picture of the situation at the production sites and in the mining areas.	All risks pursuant to LkSG as well as other compliance, environmental and social issues
6	Local measures / project-specific measures	Based on the risk analysis, we draw up specific measures together with other stakeholders – such as state players, representatives of civil society and (potentially) affected population groups – and document their effectiveness.	All risks pursuant to LkSG as well as other compliance, environmental and social issues

Prioritized risks in the area of purchasing

In line with our described risk analysis approach, the prioritized risks in relation to purchasing from direct suppliers are as follows:

- Occupational health and safety
- Environmental impact
- Working conditions

Prioritized risks in relation to purchasing from direct suppliers	
Occupational health and safety	
Description of risk	There are potential health and safety risks in the manufacturing and processing trades in particular.
Segments and key procurement categories	Renewable energy generation: <ul style="list-style-type: none"> • Offshore and onshore wind turbines • Solar/PV System Critical Infrastructure and the expansion of Smart Infrastructure (Grids): <ul style="list-style-type: none"> • Cables, pipes, power lines and building services
Potentially affected parties	Employees at direct suppliers
Measures (example)	Supplier selection/ prequalification (1a, 1b, 1c and 1d), supplier evaluation/classification (2), supplier development (3a and 3b)
Environmental impact	
Description of risk	The production of the main components may have a potential negative environmental impact due to immissions in the water, soil and air.
Segments and key procurement categories	Renewable energy generation: <ul style="list-style-type: none"> • Offshore and onshore wind turbines • Solar/PV System Critical Infrastructure and the expansion of Smart Infrastructure (Grids): <ul style="list-style-type: none"> • Cables, pipes, power lines and building services
Potentially affected parties	Employees at direct suppliers, residents living near the sites of the direct suppliers
Measures (example)	Supplier selection/ prequalification (1a, 1b and 1c), supplier evaluation/classification (2), supplier development (3)
Working conditions	
Description of risk	In the construction and installation sector, there may also be specific labor law risks within Germany and the European Union: contracts that exclude employees from receiving social benefits, the practice of social dumping and inconsistent wage structures.
Segments and key procurement categories	Renewable energy generation: <ul style="list-style-type: none"> • Offshore and onshore wind turbines • Solar/PV System Critical Infrastructure and the expansion of Smart Infrastructure (Grids): <ul style="list-style-type: none"> • Cables, pipes, power lines and building services
Potentially affected parties	Employees of direct business partners, employees of subcontractors
Measures (example)	Supplier selection/ prequalification (1a, 1b, 1c and 1d), supplier evaluation/classification (2), supplier development (3a and 3b)

Relevant risks at indirect suppliers in the area of purchasing

In the abstract risk assessment, we have also particularly identified **raw material-specific** risks as well as **environmental and human rights** risks when it comes to the further processing of important materials and relevant components at indirect suppliers in the lower supply chains. We take this information very seriously and examine whether there is any actual evidence (“substantiated knowledge”) that points to a possible violation of an environmental or human rights obligation at an indirect supplier and, in the event of any suspicion of particularly serious violations with a high likelihood of occurrence, determine the extent to which a direct connection can be traced to EnBW and assess how much leverage EnBW would have in such a case and how much it contributed to the cause.

In this regard, we have identified relevant risks for which we can currently neither confirm nor rule out a connection to EnBW due to the lack of complete traceability of individual critical raw materials, important materials and components. In order to increase our leverage as well as the sharing of information and experience in these cases in particular, we are co-initiators and members of various company, industry and multi-stakeholder initiatives.

Based on the current status of our risk analysis, the relevant risks for indirect suppliers in purchasing, whose traceability we are currently prioritizing, are as follows:

- **Forced labor**
- **Unlawful violation of land rights and improper hiring or use of private/public security personnel**

Relevant risks at indirect suppliers in the area of purchasing	
Forced labor	
Description of risk	In the value creation of wind turbines and solar power plants, there are currently accusations of a connection to the forced labor system in the Chinese province of Xinjiang in the initial processing stages involving the mining and processing of the rare earth element neodymium (wind turbines) as well as polysilicon (solar/PV).
Segments and key procurement categories	Renewable energy generation: <ul style="list-style-type: none"> • Offshore and onshore wind turbines • Solar/PV
Potentially affected parties	Employees at indirect suppliers, especially vulnerable groups (indigenous population)
Measures ¹	Industry initiative (SolarPower Europe), Multi-stakeholder forum (Energy Sector Dialog) Supplier selection / prequalification (1a, 1b and 1c), supplier evaluation/classification (2), supplier development (3a, 3c, 3d and 3e)
Unlawful violation of land rights and improper hiring or use of private/public security personnel	
Description of risk	There is a suspicion that the processing of balsa wood is linked to social conflicts in indigenous territories and state nature reserves in Ecuador.
Segments and key procurement categories	Renewable energy generation: <ul style="list-style-type: none"> • Offshore and onshore wind turbines
Potentially affected parties	Employees at direct suppliers, residents living near the sites of the direct suppliers
Measures	Multi-stakeholder forum (Energy Sector Dialog) Supplier selection / prequalification (1a, 1b and 1c), supplier evaluation/classification (2), supplier development (3a)

¹ See catalog of measures in purchasing (p. 20).

Example: Specific identification of risks involving indirect suppliers

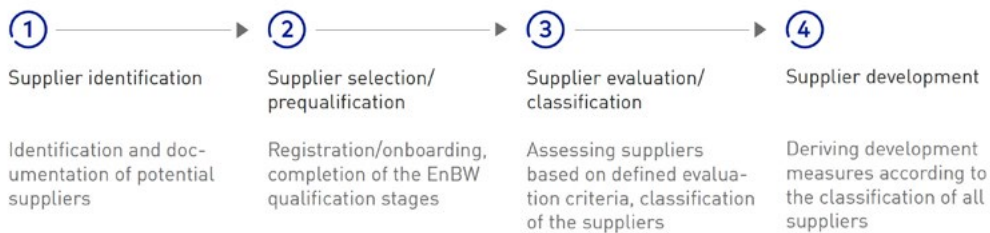
In order to provide an example of how we assess the plausibility of the findings from the initial steps of our risk analysis in action areas with relevant risks involving indirect suppliers, we have set out below our process mix from the PV/solar procurement category based on the insights gained from our analyses and risk assessments in the **supply chain transparency** project as well as the sharing of information and experience in the context of the **supplier dialog**.

An example of the specific identification of risks involving indirect suppliers	
Segment and key procurement category	Renewable energy generation: <ul style="list-style-type: none"> Solar/PV
Process	<p>Supply chain transparency: As part of the more in-depth analysis conducted in the PV/solar procurement category, we are endeavoring to achieve the greatest possible transparency in the supply chain due to the abstract risk situation in the lower value-added stages.</p> <p>Data situation: The schematic overview of the value chain is based on external studies and databases as well as data from our internal procurement systems and the knowledge and experience gained by our buyers in the course of engaging in dialog with suppliers.</p> <p>Assessment: In order to prioritize the risks, we determined their severity and likelihood of occurrence. In doing so, we essentially prioritized social and human rights risks in the manufacture of the solar modules, taking into account the leverage and the extent to which there is a contribution to the cause.</p>
Findings	<p>On the basis of severity and likelihood of occurrence, we have identified an increased risk in relation to forced labor.</p> <p>There is an increased potential risk because the high market dominance of Chinese companies, particularly in the initial processing stages, and the difficulty in accessing information in China in the widely ramified value-added network gives rise to allegations of serious human rights violations in connection with the manufacture of the installed modules and components, despite strong references to the relocation of production facilities within China.</p>
Measures	Industry initiative (SolarPower Europe), Multi-stakeholder forum (Energy Sector Dialog) Supplier selection / prequalification (1a, 1b and 1c), supplier evaluation/classification (2), supplier development (3a, 3c, 3d and 3e)

Measures in the area of purchasing

EnBW has set itself the goal of working with its suppliers to develop resilient and durable supply chains that meet environmental and human rights standards. A **careful approach to the selection of suppliers** forms the basis here. In order to prevent possible violations, EnBW has drawn up an **overarching catalog of measures** along the **supplier management process**, which has been integrated as standard into business processes in the area of procurement and is being implemented in the supply chain in cooperation with suppliers. In the following overview, we describe the measures we have laid down in respect of our direct suppliers. This list of measures is not exhaustive and provides a relevant overview along the essential process steps. We have described the intensive **training courses** attended by our buyers to raise awareness of environmental and human rights due diligence obligations in the section on measures in our own business area.

Supplier management process



An overview of the catalog of measures in the area of purchasing			
No.	Measure	Description	Risks addressed
1a	Supplier selection / prequalification	Suppliers are required to provide a self-assessment via a supplier portal on whether they have sustainable measures in place in the areas of environmental management, occupational health and safety, the respect for human rights, the fight against corruption, data protection and quality management.	All risks pursuant to LkSG as well as other compliance, environmental and social issues
1b		We introduced our Supplier Code of Conduct (SCoC) in 2021 as a shared set of values and an important criterion for the selection and development of our suppliers. 97% of our suppliers (measured by procurement volume) had already accepted the SCoC as the basis for our cooperation with them as of May 2023.	All risks pursuant to LkSG as well as other compliance, environmental and social issues
1c		A transfer clause in the Supplier Code of Conduct ensures that our suppliers adequately address environmental and human rights expectations along the supply chain. Appropriate contractual control mechanisms are also regulated by the Supplier Code of Conduct.	All risks pursuant to LkSG as well as other compliance, environmental and social issues
1d		In the prequalification process for the civil engineering and grid construction procurement category at Netze BW, suppliers from the construction and service sectors are required to submit a comprehensive self-assessment concerning occupational health and safety and labor law issues such as minimum wage and working time provisions.	Occupational health and safety and labor law risks in particular, as well as all risks pursuant to LkSG as well as other compliance, environmental and social issues
2	Supplier evaluation/ classification	In the area of supplier management , we have integrated an automated risk evaluation process that allows us to directly consider any environmental and human rights risks in the selection of suppliers and take appropriate preventative measures.	All risks pursuant to LkSG as well as other compliance, environmental and social issues
3a	Supplier development	As part of the supplier dialog , our buyers are in regular contact with their key suppliers in particular to discuss relevant compliance, environmental and social issues.	All risks pursuant to LkSG as well as other compliance, environmental and social issues
3b		In the prequalification process for the civil engineering and grid construction procurement category at Netze BW, suppliers from the construction and service sectors are required to submit a self-assessment and undertake comprehensive training on occupational health and safety and labor law issues such as minimum wage and working time provisions. The requirements demanded in Netze BW's prequalification process are also continuously reviewed in the form of company audits and on-site inspections .	Occupational health and safety and labor law risks in particular, as well as all risks pursuant to LkSG as well as other compliance, environmental and social issues
3c		A very careful selection of all direct suppliers forms the basis for countering the identified risks in the area of solar/PV procurement . In the course of the supplier dialog , possible solutions for the identified risks are continuously discussed with the direct suppliers, including the possibility of tracing the origin of the individual components in order to rule out the sourcing of polysilicon from the Xinjiang region.	Forced labor risks in particular, as well as all risks pursuant to LkSG as well as other compliance, environmental and social issues
3d		In 2022 and 2023, EnBW initiated a multi-stakeholder discourse on the subject of forced labor in China and discussed it with relevant players and experts with the aim of developing a common awareness of the problem and exploring potential scope for action.	Forced labor risks in particular, as well as all risks pursuant to LkSG as well as other compliance, environmental and social issues
3e		Examination of alternative procurement options	Forced labor risks in particular, as well as all risks pursuant to LkSG as well as other compliance, environmental and social issues

7. Grievance process

In order to be able to effectively prevent or counteract any violations or negative impact on people and the environment in the company's own business area and in the supply chain at an early stage, various reporting channels have been set up that form an essential part of EnBW's risk management strategy. EnBW's Group-wide **grievance process** is designed in such a way that allows the whistle-blower to submit their grievance in an easily accessible manner with as few barriers as possible. As part of the grievance process, EnBW maintains absolute confidentiality and gives whistle-blowers the opportunity to submit their grievance anonymously to EnBW. The grievance process is impartial and respects the principle of the presumption of innocence. Furthermore, adequate protection is provided against unjustified reprisals as a result of a grievance. In addition to the compliance department's multilingual reporting channels, the ombudsperson is available as an additional point of contact.

Find out more about EnBW's **grievance process** on our website.

[Online ↗](#)

EnBW employees, their business partners and other potentially affected parties can use the grievance process if they have information or knowledge of environmental or human rights risks or violations.

Further information on the **rules of procedure** can be found here.

[Online ↗](#)

The grievance process is also available to third parties who have information or knowledge of potential violations of their rights or the rights of third parties or of any environmental damage caused by EnBW's business activities or the activities of companies in its supply chain. More detailed information on the grievance process can be found in the rules of procedure.

8. Measures to track effectiveness

We review the effectiveness and progress of our LkSG risk management strategy and the associated measures at regular intervals and as occasion demands so that we can adapt structures, processes and measures if necessary. This process is accompanied by an **intensive stakeholder dialog** with various internal and external stakeholders – especially on our internal Human Rights Steering Committee as well as externally in corporate, industry and multi-stakeholder initiatives and through participation in events, such as panel discussions. The general and focused discourse on potential risks in our value chains enables us to continuously learn, identify gaps in the exercising of our corporate due diligence and improve measures aimed at respecting human rights and protecting the environment in all our business areas and those of our suppliers and business partners in the supply chain.

IV. Documentation and reporting

EnBW reports annually on the exercising of its environmental and human rights due diligence in its **Integrated Annual Report**. All Integrated Annual Reports are available to view at any time on our website. From 2024 onwards, **LkSG reporting** will also be published for the reporting year 2023 in order to exercise our corporate due diligence as part of the requirements laid down by the regulatory authority BAFA (Federal Office for Economic Affairs and Export Control).

Find out more about EnBW's **sustainability reporting** on our website.

[Online ↗](#)



V. About this policy statement

This policy statement shall enter into force upon its publication and shall not apply retroactively. No rights for individuals or third parties can be derived from it.

We review this policy statement on an annual basis and as occasion demands. If we identify any changed or enhanced risks, we will revise them accordingly.

Contact persons

Dr. Lothar Rieth
Head of Sustainability
Telephone: +49 721 632 4285
Durlacher Allee 93
76131 Karlsruhe

Dr. Andreas Schweinberger
Head of Compliance
Telephone: +49 721 632 4920
Durlacher Allee 93
76131 Karlsruhe

E-mail: sorgfaltspflichten@enbw.com

Other documents available online

Link ↗

- [Code of Conduct | EnBW](#)
- [Declaration of Human Rights | EnBW](#)
- [Supplier Code of Conduct | EnBW](#)
- [Rules of conduct governing the procurement of raw materials | EnBW](#)
- [Grievance process | EnBW](#)
- [Rules of procedure | EnBW](#)
- [EnBW company website | EnBW](#)
- [Integrated Annual Report | EnBW](#)
- [Sustainability reporting | EnBW](#)
- [Sustainability guidelines | EnBW](#)
- [Compliance | EnBW](#)
- [The Universal Declaration of Human Rights](#)
- [The International Covenant on Civil and Political Rights](#)
- [The International Covenant on Economic, Social and Cultural Rights](#)
- [The core labor standards of the International Labor Organization \(ILO\)](#)
- [The UN Guiding Principles on Business and Human Rights](#)
- [OECD Guidelines on Multinational Enterprises](#)
- [UN Global Compact Network Germany](#)
- [National Action Plan for Business and Human Rights \(only available in German\)](#)
- [Energy Sector Dialog \(only available in German\)](#)

