

Report on German Supply Chain Due Diligence Act



LkSG (Lieferkettensorgfaltspflichtengesetz) report

Reporting period from 01/01/2023 to 31/12/2023

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Foreword

Dear Sir/Madam, Dear Stakeholders of EnBW,

As a sustainable infrastructure provider, we firmly believe that acting in a socially and environmentally responsible way has a positive impact on business success – and that any success achieved otherwise would not be sustainable.

Our aim at EnBW is to properly comply with our responsibilities for human rights and environmental due diligence. To this end, we remain in ongoing dialog with our stakeholder groups from the worlds of politics, industry and civil society to identify who can, should and must take on what level of responsibility in order to best protect people and the environment. This process seeks to find a fair division of labor between government, companies, unions, employees, customers and other actors within civil society.

States are responsible for protecting and promoting human rights. In this context, the Guiding Principles on Business and Human Rights of the United Nations emphasize that companies have a duty to respect human rights. The German government has introduced binding rules for how companies should exercise due diligence in the Supply Chain Due Diligence Act (Lieferkettensorgfaltspflichtengesetz, LkSG).

EnBW has been striving to fulfill its responsibilities with respect to human rights due diligence in its business activities for many years. We have gradually improved our processes over the years and will continue doing so in future, while always scrutinizing the potential and limitations of our actions.

We are fully aware that we need to reconcile the requirements placed on companies by the LkSG on the one hand with the far-reaching expectations of affected parties and civil society on the other. It is for this reason that we participate in initiatives such as econsense, the Energy Sector Dialog and the Responsible Commodities Sourcing Initiative (RECOSI) to help us maintain and refine our approaches and level of ambition in cooperation with other companies and stakeholders.

This report (submitted to the Federal Office of Economics and Export Control (BAFA) on 7 August 2024) documents EnBW's compliance with the due diligence requirements anchored in the LkSG. It was only possible to produce this document thanks to the good cooperation with numerous specialist departments, who regularly exchanged information and ideas within the Human Rights Steering Committee at EnBW. The time and effort involved was admittedly high but we are convinced that we will benefit from the newly established processes and experience gained with this report for future BAFA and CSRD reports – and so will all of the people affected by our business activities.

Karlsruhe, 10/08/2024



Dr. Lothar Rieth
Head of Sustainability



Dr. Andreas Schweinberger
Head of Compliance

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Strategy & anchoring

A – Strategy & anchoring

A1 – Monitoring risk management & the responsibility of management



What responsibilities for monitoring risk management were defined in the reporting period?

The Board of Management of EnBW AG appointed a Human Rights Committee to monitor risk management within EnBW AG in accordance with section 4 (3) LkSG. The Human Rights Committee comprises the Head of Sustainability, Dr. Lothar Rieth, and the Head of Compliance, Dr. Andreas Schweinberger.



Dr. Lothar Rieth
Head of Sustainability



Dr. Andreas Schweinberger
Head of Compliance



Has management established a reporting process that ensures that it is regularly informed – at least once a year – about the work of the person responsible for overseeing risk management?

It is confirmed that management has established a reporting process which, within the meaning of section 4 (3) LkSG, ensures that it is regularly – at least once a year – informed about the work of the person responsible for monitoring risk management.

Confirmed.



Describe the process that ensures reporting to management at least once a year or on a regular basis with regard to risk management.

The process at EnBW AG ensures that the Board of Management is informed by the Human Rights Committee at least once a year and also at other times where warranted.

The Human Rights Committee reported to the Board of Management on two occasions in the reporting period.

The **policy statement** can be found on our website.

[Online ↗](#)

A2 – Policy statement on the human rights strategy



Is there a policy statement that was created or updated based on the risk analysis carried out during the reporting period?

Yes. The policy statement has been published on the company website as a PDF document:

<https://www.enbw.com/media/nachhaltigkeit/nachhaltigkeitsagenda/enbw-grundsatz-erklaerung.pdf>

**Has the policy statement for the reporting period been communicated?**

We confirm that the policy statement has been communicated to employees, the works council, the general public and direct suppliers for whom a risk was identified as part of the risk analysis.

**Please describe how the policy statement was communicated to each relevant target group.**

Suppliers, rights holders and the interested general public can view the latest version of the policy statement on the EnBW AG company website. EnBW AG has also set up a dedicated information page on its intranet for employees. This page provides employees with access to documents on our principles in relation to human rights and the environment and on the expectations we have of our employees, suppliers and business partners.

The Board of Management of EnBW AG approved the publication of the policy statement with a separate resolution. The responsible works council was also informed about the publication of the policy statement and gave its approval.

Employees for whom the information contained in the policy statement could be relevant were also informed about its publication. This information was provided either directly to the affected employees or to their superiors.



What elements are included in the policy statement?

- Establishment of a risk management system
- Annual risk analysis
- Anchoring of preventive measures in our own business area, at direct suppliers and, if applicable, indirect suppliers, and their effectiveness review
- Provision of a complaints procedure in our own business area and at suppliers, and their effectiveness review
- Documentation and reporting requirements
- Description of identified priority risks
- Description of our expectations of our own employees and suppliers with regards to human rights and the environment



Description of any updates in the reporting period and the reasons for them.

The policy statement was published on 18 July 2023.

An update is planned – if necessary – in the second half of 2024.

A3 - Anchoring the human rights strategy within your own organization



In which relevant departments/business processes did you ensure the human rights strategy was anchored during the reporting period?

- Personnel/HR
- Environmental management
- Purchasing/Procurement
- CSR/Sustainability
- Legal/Compliance
- Audit



Describe how responsibility for the implementation of the strategy is distributed within the departments/business processes.

The operational responsibility for the implementation of the human rights strategy in accordance with the EnBW Declaration of Human Rights is split between several areas of the company at EnBW AG. The Human Rights Committee coordinates the operational implementation of the strategy in cooperation with the Human Rights Steering Committee. Both of these bodies monitor and coordinate the implementation of the core elements of corporate due diligence from the LkSG, such as:

- Annual and event-driven risk analyses within our own business area and along the supply chain
- Prevention and corrective measures
- Complaints procedure
- Documentation and reporting

The Human Rights Steering Committee comprises not only the aforementioned representatives from compliance and sustainability but also those responsible from purchasing, occupational health and safety, environmental protection, human resources, risk management and investment management. If processes and measures to implement core elements of the strategy are not carried out centrally, the responsibility for their implementation at companies over which EnBW AG exercises a decisive influence lies with the management at that Group company.

The Economic Committee of EnBW AG receives regular updates. Furthermore, the implementation of the strategy is checked by the audit department at regular intervals to ensure its compliance with the statutory requirements.



Describe how the strategy is integrated into operational processes and procedures.

To ensure the effectiveness of the measures and the preceding analyses, the Human Rights Steering Committee was established as a steering body made up of representatives from compliance, sustainability, purchasing, occupational health and safety, environmental protection, human resources, risk management and investment management.

This body defines and monitors uniform Group-wide guidelines for LkSG risk management. It is also responsible for strategic management in the sense of the core elements of corporate due diligence. This includes delegating tasks to the operational functional and business units and to the Group companies within EnBW AG's own business area.

An internal information platform has been set up to ensure the uniform implementation of the LkSG across the Group. This platform provides access to guidelines and process descriptions for the individual processes. The processes derived from the LkSG have already been anchored in existing processes at EnBW AG where possible:

- Purchasing carries out the risk analysis at a supplier level. The results flow into the supplier selection process.
- The risk analysis in our own business area is carried out within the annual "Impact Analysis." This analysis is carried out by the occupational health and safety, environmental protection and human resources departments. The results are taken into account in the further development of existing processes in these departments. The analysis is carried out with the support of the compliance and sustainability departments.
- Preventative measures are not only part of the supplier selection process and supplier onboarding process but are also included in the strategic positioning of the business units. Risks have been prioritized in this context. The submission of the "Supplier Code of Conduct for business partners of EnBW" to relevant suppliers and their confirmation of compliance with it has been integrated into the onboarding process as a requirement.
- The complaints procedure has been adapted to comply with the guidelines in the LkSG.
- Documentation and reporting has been expanded to include prioritized risks.



Describe what resources and expertise are being provided for the implementation.

The Human Rights Steering Committee was established as the steering body for the implementation of the LkSG within EnBW AG. It comprises the heads of department and employees from compliance, sustainability, purchasing, occupational health and safety, environmental protection, human resources, risk management and investment management. The Human Rights Steering Committee is involved in implementing the requirements in the LkSG. The Human Rights Committee coordinates the Human Rights Steering Committee. Integrating various specialist departments and knowledge holders into the implementation process ensures that far-reaching expertise on all themes relevant to the LkSG is utilized during implementation.

Internal capacities and also external consultants are called on during the implementation process.

2

Risk analysis and preventative measures

B – Risk analysis and preventative measures

B1 – Implementation, procedure and results of the risk analysis



Was a regular (annual) risk analysis carried out during the reporting period to identify, weight and prioritize human rights and environmental risks?

- Yes, for the company's own business area
- Yes, for direct suppliers



Describe the period during which the annual risk analysis was carried out.

The annual risk analysis was carried out for the 2023 financial year.



Describe the risk analysis process.

EnBW AG is working continuously to standardize the risk analysis process.

In the first step of the risk analysis, EnBW AG defined the details of the type and scope of its own business activities and business relationships within the supply chain along its corporate structure and the associated procurement structure to ensure they are transparent:

- In terms of EnBW AG's own business area, the segments of its integrated value added as an energy company and infrastructure provider (in the areas of generation, grids and sales) are relevant. This includes all companies and sites over which EnBW exercises a decisive influence.
- EnBW AG set up the procurement structure according to procurement category and the associated sourcing countries.

Where transparent information on the procurement category was available, the required supply chain transparency was documented. This documentation includes information on the direct suppliers for every product, main components in the products, the materials used and the raw materials required for these materials. In so far as possible, potential countries of origin and production were identified for every stage of the supply chain for a product.

In the second step, EnBW AG identified abstract risks, in particular the sector specific and country specific risks associated with EnBW AG's own business activities, with the sites within the segments as well as with the activities of its business partners and suppliers in the respective procurement category and country.

The following sources were used as a basis for the analysis:

- Internal and external sources such as reporting systems, studies and databases, discussions and/or cross-functional risk workshops as part of the integrated risk management process and
- Dialog with internal responsible persons from the LkSG-relevant areas within the Human Rights Steering Committee.

In the third step, the analysis was successively expanded to determine, weight and prioritize specific risks. This made it possible to assess the plausibility of the results of the previous abstract risk evaluation process at the level of the companies and sites, as well as at the level of business partners and suppliers. The criteria “severity,” “likelihood of occurrence” and “extent to which they contribute to the cause” were appropriately weighted and prioritized.

- Relevant issues and evaluation criteria were integrated into the existing risk management system for our own business area. The aim was to acquire more detailed knowledge of the specific risks at individual companies and sites so that they could be prioritized. Relevant departments such as occupational health and safety, environmental protection and human resources produced risk descriptions and a categorization of the already existing preventative measures.
- A more in-depth analysis was carried out on the supply chains in the previously identified procurement categories with a higher risk potential. EnBW AG is working continuously to improve its supply chain transparency. At a supplier management level, EnBW AG has implemented an automated risk evaluation process that makes it possible to take any human rights and environmental risks directly into consideration in the selection of suppliers and on this basis also take appropriate preventative measures.
- As part of the procurement process for coal and gas for its own power plants, EnBW AG has for many years already been carrying out a comprehensive business partner audit and monitoring the risk profile and the implementation of preventative measures at all business partners with whom it concludes direct contracts.

The following events could trigger an event-driven risk analysis:

- Findings from the evaluation of reports from the complaints procedure
- Substantiated knowledge of actual evidence indicating that an indirect supplier may have violated a human rights or environmental obligation
- Significant changes within EnBW AG’s business activities that are expected to lead to a change in the risk situation.



Were event-driven risk analyses also carried out during the reporting period?

No.



Justify your answer.

No event-driven risk analyses were carried out for the 2023 reporting year. The regular risk analyses always cover the entire supply chain for each product category as far as possible. It should be noted, however, that event-driven risk analyses according to section 9 were already carried out in the areas of raw material procurement and photovoltaic procurement before 2023.



Results of the risk identification process: Which risks were identified as part of the risk analysis of your own business area?

- Disregard of occupational safety and work-related health hazards
- Destruction of the natural basis of life through environmental pollution
- Prohibition of unequal treatment in employment





Results of the risk identification process: Which risks were identified as part of the risk analysis/analyses for direct suppliers?

- Disregard of occupational safety and work-related health hazards
- Destruction of the natural basis of life through environmental pollution
- Disregard of freedom of association – freedom of assembly and the right to collective bargaining
- Unlawful violation of land rights
- Prohibition of withholding an appropriate wage





Were the risks identified during the reporting period weighted and, where necessary, prioritized and, if so, based on what appropriateness criteria?

- Yes, based on the expected severity of the violation by degree, number of persons affected and irreversibility
- Yes, based on the likelihood of occurrence
- Yes, based on the type of contribution to the cause



Describe in more detail how the weighting and, where necessary, prioritization process was carried out and what considerations were made.

All risks were prioritized based on their severity, likelihood of occurrence and contribution to the cause.

The severity and likelihood of occurrence are considered as the main criteria for the prioritization of risks and contribution to the cause as a secondary criteria.

An overall value for the severity (high, medium, low) was determined for each risk. Three components were taken into account in this assessment:

1. Level of impact
2. Scope of impact
3. Irreversibility of the impact

An overall value for the likelihood of occurrence (high, medium, low) was determined for each risk. Three aspects were taken into account in this assessment:

1. Local context
2. Known incidents in the supply chain, sector or direct local context
3. Existence and effectiveness of preventative measures at EnBW AG or suppliers

An overall value for the contribution to the cause (high, medium, low) was determined for each risk. The level of the contribution to the cause is determined as follows:

- High: The risk or negative impact is caused directly by the actions of EnBW AG. There are no intermediaries between EnBW AG and the affected rights holder.
- Medium: EnBW AG is not directly responsible for the risk or the negative impact. Although EnBW AG may enable it through its actions, the risk or negative impact is caused by a third party associated with the company.
- Low: A third party causes the risk or the negative impact. EnBW AG has a business relationship with the third party or is associated with the third party via business transactions, products or services. The actions of EnBW AG can and do not influence the negative impact.

B2 – Preventative measures in your own business area



Which risks were prioritized in your own business area during the reporting period?

- Disregard of occupational safety and work-related health hazards
- Destruction of the natural basis of life through environmental pollution
- Prohibition of unequal treatment in employment

Disregard of occupational safety and work-related health hazards



What specific risk is involved?

There is a risk in the business activities of EnBW AG that occupational safety and work-related health hazards or work accidents may occur. This could occur in the following segments of EnBW AG:

- The construction, operation and dismantling of plants for renewable energy generation in the form of solar and wind power onshore and offshore
- The construction, operation and dismantling of conventional generation plants
- The construction, dismantling and maintenance of system critical grid / smart infrastructure, particularly in areas with a high potential for hazards – e.g. where high-voltage current is used



Where does the risk occur?

Germany.

Destruction of the natural basis of life through environmental pollution



What specific risk is involved?

In the dismantling of conventional generation power plants, such as coal or nuclear power plants, there is a risk in specific cases of adverse environmental impacts, such as pollution of the soil, air or water.



Where does the risk occur?

Germany.

Prohibition of unequal treatment in employment



What specific risk is involved?

Due to differences in the division of labor between genders, especially between office activities and operational or manufacturing tasks, there is a risk at EnBW AG of unequal treatment in employment relationships. This risk exists in all segments (generation, grids and sales) of EnBW AG.



Where does the risk occur?

Germany.





What preventative measures were implemented for the reporting period to prevent and minimize the priority risks in your own business area?

- Conducting training in relevant business areas
- Implementation of risk-based control measures

Conducting training in relevant business areas



Describe the measures implemented and specify the scope (e.g., number, coverage/area of application).

In order to minimize the most important risks, various preventative measures were identified during the risk analysis for our own business area:

- All employees of EnBW AG are required to regularly attend occupational health and safety training courses.
- All employees of EnBW AG are required to regularly complete an e-learning course to raise awareness for and prevent unequal treatment.
- All employees of EnBW AG are required to regularly complete an e-learning course to raise awareness for environmental protection themes.



Describe the extent to which the training to prevent and minimize the priority risks is appropriate and effective.

Mandatory training courses, which all employees of EnBW AG have to repeat on a regular basis, raise awareness for these themes among employees. Regular training measures thus contribute to the prevention and minimization of risks.

The respective manager is responsible for monitoring completion of these training courses. The training activities are regularly examined to ensure they are up to date and effective.

Implementation of risk-based control measures



Describe the measures implemented and specify the scope (e.g., number, coverage/area of application).

A catalog of measures to mitigate risk was developed for the identified risks. Alongside training and awareness-raising measures, this includes control measures, which are an important tool for mitigating risk at EnBW AG, and supplementary measures derived on the basis of tool-based risk assessments. This includes, e.g., audits on occupational health and safety.

As part of the complaints procedure, complaints about issues relevant to the LkSG are subject to an event-driven investigation.

Other preventative measures at EnBW AG are derived from the applicable rules and guidelines, such as the EnBW Code of Conduct, the Declaration of Human Rights, Group guidelines on occupational health and safety and guidelines on environmental and energy management. In addition, EnBW AG has externally certified management systems in the areas of, for example, environmental management and occupational health and safety. For example, EnBW AG is certified according to ISO 14001 with a corresponding environmental management system.

All employees are obligated to conscientiously follow the guidelines applicable to them and appropriately exercise due diligence with respect to human rights in the various departments.

E-learning courses, training courses and committee meetings are used to raise the awareness of relevant management and specialist personnel in the affected departments for human rights and environmental themes. There are committees for sharing information and knowledge about compliance, human rights, equity, anti-discrimination, human resources, occupational health and safety and environmental issues.



Describe the extent to which the measures to prevent and minimize the priority risks are appropriate and effective.

The preventative measures include guidelines, management systems and committee meetings in which the processes are monitored and adjusted if necessary. In the reporting period, workshops and events were held to raise awareness among the workforce for the requirements of the LkSG.

EnBW AG will strive to introduce other measures in future to prevent and minimize the priority risks if this is necessary or if the measures already introduced prove insufficient.

B3 – Preventative measures at direct suppliers



Which risks were prioritized at direct suppliers for the reporting period?

- Disregard of occupational safety and work-related health hazards
- Destruction of the natural basis of life through environmental pollution
- Disregard of freedom of association – freedom of assembly and the right to collective bargaining

- Unlawful violation of land rights
- Prohibition of withholding an appropriate wage
- Other aspects: The following specific risks were also identified in the lower levels of the supply chain and at indirect suppliers:
 - Prohibition of child labor
 - Prohibition of forced labor and all forms of slavery
 - Disregard of occupational safety and work-related health hazards
 - Destruction of the natural basis of life through environmental pollution
 - Prohibition of withholding an appropriate wage
 - Prohibition of unequal treatment in employment

Disregard of occupational safety and work-related health hazards



What specific risk is involved?

There is a risk of a disregard of occupational safety and work-related health hazards due to various factors such as extreme working conditions or handling of hazardous materials.

The risk was identified in the following segments of EnBW AG:

- “Sustainable Generation Infrastructure” segment due to extreme working conditions at sea, to ship and HGV transports, handling chemicals and hard coal mining, and in the
- “System Critical Infrastructure” segment due to work in dangerous areas on construction sites (electricity, gas and water).

This risk was mainly identified in the supply chains in the following product categories: off-shore wind services, transport & logistics, underground construction and grid construction, disposal, chemicals, industrial cleaning, IT, building construction and coal procurement for generation purposes.



Where does the risk occur?

- Bulgaria
- China
- Germany
- Colombia
- Netherlands
- Poland
- Czech Republic
- United Kingdom (Great Britain and Northern Ireland)
- Vietnam

Destruction of the natural basis of life through environmental pollution



What specific risk is involved?

The mining and processing of raw materials in the lower levels of the supply chain is a main source of emissions and can cause pollution of the soil, air and water.

The risk was identified in the following segment of EnBW AG:

- “Sustainable Generation Infrastructure” segment in hard coal mining and natural gas extraction for electricity generation.

This risk was mainly identified in the supply chains in the procurement of coal and gas.



Where does the risk occur?

- Colombia
- South Africa
- United States of America (USA)

Disregard of freedom of association – freedom of assembly and the right to collective bargaining



What specific risk is involved?

There is a risk in some countries that the local government has the power to restrict the freedom of expression and freedom of assembly of the population.

The risk was identified in the following segment of EnBW AG:

“Sustainable Generation Infrastructure” segment in production companies in China and in hard coal mining for electricity generation.

This risk was mainly identified in the supply chains in the areas of transport and logistics, as well as the procurement of coal and gas.



Where does the risk occur?

- China
- Colombia
- South Africa

Unlawful violation of land rights



What specific risk is involved?

In the area of underground construction and grid construction, the incorrect laying of cables and pipelines on private property or in the extraction of natural gas can illegally infringe land rights.

The risk was identified in the following segments of EnBW AG:

- “System Critical Infrastructure” segment in the laying of cables and pipelines, and in the
- “Sustainable Generation Infrastructure” segment in hard coal mining and natural gas extraction for electricity generation.

This risk was mainly identified in the supply chains in the areas of underground construction and grid construction, as well as the procurement of coal and gas.



Where does the risk occur?

- Germany
- Colombia
- South Africa
- United States of America (USA)

Prohibition of withholding an appropriate wage



What specific risk is involved?

Due to the lack of transparency in the wage structures in the construction, transport and logistics sectors, there is an increased risk of withholding an appropriate wage.

The risk was identified in the following segments of EnBW AG:

- “Sustainable Generation Infrastructure” segment in the area of transport and logistics, and in the
- “System Critical Infrastructure” segment in construction activities.

This risk was mainly identified in the supply chain in the areas of transport and logistics and building construction.



Where does the risk occur?

- Bulgaria
- China
- Germany
- Poland
- Czech Republic
- Vietnam

Other prohibitions



What specific risk is involved?

The following risks were also identified in the lower levels of the supply chain at indirect suppliers:

“Prohibition of child labor” and “Prohibition of forced labor and all forms of slavery”

There is a risk of child labor, forced labor and slavery associated with the mining and processing of raw materials in the lower levels of the supply chains at indirect suppliers.

These risks were identified in the following segments of EnBW AG:

- “Sustainable Generation Infrastructure” segment in the production of polysilicon and the mining of chromium, and in the
- “System Critical Infrastructure” segment in the mining of copper and the production of polysilicon.

These risks were mainly identified in the supply chains in the following product categories: solar photovoltaics, high-voltage electricity cables, conventional generation, communications technology, construction of transformer systems and stations, network control technology and electrical materials.

“Disregard of occupational safety and work-related health hazards”

There is a risk of the “Disregard of occupational safety and work-related health hazards” in the lower levels of the supply chain at indirect suppliers, especially in the mining and processing of raw materials.

The risk was identified in the following segments of EnBW AG:

- “Sustainable Generation Infrastructure” segment in the mining and extraction of silicon and chromium,
- “System Critical Infrastructure” segment in the mining and extraction of granite, copper, silicon and iron, and the production of aluminum and plastic, and in the
- “Smart Infrastructure for Customers” segment in the mining of iron ore.

This risk was mainly identified in the lower levels of the supply chains in the following product categories: solar photovoltaics, high-voltage electricity cables, conventional generation, building construction, communications technology, construction of transformer systems and stations, measurement equipment, network control technology and electrical materials.

“Destruction of the natural basis of life through environmental pollution”

The mining and processing of raw materials at indirect suppliers in the lower levels of the supply chain is a main source of emissions and can cause pollution of the soil, air and water.

The risk was identified in the following segments of EnBW AG:

- “Sustainable Generation Infrastructure” segment in the mining and extraction of iron and copper, as well as the production of polysilicon, aluminum and plastics.
- “System Critical Infrastructure” segment in the mining and extraction of copper and silicon and the production of aluminum and plastic, and in the
- “Smart Infrastructure for Customers” segment in the extraction of crude oil and iron ore.

This risk was mainly identified in the lower levels of the supply chains in the following product categories: solar photovoltaics, high-voltage electricity cables, conventional generation, building construction, communications technology and measurement equipment.

“Prohibition of withholding an appropriate wage”

Due to the lack of transparency in the wage structures in the lower levels of the supply chain (indirect suppliers), there is an increased risk of withholding an appropriate wage.

The risk was identified in the following segments of EnBW AG:

- “System Critical Infrastructure” segment in metal and copper production.

This risk was mainly identified in the lower levels of the supply chain in the area of building construction.

“Prohibition of unequal treatment in employment”

In the lower levels of the supply chain at indirect suppliers, there is a risk of discrimination on grounds of sex.

The risk was identified in the following segment of EnBW AG:

- “System Critical Infrastructure” segment in the mining of bauxite

This risk was mainly identified in the lower levels of the supply chains in the construction of transformer systems and stations.

**Where does the risk occur?**

- Albania
- Australia
- Brazil
- Bulgaria
- Chile
- China
- Democratic Republic of Congo
- Guinea
- Poland
- Saudi Arabia
- South Africa
- Czech Republic
- Turkey
- United States of America (USA)



What preventative measures were implemented for the reporting period to prevent and minimize priority risks at direct suppliers?

- Development and implementation of appropriate procurement strategies and purchasing practices
- Integration of expectations into the supplier selection process
- Obtaining contractual assurance for compliance with and implementation of expectations throughout the supply chain
- Training and education to enforce contractual assurances
- Agreeing and implementing risk-based control measures

Category: Procurement strategy and purchasing practices

- Development and implementation of appropriate procurement strategies and purchasing practices



Describe the measures implemented and to what extent the definition of delivery times and purchase prices or the duration of contractual relationships have been adjusted.

Alternative procurement options are always examined in product groups with a high risk profile. The alternative procurement options are examined successively and included in the procurement portfolio where necessary. The guiding principle for business relationships at EnBW AG is: Improvement through cooperation before termination.



Describe the extent to which adjustments made to your own procurement strategy and purchasing practices should contribute to the prevention and minimization of priority risks.

The continuous examination and, where necessary, selection of alternative procurement options is successively diversifying the portfolio of EnBW AG with the aim of minimizing risk. Alternative suppliers are prequalified and relationships are gradually established so that they offer another procurement option. In the course of supplier dialog, EnBW AG discusses any identified risks as well as good and better practices with the suppliers.

Other categories:

Selected:

- Integration of expectations into the supplier selection process
- Obtaining contractual assurance for compliance with and implementation of expectations throughout the supply chain
- Training and education to enforce contractual assurances
- Agreeing and implementing risk-based control measures



Describe the extent to which the measures to prevent and minimize the priority risks are appropriate and effective.

The **rules of conduct governing the responsible procurement of hard coal and other raw materials** can be found on our website.

[Online ⁷](#)

Supplier selection:

Suppliers are required to provide a self-assessment via a supplier portal on whether they have 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.

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 raw material suppliers. All business partners with whom EnBW AG concludes direct contracts for the purchase of raw materials are carefully audited as part of a comprehensive business partner audit. No business contracts are concluded with business partners who have a high risk profile.

The very careful selection of direct suppliers forms the basis for countering the identified risks in the area of solar/photovoltaic procurement. In the course of supplier dialog, possible approaches for mitigating the identified risks are continuously discussed with direct suppliers, including tracing the origin of individual components.

Contractual assurances:

EnBW AG introduced its “Supplier Code of Conduct for business partners of EnBW” (SCoC) in 2021 as a shared set of values and a criterion for the selection and development of our suppliers. More than 98 percent of suppliers (measured by procurement volume) have accepted the SCoC as the basis for cooperation with EnBW AG. A transfer clause ensures that our suppliers adequately address and pass on the human rights and environmental expectations along the supply chain. Control mechanisms are also contractually regulated by the Supplier Code of Conduct.

In the prequalification process for the underground 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 concerning labor law issues such as minimum wage and working time provisions.

By means of a CSR clause inserted in direct contracts with coal producers, EnBW AG ensures that the “EnBW rules of conduct governing the responsible procurement of hard coal and other raw materials” form a binding contractual component.

The **Supplier Code of Conduct for business partners of EnBW** can be found on our website.

[Online ⁷](#)

The [rules of conduct governing the responsible procurement of hard coal and other raw materials](#) can be found on our website.

[Online ↗](#)

Training courses:

As part of supplier dialog, buyers at EnBW AG are in regular contact with the key suppliers. In the prequalification process for the underground 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 on labor law issues such as minimum wage and working time provisions. The criteria that must be fulfilled in Netze BW's prequalification process are also continuously reviewed in the form of company audits and construction site inspections.

The RECOSI corporate initiative, of which EnBW AG is an active member, carries out regular audits of coal suppliers of relevance to EnBW AG and subsequently draws up individual continuous improvement plans. It also holds training courses and dialog on good and better practices on risk-related themes.

EnBW AG already started to provide specific training to managers on human rights and environmental due diligence in 2022.

Risk-based control measures:

Netze BW regularly carries out audits and construction site inspections in the areas of underground construction and grid construction. EnBW AG carries out on-site visits at direct business partners and suppliers in the area of coal procurement. These visits are also used to evaluate progress in the implementation of preventative measures and, where possible, identify further potential for improvement. The RECOSI initiative also regularly carries out on-site audits.

Stakeholder involvement:

In 2022 and 2023, EnBW AG initiated a multi-stakeholder discourse on the subject of forced labor in China and held discussions with relevant players and experts with the aim of developing a common awareness of the problem and exploring potential scope for action. Both directly and indirectly via RECOSI, EnBW AG is in regular contact with suppliers, potentially affected parties and relevant government representatives in the respective procurement countries to discuss human rights and environmental issues. In the course of regular local audits, representatives of EnBW AG form their own impressions of the situation at the production sites and in the mining areas. During these audits, discussions are not only held with the raw material producers but also with stakeholders such as union representatives, local communities or local representatives of civil society.

The **Sector Dialog** can be found on the Internet

[Online ↗](#)

Energy Sector Dialog:

EnBW AG has been a member of the Energy Sector Dialog since it was formed on 1 January 2023. The report “Potential human rights risks along the supply and value chains. Selected sections of the German energy industry” was published by the Energy Sector Dialog. This publication lists potential risks for sector-specific supply chains (photovoltaics, wind energy, electricity distribution grids, natural gas, battery storage systems, hydrogen). Key areas of focus were selected based on these findings and preventative and corrective measures were jointly developed during the course of 2024. The preventative precautions in the construction and operation of energy generation and distribution plants are one example of such measures.



B5 – Communication of results



Were the results of the risk analysis/analyses for the reporting period communicated internally to key decision-makers?

It is confirmed that the results of the risk analysis/analyses for the reporting period were communicated internally to key decision-makers, such as the Board of Management, management, or purchasing department, in accordance with section 5 (3) LkSG.

B6 – Changes in risk disposition



What changes have occurred in terms of priority risks compared to the previous reporting period?

This is the first report and it is therefore not possible to highlight any changes in comparison to earlier reports.

3

Identification of
violations and corrective
measures

C – Identification of violations and corrective measures

C1 – Changes in risk disposition



Were there any violations identified in your own business area during the reporting period?

No.



Describe the procedures that can be used to detect violations in your own business area.

Risk analyses enable EnBW AG to identify violations in its own business area. In addition, there is a complaints procedure that provides persons within the company and also external parties with the opportunity to report potential violations. Awareness-raising measures were carried out in the reporting period. These included a management campaign and communication activities to raise awareness for the prevention and reporting of potential human rights and environmental violations.

C2 – Identification of violations and corrective measures at direct suppliers



Were any violations identified at direct suppliers during the reporting period?

No.



Describe the procedures used to identify violations at direct suppliers.

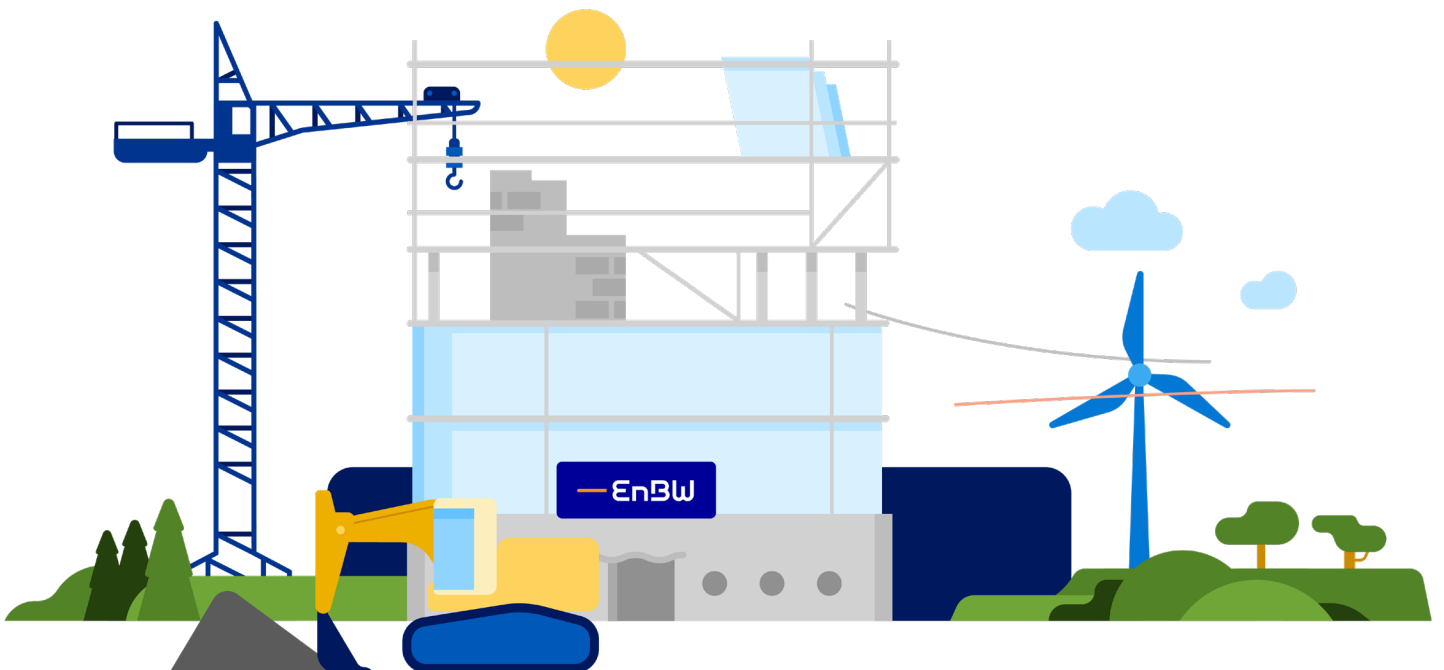
Risk analyses enable EnBW AG to identify violations at direct suppliers. In addition, persons within the company and also external parties can use the complaints procedure to report any concerns. Several awareness-raising measures were carried out during the reporting period. These included a management campaign and numerous communication activities to raise awareness for the prevention and reporting of potential human rights and environmental violations.

C3 – Identification of violations and corrective measures at indirect suppliers



Were any violations identified at indirect suppliers during the reporting period?

No.



4

Complaints procedure

D – Complaints procedure

D1 – Establishment of or participation in a complaints procedure

Find out more about EnBW's [complaints procedure](#) on our website

[Online ↗](#)



In what form was a complaints procedure available during the reporting period?

Company's own complaints procedure.



Describe your company's own process and/or the process in which your company participates.

EnBW AG has its own Group-wide complaints procedure, which also covers complaints in the sense of the LkSG.

The complaints procedure is accessible to persons within the company and also external parties, irrespective of whether they are impacted personally. Complaints can be submitted via various different channels. The whistleblower tool has a telephone hotline that is available at all times (24/7) and an online form for submitting complaints in text form. Complaints can be submitted there in more than 50 languages. Whistleblowers can also submit reports to the compliance department by telephone, in person or by e-mail.

Issues can not only be reported using the digital whistleblower tool but also to an external ombudsman at any time.

Whistleblowers are also free to submit their complaints anonymously. The complaints are handled in accordance with a standardized and confidential process. The complaints procedure and the relevant responsibilities are defined and published in the "Rules of procedure for the complaints mechanism of the EnBW Group."



Which potentially affected parties have access to the complaints procedure?

- Own employees
- Communities near own sites
- Employees at suppliers
- External stakeholders such as NGOs, unions, etc.



How is access to the complaints procedure ensured for the different groups of potentially affected parties?

- Publicly accessible rules of procedure in text form
- Information about accessibility
- Information about responsibility
- Information about the process
- All information is clear and understandable
- All information is publicly available



Publicly accessible rules of procedure in text form (optional)

The “Rules of procedure for the complaints mechanism of the EnBW Group” can be accessed by all potentially affected parties and third parties on the company website of EnBW AG and, where available, on the websites of the Group companies.

The rules of procedure form part of the “EnBW Declaration of Human Rights” and the “Supplier Code of Conduct for business partners of EnBW.” Employees can also access the rules of procedure on the intranet.



Information about accessibility (optional)

Relevant information on the accessibility of the complaints procedure can be found in the rules of procedure. Any potentially affected parties and also third parties are able to submit complaints in person, in writing, by telephone, by e-mail or using the whistleblower tool at any time.



Information about responsibility (optional)

Information about responsibilities in the context of the complaints procedure can be found in the rules of procedure and on the company website of EnBW AG.



Information about the process (optional)

The individual steps of the complaints procedure are described in the rules of procedure. The entire process for handling a complaint is described there: from the receipt and investigation of the complaint through to the provision of feedback to the whistleblower. It also describes possible follow-up, preventative and corrective measures that can be taken based on the nature and severity of the violation or risk. The rules of procedure describe the fundamental principles of the complaints procedure.

**All information is clear and understandable (optional)**

All information related to the complaints procedure has been described in a clear and understandable way as far as possible. The rules of procedure are available in English and German. They can be translated into other languages if required. Whistleblowers have the opportunity to submit complaints via the whistleblower tool in more than 50 languages.

**All information is publicly available (optional)**

All of the information published about the complaints procedure is available on the company website of EnBW AG or, where available, on the websites of the Group companies. In addition, the “Rules of procedure for the complaints mechanism of the EnBW Group” can be accessed on the company website of EnBW AG and on the websites of the Group companies.

**Were the rules of procedure publicly available for the reporting period?**

The rules of procedure are available on the company website at: https://www.enbw.com/media/investoren/docs/corporate-governance/aktuelle-verfahrensordnung-zum-beschwerdemechanismus_enbw.pdf

Further information on the [rules of procedure](#) can be found here

Online [↗](#)

D2 – Requirements for the complaints procedure

**Indicate the person(s) responsible for the procedure and their function(s).**

The persons responsible for carrying out the procedure in the sense of the LkSG are the Head of Compliance and the in-house lawyer from the compliance department. As the central reporting body, the compliance department at EnBW AG receives the incoming complaints. If necessary when investigating the complaints, other specialist areas may be involved in the procedure on a need-to-know basis and subject to strict confidentiality. Complaints can also be reported to the responsible ombudsman: the lawyer Thomas C. Knierim. The ombudsman is subject to a lawyer’s duty of confidentiality.

**It is confirmed that the criteria for the responsible persons contained in section 8 (3) LkSG are fulfilled, i.e., that they offer the guarantee of impartial action, are independent and not bound by instructions, and are obliged to maintain confidentiality.**

Confirmed.



It is confirmed that precautions were taken during the reporting period to protect potentially affected parties from being disadvantaged or penalized as a result of a complaint.

Confirmed.



Describe what precautions have been taken, in particular how the complaints procedure ensures the confidentiality of the identity of whistleblowers.

In the complaints procedure at EnBW AG, all of the submitted complaints are handled confidentially in accordance with the rules of procedure. The complaints procedure is based on the guiding principles of confidentiality, fair proceedings, the presumption of innocence, impartiality and protection against discrimination. In order to protect the whistleblower, confidential or personal data is only passed on if this is necessary for investigating the complaint or taking appropriate measures or if EnBW AG is obligated by law to inform authorities or regulatory institutions (need-to-know principle). Whistleblowers also have the option of submitting complaints anonymously.



Describe what precautions have been taken, in particular what other measures are in place to protect whistleblowers.

EnBW AG handles any submitted reports or complaints as strictly confidential throughout the entire procedure. Information and findings resulting from the handling of these complaints serve exclusively for investigative purposes and are only shared with selected contacts within EnBW AG or with external authorities, such as law enforcement agencies, if this is necessary for the investigation or prescribed by law. Persons who submit a complaint in good faith and not in an improper manner will be protected as best as possible at all times and at every stage of the complaints process. This also applies to persons involved in the investigation of the complaint. Discrimination, unequal treatment, intimidation or other negative effects that lie within the sphere of influence of EnBW AG due to the use of the complaints procedure by the whistleblower are not tolerated. Appropriate measures are taken by EnBW AG if it becomes aware of such an act. This protection – especially against retaliation such as termination, warnings or other forms of discrimination – also applies after the proceedings have been completed. Whistleblowers who submit a complaint are protected against any adverse effects by the confidential and impartial complaints procedure. In this context, the essential requirements for maintaining confidentiality and data protection are defined in, amongst other things, the existing rules of procedure.

Complaints are handled based on the principles of fair proceedings and the presumption of innocence until proof of any violation or infringement has been established.

D3 – Implementation of the complaints procedure



Were there any reports received via the complaints procedure during the reporting period?

Yes.



Please provide further details on the number, content, duration and results of the procedures.

In the reporting period, 17 complaints relevant to the LkSG were received via the channels established by EnBW AG. The procedures lasted from a few days to several weeks depending on the substance of the complaint, the severity of the associated risk or breach of duty and the scope of the investigative measures required. All cases were fully investigated until a conclusion was reached.

Unequal treatment in employment was identified in 5 of the cases. Misconduct by individual employees was identified as the cause in all of these cases, without indication of any systematic discrimination. Appropriate corrective measures were taken in each of these cases by EnBW AG or the personnel entrusted with this task.

The other complaints received by EnBW AG dealt with the following themes: disregard of occupational safety and work-related health hazards, withholding an appropriate wage, unequal treatment in employment and non-payment of social security contributions. These complaints were all classified as being unfounded.



On what topics have complaints been received?

- Disregard of occupational safety and work-related health hazards
- Prohibition of unequal treatment in employment
- Prohibition of withholding an appropriate wage
- Other aspects: Non-payment of social security contributions



Describe what conclusions were drawn from the complaints/reports received and to what extent these findings led to adjustments in risk management.

The complaints received were evaluated individually in their particular context and there was thus no cause to adapt the risk management system.

5

Risk management review

E – Risk management review



Is there a process in place to comprehensively review the appropriateness and effectiveness of the risk management system?

In which of the following areas of risk management is appropriateness and effectiveness audited?

- Risk analysis and prioritization process
- Preventive measures
- Complaints procedure



Describe how this audit is carried out for the respective area and what results it has led to, particularly with regard to the prioritized risks.

EnBW AG reviews the effectiveness and progress of the risk management system according to section 4 (1) LkSG at regular intervals and as occasion demands so that it can adapt the structures and processes if necessary. This process is accompanied by intensive dialog with various internal and external stakeholders. The exchange of ideas and information between internal contact partners on potential and prioritized risks enables the company to continuously learn, identify gaps in the exercising of corporate due diligence and improve measures for the respect of human rights and protection of the environment in all business areas, as well as at suppliers and business partners of EnBW AG.



Are there processes or measures in place to ensure that the interests of your employees, the employees within your supply chains and those who may otherwise be directly affected in a protected legal position by the economic activities of your company or by the economic activities of a company in your supply chains are adequately taken into account when establishing and implementing risk management?

In which areas of risk management do processes or measures exist to take into account the interests of potentially affected parties?

- Preventive measures
- Complaints procedure



Describe the processes and measures in place for the respective area of risk management.

Stakeholder involvement:

In 2022 and 2023, EnBW AG initiated a multi-stakeholder discourse on the subject of forced labor in China and held discussions with relevant players and experts. The aim was to develop a common awareness of the problem and explore potential scope for action. With respect to the procurement of coal, EnBW AG is directly, as well as indirectly via RECOSI, in regular contact with suppliers, potentially affected parties, NGOs and relevant government representatives in the respective procurement countries to discuss human rights and environmental issues. Regular local visits enable us to experience the situation for ourselves at the production sites and in the mining areas. During these local visits, EnBW AG is able to hold in-depth discussions with the raw material producers and other stakeholders, such as union representatives, local communities or local representatives of civil society.

Complaints procedure:

The complaints procedure at EnBW AG offers an easily accessible mechanism for potentially affected parties to submit complaints. In this context, familiarity, transparency and trust are especially important factors in the success of the complaints procedure. Information regarding the complaints procedure is provided to potentially affected parties via information campaigns and through communication measures and other trust-building activities. This includes the regular provision of training courses, making employees aware of the reporting bodies by using internal Group networks, such as the pride network or women's network, and via the information provided in the "Supplier Code of Conduct for business partners of EnBW" and on the company website of EnBW AG, which is available at all times.

The findings that arise from discussions with stakeholders and from membership of corporate initiatives, such as the Energy Sector Dialog, are continuously taken into account in the further development of the complaints procedure.

Internal networks for employees (e.g., pride network, women's network):

Employees at EnBW AG have the opportunity to connect with each other across all sites and workplaces through various channels to find information about certain events or also at any other time. These networks offer participants a good opportunity to become aware of cross-departmental themes or problems at an early stage and respond to them in good time.

Employee surveys:

EnBW AG has been carrying out annual employee surveys since 2013. These are held either in the form of a comprehensive full survey or a "Blitzlicht" (Flashlight) survey (representative random survey). They provide employees with the opportunity to give their opinions on subjects such as well-being & respect, management and development, culture and equal opportunities. A survey on psychological stress in the workplace (GB Psych) was also carried out again in 2024. The aim of this survey is to generate a risk assessment of psychological stress as part of occupational health and safety and the promotion of employee health in the workplace.

About this report

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

[Online ↗](#)

Find out more about EnBW's **sustainable supply chain** on our website.

[Online ↗](#)

EnBW reports annually on how it fulfills its corporate due diligence obligations with respect to the LkSG as part of the requirements laid down by the regulatory authority BAFA (Federal Office for Economic Affairs and Export Control). We reserve the right to combine this report with other reporting requirements if this is permitted by legislators.

This report is the first one of its kind published by EnBW AG. We are improving the underlying processes both continuously and in response to certain events. If we identify any changed or enhanced risks, we will take them into account in future reporting periods.

Contact persons

Dr. Lothar Rieth
Head of Sustainability
Phone: +49 721 63-24120
Durlacher Allee 93
76131 Karlsruhe

Dr. Andreas Schweinberger
Head of Compliance
Phone: +49 721 63-24920
Durlacher Allee 93
76131 Karlsruhe

E-mail: sorgfaltspflichten@enbw.com

Other documents

- [Code of Conduct | EnBW](#)
- [Declaration of Human Rights | EnBW](#)
- [Supplier Code of Conduct | EnBW](#)
- [Complaints procedure | EnBW](#)
- [Rules of procedure | EnBW](#)
- [EnBW company website | EnBW](#)
- [Rules of conduct governing the procurement of raw materials | 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](#)
- [Energy Sector Dialog](#)
- [RECOSI - Responsible Commodities Sourcing Initiative Governance](#)
- [Integrated Annual Report | EnBW](#)
- [Sustainability reporting | EnBW](#)
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- [Compliance | EnBW](#)

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Contact

EnBW Energie Baden-Württemberg AG
Durlacher Allee 93 · 76131 Karlsruhe

Phone: +49 721 63-00
E-mail: sorgfaltspflichten@enbw.com
<http://www.enbw.com>