

## Policy Statement

# Supply Chain Due Diligence Act

We consider respecting the human rights and environmental standards prescribed by the German Supply Chain Due Diligence Act to be a fundamental and binding part of our business activities. Our responsibility for complying with said standards also applies specifically to our business relationships with suppliers and their upstream suppliers. As a major municipal energy services provider, we have a special responsibility to further accelerate efforts towards greater sustainability. To reinforce this, we are committed to ensuring that our services, which contribute to the success of our business, meet the needs of both current and future generations.

We have established an appropriate and effective risk management process in accordance with the German Supply Chain Due Diligence Act, to comply with the required duty of care and due diligence obligations. The Legal Affairs & Compliance department of enercity AG has been entrusted with its implementation. This department reports on behalf of the company to the German Federal Office for Economic Affairs and Export Control (BAFA), operates the complaints handling section and conducts the risk analysis within the company.

The annual and event-driven risk analysis of direct suppliers (if necessary, also of indirect suppliers) is the responsibility of the Finance & Procurement division of enercity AG. This division develops appropriate preventive measures and initiates remedial measures as necessary. This division also implements this policy statement in the supply chain. In this conjunction, employees in this division receive appropriate training. Procurement strategies and purchasing practices are adapted continuously on the basis of the risk analysis and its prioritized results. Control mechanisms are designed to support adherence to the statutory due diligence obligations in the course of the year.

As a company, we purchase supplies and services from a large number of suppliers, the vast majority of which have their headquarters in Germany, where there are strict regulations in place in respect of adherence to human rights and environmental standards. We do not award orders to companies that to our knowledge violate statutory provisions. This applies in particular to violations of human rights and environmental legislation. Our suppliers are bound by the principles of this regulation. These principles determine the minimum requirements of the Supply Chain Due Diligence Act that we expect our suppliers and their upstream suppliers to meet. Our requirements refer explicitly to the protected legal positions with human rights and environment-related obligations of the Supply Chain Due Diligence Act that are not to be violated. These are mainly, but not limited to, the following:

### Human rights-related obligations

- **Respect for human rights:** We expect our suppliers and their upstream suppliers to acknowledge and support our principles and ensure that they are not involved in human rights violations.
- **Occupational health and safety:** Our suppliers and their upstream suppliers must ensure the occupational health and safety of their employees in accordance with the applicable laws and regulations. It must be ensured that employees at least have free access to drinking water, sanitary facilities, suitable fire protection, lighting, ventilation and – insofar as necessary – appropriate personal protective equipment (PPE). Employees are to be trained in the correct use of the protective equipment and in the general safety provisions.
- **No child labor and forced labor:** Suppliers and their upstream suppliers will not tolerate any child labor, forced labor or other involuntary labor in accordance with International Labour Organization (ILO) Conventions C 138 and C 182.

- **No discrimination or harassment:** Employees are to be treated with respect and dignity. Employees must not be physically, psychologically, sexually or verbally harassed or abused on the basis of their gender, race, religion, age, family circumstances or ethnic origins. This also includes respect for sexual identity.
- **Transparency about working hours and remuneration:** Working hours must comply with the applicable laws. Employees are to be given employment contracts that clearly define the working hours and remuneration. All remuneration shall be paid without delay and in accordance with the respective laws in force. Inequality in employment, in particular the payment of unequal remuneration for work of equal value, must be precluded. The payment of a reasonable wage (minimum wage) must be ensured.
- **Freedom of association and the right to collective bargaining:** Our suppliers respect the rights of their employees in respect of freedom of association and collective bargaining within the scope of the respective laws in force and the ILO conventions.
- **Access to food, water and sanitary facilities:** Natural resources are not to be damaged or destroyed in a way that interferes with food conservation and production, prevents access to safe drinking water, impedes or destroys access to sanitation, or harms human health.

#### Environment-related obligations

- **Protecting the environment:** We expect our suppliers and their upstream suppliers to have developed and implemented a specific environmental policy and to observe all applicable laws and regulations for the protection of the environment within the scope of their business activities.
- **Handling hazardous materials:** When handling chemicals and other materials classified as hazardous if they get into the environment, their safe handling, movement, storage, reuse or disposal must be ensured.
- **Reducing the use of resources, waste and emissions:** The continuous improvement of resource efficiency is an important part of the work of general and operational management. Waste of all kinds, and all emissions to air, water or soil should be minimized, labeled accordingly and monitored.
- **Persistent organic pollutants, mercury:** Effective measures must be taken to preclude environment-related risks in respect of the above substances and materials. Statutory bans on their manufacture, production, handling and use must be observed (e.g. Minamata, Stockholm and POPs conventions).

We are willing to work with our suppliers if necessary on meeting the requirements from these principles and improving standards. These principles will be an integral part of our tendering conditions and will be taken into account in our procurement decisions. To this end, suppliers also have to exert influence on their upstream suppliers and work to ensure compliance along the supply chain by means of appropriate measures. All our suppliers warrant in particular to observe the above-mentioned principles and the relevant laws of the countries they operate in and to address them appropriately along the supply chain.

#### Consequences of non-compliance

Insofar as a violation of the supplier's obligations has already occurred or is imminent, the supplier will immediately take appropriate remedial measures to prevent or terminate this infringement or to minimize its extent. If the violation of a human rights or environmental obligation is such that it cannot be stopped in the foreseeable future, the supplier must notify enercity Netz GmbH accordingly. A concept for terminating or minimizing the infringement must be devised and implemented without delay.

In particular, the customer may take the following measures vis-à-vis direct suppliers, who are obliged to participate in them:

- Joint elaboration and implementation of a plan to end or minimize the violation with the company that has caused it.

- Joining forces with other companies within the scope of industry initiatives and standards to increase the ability to influence the company responsible for the violation,
- Temporary suspension of the business relationship during the supplier's endeavors to minimize the risk

The business relationship may be terminated, if:

- the violation of a protected legal position or an environment-related obligation is considered to be very serious,
- the implementation of the measures elaborated in the concept has not provided a solution following expiry of the period specified in the concept,
- no milder remedies are available and increasing the pressure on the supplier does not appear promising.

The above requirements notwithstanding, the contractual relationship with the supplier may be terminated for cause if the supplier is proven to be culpably in breach of human rights-related or environmental obligations or in serious repeated breach of other obligations under these principles. Priority human rights- and environment-related risks will be defined in the course of the risk analysis.

**Christiane Fraiss**

Managing Director

**Karl-Josef Risch**

Managing Director

### **Complaints procedure**

The complaints procedure of enercity Netz GmbH enables people to draw attention to human rights and environmental risks as well as violations of human rights and environmental obligations arising from the business activities of enercity Netz GmbH or one of its direct suppliers.

Please send your complaints to the following address, stating who you are and the facts of the case, and provide as much detail as possible in your report.

[Menschenrechtsverantwortlicher@enercity.de](mailto:Menschenrechtsverantwortlicher@enercity.de)

The office responsible will confirm receipt of your complaint in writing and a discussion will follow.

enercity Netz GmbH guarantees the confidentiality of the identity of the individuals involved and protection against discrimination or punishment as a result of the complaint.