

Policy Statement on the Human Rights Strategy

of BEW Berliner Energie und Wärme AG

(pursuant to Section 6 [2] of the German Supply Chain Due Diligence Act ["LkSG"])

Introduction

BEW Berliner Energie und Wärme AG (hereinafter referred to as "BEW") is a German stock corporation and has been wholly owned by the German State of Berlin since 2 May 2024. It currently provides district heating services to the equivalent of around 1.4 million residential units in the German capital and also offers locally generated district cooling service and individual stand-alone energy solutions. BEW has set itself the goal of making heat generation largely climate-neutral by 2040. A decarbonisation roadmap sets out clear steps marking the path to achieving this goal.

BEW is committed to respecting human rights and environmental obligations in its supply chains and regards the protection of human rights as a central element. The Company implements applicable law, respects internationally recognised human rights and environmental obligations and takes care to prevent human rights violations and environmental pollution in the context of its business operations. In particular, the Company condemns all forms of child and forced labour, all forms of slavery and (modern) human trafficking as well as all forms of discrimination. It is also committed to complying with the health and safety legislation applicable at the respective place of employment, to paying adequate wages, to treating employees equally and protecting the freedom of association of its employees.

In its business activities, BEW recognises, in particular, the United Nations International Bill of Human Rights which comprises the Universal Declaration of Human Rights and the International Covenant on Civil and Social Rights, as well as the core labour standards of the International Labour Organization (ILO).

The present Policy Statement also is an essential complement to the current internal rulebooks ensuring BEW's responsible and sustainability-orientated action in terms of human rights and the environment. These include, in particular, the Code of Integrity and Conduct, the Code of Conduct for Suppliers and Partners and various other internal Company policies.

BEW expects its employees as well as its suppliers and partners to respect human rights and environmental obligations, to fulfil their duty of care and to avoid negative impacts.

The present Policy Statement was adopted by the Executive Board of BEW and also has binding effect for BEW Solutions GmbH and Energy Crops GmbH, two enterprises controlled by BEW.

Until 30 April 2024, BEW (formerly Vattenfall Wärme Berlin AG) was a subsidiary to Vattenfall GmbH. During a transition phase of two years, BEW continues to use administrative services provided by the Vattenfall Group on a contractual basis. This includes, for example, purchasing.

1 Risk management and responsibilities

At top management level, the Executive Board is accountable for the respect of human rights and environment related obligations in its own business operations and in BEW's supply chain. To ensure compliance with human rights and environmental due diligence obligations, BEW has established an appropriate and effective risk management system. This risk management system is monitored by BEW's LkSG officer. The Executive Board is informed about the work of the LkSG officer at least once a year and additionally on an ad hoc basis.

In the companies controlled by BEW, LkSG officers have been appointed to ensure connection as well as the integration and implementation of appropriate measures in all relevant business divisions.

BEW systematically assesses human rights and environmental risks and impacts through due diligence processes covering our own operations as well as our procurement and purchasing activities. Risks are assessed according to varying methods depending on the field of operation. For BEW, the business managers entrusted with operational responsibility for the Supply Chain Due Diligence Act ensure that the risk analyses, preventive measures and remedial measures are carried out.

2 Supplier risk assessment

BEW vets and monitors potential and current suppliers and partners for potential risk factors regarding ownership structures, politically exposed persons, sanctions and negative media reports. This rigorous due diligence measure provides BEW with an up-to-date risk picture of our supplier base, which in turn informs remedial action that may be required.

BEW employs a supplier risk assessment tool to assess new suppliers of goods and services, which has replaced the country risk classification. This tool is applied to new contracts and identifies risks based on product and service category, country risk and spend risk.

For high-risk suppliers with contracts worth in excess of € 100,000, a full or customised audit focusing on environmental, social or governance aspects is performed. If and when audits are conducted, any non-conformities are addressed in corrective action plans. The corrective action plans are followed up in regular intervals to ensure that suppliers respond to findings and improve their environmental and social performance. This system enables BEW to address priority

(high-risk) segments and ensure through audits and follow-up discussions that violations of human rights and environmental factors are corrected.

Beyond contract-specific assessments, BEW conducts annual assessments of its entire supplier base to identify risks in specific product categories irrespective of contract volume. The outcomes are discussed with internal stakeholders to determine whether action is required at the suppliers' in order to mitigate identified risks.

The due diligence procedures for fuels like hard coal and gas, and for ancillary services, vary widely in response to the sustainability risks specific to the respective supply chain. They use well-known international certification and validation schemes, relevant industry initiatives, and bilateral and third-party audits such as Bettercoal.

BEW applies these processes on the basis of service-level agreements.

3 Risk assessment of own business

Besides potential risks in the upstream supply chain, the analysis of **human rights-related risks** also covers potential human rights risks in connection with our own business activities. This includes assessing corporate governance with regard to these matters.

The **environmental risks** associated with our own business activities are handled with the help of systems and processes for managing environmental issues in the Company. BEW identifies the important aspects of environmental protection as part of the corporate environmental management system and has established processes and procedures to manage these.

BEW carried out its first LkSG risk analysis in its own business in 2023 when the Company still was a subsidiary to Vattenfall GmbH. The outcome of this risk analysis did not reveal any risks, or merely risks with a low probability of occurrence, owing to the established processes, systems and measures.

4 Prevention

BEW's guidelines and obligations are accompanied by a range of company-wide preventive measures. These are continuously advanced.

- Internal training ensures knowledge and a good understanding of human rights and environmental risks in our business units and the supply chain. All employees of the relevant departments participate in mandatory training sessions which they complete with a final test.
- BEW has determined the UN sustainable development goals relevant for its business and takes all steps required to implement these into the business processes, in particular procurement and waste disposal processes.

- The Code of Integrity and Conduct describes the corporate values and the standards of conduct applicable to all BEW employees and is continuously updated.
- The Code of Conduct for Suppliers and Partners takes into account sustainability aspects that are central to the activities, products and services as well as the environment in which BEW operates. The ethics clause based on this is an integral part of the supplier contracts signed by BEW. This makes the Code binding for BEW and its partners. In the event of non-compliance, BEW is entitled to review/audit and potentially terminate the business relationship.
- BEW maintains a dialogue with external stakeholders to discuss the trends and risks arising in the environment where the Company operates. Information from stakeholders is collected, reviewed and acted upon as appropriate.
- In its own business, BEW's Integrated Management System additionally ensures a high quality level. It builds on the certified standards for health and safety at work (ISO 45001), environmental protection (ISO 14001) and energy management (ISO 50001). Furthermore, management systems for information security (ISO 27001 - certified for critical infrastructure operations) and compliance (ISO 19600) have been introduced.

5 Remedial measures

In the event of violations of human rights or environmental obligations, both in our own business operations and in our supply chains, appropriate remedial measures will be taken to prevent or end future violations or to minimise the extent of such. Repeated violations are detected through various mechanisms, e.g. renewed vetting of portfolio suppliers, media reports, information from external stakeholders or follow-up audits. Depending on the severity of the offence, cases are forwarded to relevant internal working groups and/or the Company executive management. In these working groups, the results of detailed investigations are discussed and follow-up measures are decided, ranging from stepped-up due diligence to cooperation with the supplier concerned in order to mitigate or cease the violation in question. If the offence is particularly serious, terminating the business relationship may be considered.

6 Complaints procedure

BEW had set up a whistleblower system even before the LkSG came into force, which allows reporting violations of laws and internal policies or irregularities.

It is complemented by an LkSG complaints procedure that is open to all persons and allows them to report human rights and environment related risks as well as violations of human rights or environmental obligations that have occurred in BEW's own business or at a supplier. The personnel selected by BEW's Executive Board to perform the complaints procedure warrant impartiality, are independent and are not bound by any instructions. BEW uses this complaints procedure on the basis of a service-level agreement.

Receipt of a complaint is confirmed promptly to the complainant. Complaints are processed swiftly and discussed with the complainants. The complaints procedure is designed such that confidentiality of the person's identity is guaranteed and effective protection against discrimination or punishment as a result of a complaint is ensured. Further details of the complaints procedure can be found both as clear and comprehensible information on the homepage and in the Complaints Code issued and published by the BEW Executive Board.

The systematic way of handling complaints, and the lessons learnt from this, enable BEW to continuously advance its human rights due diligence processes.

7 Monitoring and reporting

BEW monitors the effectiveness of the implemented risk management system by evaluating the results of the applied processes and policies.

At BEW itself, fulfilment of the due diligence obligations is documented on an ongoing basis, and documents are retained for at least seven years from the date of their creation.

BEW has for several years been committed to taking environmental, corporate social responsibility and corporate governance issues into account in its strategies and business plans. In addition, from 2025 on, it will prepare an annual report on fulfilment of its due diligence obligations in the preceding financial year pursuant to LkSG requirements and publish it free of charge on its website.

8 Further development

Implementation in the interest of safeguarding human rights is an ongoing process of development. BEW is therefore committed to ensuring continuous further development and improvement, among other things on the basis of the findings derived from the effectiveness analysis. The present Policy Statement, too, is continuously reviewed and concomitantly advanced.