



# Policy statement

# I. Our commitment to human rights and environmental due diligence

For more than 85 years, STEAG has stood for efficient and safe energy generation both in Germany and abroad. At the beginning of 2023, we strategically repositioned ourselves: The traditional power plant business is being continued in STEAG Power GmbH, while the Group's diverse activities in the fields of renewable energies, hydrogen and energy storage projects, decarbonization solutions for industry and municipalities, digital tools for optimized plant operation or energy balancing, and district heating supply, have been brought together under the umbrella of the newly founded Iqony GmbH. We are thus opening a new chapter in the company's history.

We, as STEAG GmbH, operate internationally and procure a variety of products and services through global supply chains. We are conscious of our corporate responsibility and are committed to respecting human rights and complying with environmental obligations in our business areas and within our supply chains. We are convinced that long-term business success can only be achieved by acting in a socially and environmentally responsible manner. For this reason, we have anchored human rights and environmental due diligence processes at the core of our business strategy. They are of great importance in all our corporate decisions.

As an employer, we have been striving for many years to ensure good and fair working conditions for all our employees in Germany and abroad as part of our social responsibility.

With this policy statement, we reaffirm our commitment to the International Bill of Human Rights and to respecting the following internationally recognized human rights standards:

- United Nations Universal Declaration of Human Rights
- International Covenant on Political and Civil Rights
- International Covenant on Economic, Social and Cultural Rights
- Core labor standards of the International Labor Organization (ILO) with its four basic principles on freedom of association, the elimination of forced and child labor and the prohibition of discrimination in respect of employment and occupation

In addition, we comply with the principles and requirements set out in the relevant environmental conventions:

- Minamata Convention on Mercury
- Stockholm Convention on Persistent Organic Pollutants
- Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal

Our commitment to responsible action is also reflected in the fact that we have been an active member of the German network of the UN Global Compact since 2011 and support the goals for a social and ecological process of globalization.

In this policy statement, we describe our human rights strategy and the procedures we use to comply with our human rights and environmental obligations in accordance with the provisions of the German Act on Corporate Due Diligence Obligations in Supply Chains (LkSG). In doing so, we take into account the interests of our employees, the employees within our supply chains and those who may otherwise be adversely affected by our business activities or the economic activities of companies in our supply chains.

With our policy statement, we also underline the expectation that our business partners are also committed to respecting human rights and complying with environmental obligations. We expect them to comply with our human rights and environmental principles and to implement them appropriately along the supply chain, make demonstrable improvements and fulfill their social responsibility.

Our policy statement applies to STEAG GmbH and all its subsidiaries over which it exercises decisive influence within the meaning of the LkSG, as well as their suppliers.

## II. Our approach to human rights and environmental due diligence

We see respect for human rights and the responsible handling of environmental risks as a continuous process of further development. The conventions on the protection of human rights listed in the LkSG serve as a central guideline for us, and the described duties of care shape our actions. We rely on our employees and the business partners in our supply chains to comply with the principles set out in those conventions. Our overarching human rights and environmental risk management encompasses the fulfillment of due diligence obligations with the aim of identifying potential and actual violations at an early stage and addressing them with appropriate preventive and remedial measures.

Risk management in the context of human rights and environmental due diligence includes the following:

- Definition of internal company responsibilities
- Issuing and committing to this policy statement
- Regular and event-driven risk analysis, including assessment and prioritization of risks
- Implementation of appropriate and effective preventive measures
- Implementation of appropriate and effective remedial measures
- Introduction of an appropriate and effective complaints procedure
- Regular monitoring of effectiveness
- Documentation and reporting of due diligence obligations

## III. Priority human rights and environmental risks

Based on our general experience of typical risks in the energy supply industry, our own business activities and business activities in our supply chains can have a negative impact on human rights and the environment. Therefore, human rights and environmental risk analysis is a key element enabling us to focus our due diligence processes on those areas where we identify the greatest risks.

### Procedure for risk analysis:

We carry out annual and ad hoc risk analyses in our own business area and in relation to our direct suppliers.

In doing so, we first identify risks in line with the legal positions of the LkSG at an abstract level, based on the country and sector of our supplier or our subsidiaries. In this way, we gain initial insights into the existing risks and their weighting in our value chains.

In the next step, we take a closer look at the identified suppliers and companies with a relatively high risk propensity, and supplement the available risk information with information on measures already taken by the suppliers or business units. In that way, we identify priority risks to human rights and the environment.

In addition, if we have substantiated knowledge, we carry out event-driven risk analyses at our indirect suppliers. As part of the analysis process, we first evaluate industry and country-related risks and apply a specific risk analysis to our own business divisions and business partners with an increased risk propensity. Findings from the processing of information as part of our complaints procedure are included in the risk analysis. The risks identified are weighted and prioritized using the criteria for appropriate action which meet the due diligence requirements of the LkSG.

#### Potential adverse effects:

Our risk analysis in our own business area has shown that the following issues in particular could have a potentially negative impact on people and the environment:

- Inadequate occupational safety and health hazards in the workplace
- Conflicts due to the deployment of security forces
- Land use conflicts
- Harmful contamination of soil, water and air, and noise emissions
- Incorrect handling and disposal of waste and chemicals

With regard to our direct business partners, we have identified the following main abstract risks in terms of respecting human rights and protecting the environment:

- Inadequate occupational safety and health hazards in the workplace
- Forced labor
- Land use conflicts
- Withholding of an appropriate wage
- Conflicts due to the deployment of security forces
- Harmful contamination of soil, water and air, and noise emissions
- Excessive water consumption
- Incorrect handling and disposal of waste and chemicals

We regularly revise our process for analyzing risks and are currently in the process of rolling out an IT-based approach.

The results of the risk analyses are continuously incorporated into our corporate decision-making processes. They form the basis for the design of our risk management system and for defining the human rights and environmental expectations that we have of our employees and suppliers.

## IV. Preventive measures

We use the knowledge gained from the risk analysis to develop and implement targeted measures aimed at preventing and minimizing human rights and environmental risks. When developing preventive measures, we actively involve our employees and experts in human rights and environmental due diligence processes.

Various company guidelines, compliance with DIN EN ISO 45001 for occupational health and safety, specific processes and training in our own business area and for direct suppliers form an essential basis for raising awareness of respect for human rights and improving working conditions, and for promoting responsible and environmentally friendly action. The following policies serve as guidelines for our employees and define the expectations we have of our business partners:

- STEAG Code of Conduct
- Supplier Code of Conduct
- HSE-Policy

Our Code of Conduct regulates aspects such as behavior, prevention of corruption, conflicts of interest, protection of information and data, and discrimination. It applies to all employees. We expect our employees to align their day-to-day decisions with STEAG's Code of Conduct. The Supplier Code of Conduct is currently being successively integrated into existing and new contracts with our business partners. We expect our business partners to pass on our human rights and environmental expectations to their business partners.

The implementation of a comprehensive training program at STEAG will ensure in future that both employees and the relevant business units and suppliers are sensitized and enabled to fulfill the human rights and environmental due diligence obligations in their own business unit and in the respective supply chain (direct and indirect suppliers). Raising awareness and an additional work instruction for purchasing serve, among other things, to initiate an event-related risk analysis in the event of substantiated knowledge, to establish appropriate preventive measures, to create and implement a plan for prevention, termination or minimization and, if necessary, to update this policy statement.

Our commitment to improving working conditions in our value chains began well before the LkSG came into force. For example, audits in which mines and locations with an increased risk propensity in particular are visited by expert employees and reviewed with regard to labor, social and environmental standards have already been carried out in the past. If standards were not met, improvements were driven forward and, in the final instance, business relationships were terminated. We also actively seek dialogue with non-governmental organizations and local residents at mine sites in order to incorporate their views in our risk analysis.

As part of our coal procurement, we have also been taking measures for years to increase the transparency of our supply chains.

Each of our suppliers has also undergone initial and regular compliance checks for years. These include a media screening, a sanctions list check and, if necessary, individual case reviews with external support.

## V. Complaints procedure

Despite the due diligence processes we have introduced, violations of human rights or environmental obligations may occur in individual cases in our business area and in our supply chains. We do our utmost to uncover such potential violations and take appropriate remedial action. To this end, we are currently introducing an IT-based complaints procedure. In the transition phase, until this system is introduced, we are working with our central e-mail address ([compliance@steag.com](mailto:compliance@steag.com)), which is also published on our company website and which can be used to pass on information to STEAG GmbH in a protected environment. Contact via the e-mail address is open to all our employees as well as those of our suppliers and other external stakeholders. In addition, our employees have access to internal reporting channels through which complaints can be submitted.

Our complaints procedure is open to potentially affected parties as well as internal and external interest groups, and our IT-based procedure will also make it possible to submit reports anonymously in future. All the information and substantiated suspicions submitted regarding potential violations of human rights and environmental standards are investigated in a transparent and comprehensible process. We have formulated this process in a code of procedure and made it publicly available on our company website [www.steag.com](http://www.steag.com).

The reports received as part of the complaints procedure are treated carefully and as confidentially as possible. Our aim is to ensure that whistleblowers do not suffer any adverse consequences as a result of their reports. To this end, all those entrusted with investigating the reports are required to act impartially and maintain confidentiality. The knowledge gained from our complaints procedure enables us to continuously improve our human rights and environmental due diligence processes.

STEAG has already maintained open channels of communication with non-governmental organizations and other representatives of society in the past. This access to dialog is to be supplemented by the complaints channel.

## VI. Remedial measures

We strictly reject all forms of human rights violations and breaches of environmental obligations. In the event that a human rights or environmental violation has occurred or is imminent in our own business area or at a direct supplier, we take immediate remedial action. In our own business area, we aim to end the violation as quickly as possible and appropriate sanctions are introduced if our employees behave in a way that is incompatible with human rights.

In the event of reasonable suspicion or concrete indications of possible human rights or environmental violations along our supply chains, we carry out careful and consistent investigations. We determine our own contribution to possible violations and try to eliminate or minimize them. We work together with our business partners to clarify information and take measures to end violations. We expect our business partners to be willing to cooperate and reserve the right to temporarily suspend the business relationship. If the violation persists and is very serious, if the measures taken have not brought about a remedy and if further measures do not appear promising for improvement, we reserve the right to terminate the business relationship.

## VII. Checking of effectiveness

We review the effectiveness of our measures and our complaints procedure on an annual and ad hoc basis. We consider measures to be effective if they make it possible to minimize risks to human rights and the environment and either end violations of human rights or environmental obligations or minimize their extent.

The effectiveness review is structured differently according to the nature of the measure. For example, we check the effectiveness of our training and further education measures using comprehension questions during training. We evaluate the effectiveness of measures in our supply chains by monitoring the results of our risk analyses and carrying out risk-based audits at selected suppliers.

In future, we plan to review the effectiveness of our complaints procedure once a year and on an ad hoc basis in accordance with the effectiveness criteria of the United Nations Guiding Principles on Business and Human Rights. For example, a significant change in the risk situation or specific indications of restrictions in the complaints procedure may give rise to such a review.

# VIII. Responsibilities

We have defined clear responsibilities in order to fulfill our commitment to human rights and environmental due diligence. The overall responsibility for our human rights and environmental risk management lies with the Board of Management of STEAG GmbH. The Board of Management has appointed a Human Rights Officer to monitor this risk management, and that Officer reports to the Board of Management on their work at least every six months. The Human Rights Officer works closely with those responsible for the management and support functions and the business units to ensure the operational implementation of our human rights and environmental due diligence processes.

# IX. Documentation and reporting

We plan to document the fulfillment of our human rights and environmental due diligence obligations internally on an ongoing basis and retain the documentation for at least seven years. In accordance with the requirements of the LkSG, we will prepare a report on the fulfillment of our due diligence obligations for the first time for the 2024 financial year, making it publicly available on our company website no later than four months after the end of the financial year and submitting it to the Federal Office for Economic Affairs and Export Control.

We report on our further commitment to achieving our sustainability goals and our efforts to respect human rights and protect the environment in our annual sustainability report, which is also available on our company website.

# X. Prospects

Respecting human rights and implementing human rights and environmental due diligence in our operational processes is an important contribution to responsible business activity for us. For this reason, we review our existing due diligence processes for their effectiveness and appropriateness and continuously develop them.

Accordingly, we see this policy statement as a living document in which we present our human rights strategy and highlight further developments. With this in mind, we will regularly update this statement and make it publicly available.

Essen, January 2024



Dr. Andreas Reichel Chairman of the Board of Management	Dieter Dehlke Member of the Board of Management	Nicole Hildebrand Member of the Board of Management	Dr. Ralf Schiele Member of the Board of Management
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**STEAG GmbH**  
Rüttenscheider Str. 1-3  
45128 Essen  
Germany

[www.steag.com](http://www.steag.com)