

**Declaration of Principles  
of VNG AG according to  
the Supply Chain Act  
("LkSG")**

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\* For reasons of clarity this document avoids use of alternative male and female forms. All personal designations apply equally to persons of any gender identity.

## I. Commitment of the VNG Executive Board

VNG provides energy when and where it is needed. This principle guides us, especially in an era of rapid developments and global challenges. It also highlights VNG's role as a systemically important, innovative and sustainable energy supply group that stands for stability and continuity. We operate in a business environment governed by a variety of regulations and laws. At the same time, our activities incur a great social responsibility.

Not only do we accept this responsibility in relation to our own business activities, but we also expect our business partners and customers to live up to their social responsibilities. Through the VNG Code of Conduct and the Supplier Code of Conduct, we have formulated clear principles and expectations for our internal and external stakeholders. These concern our own business practices and value creation in supply chains and aim to ensure respect for human rights and environmental protection. In addition, we are committed to

- ▶ compliance with local laws,
- ▶ respect for human rights, in particular the UN Guiding Principles on Business and Human Rights,
- ▶ integrity in business practices, and
- ▶ respect for and compliance with environmental standards and environmental protection.

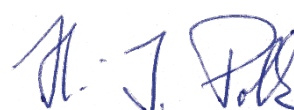
This Declaration of Principles is regularly updated in accordance with the continuous development of our LkSG risk management and the associated processes.



Bodo Rodestock



Ulf Heitmüller



Hans-Joachim Polk



## **II. Scope of application of the Declaration of Principles**

This Declaration of Principles is binding for VNG AG and for all group companies over which VNG AG exercises a controlling influence. The decisive factors for identifying a controlling influence within the meaning of the LkSG are the existence of a controlling shareholding, integration into the VNG compliance management system and the application of the Group guidelines (hereinafter referred to as the VNG Group). Due to regulatory unbundling requirements, this Declaration of Principles does not apply to ONTRAS Gastransport GmbH and its subsidiaries.



### **III. VNG AG's approach to human rights and environmental protection**

Our commitment to human rights and environmental protection is a central aspect of our business. As an energy company, we recognise our responsibility to respect and promote human rights, prevent environmental damage and contribute to a sustainable society and economy. Climate targets are considered elsewhere as part of our sustainability management.

We respect the fundamental human rights of all persons, including our employees, suppliers and other stakeholders affected by our activities.

For us, this means that we

- ▶ promote fair working conditions, non-discrimination and equal opportunities for our own employees and the employees of our suppliers
- ▶ engage with local stakeholders, listen to their concerns and consider potential negative impacts of our activities
- ▶ monitor our supply chains to reduce human rights abuses and promote responsible sourcing.

We are committed to minimising our environmental impact, conserving natural resources and promoting clean energy solutions.

For us, environmental protection means that we

- ▶ protect natural habitats and ecosystems affected by our activities
- ▶ reduce our waste production, and promote recycling and responsible disposal practices.

In order to achieve this, we

- ▶ conduct a comprehensive risk assessment to identify potential human rights and environmental risks in our business and supply chain
- ▶ develop clear policies and procedures that are based on international human rights standards and environmental protection measures
- ▶ train employees, customers and suppliers in human rights and environmental obligations
- ▶ maintain sufficient capacity so that we can respond to new challenges
- ▶ regularly report on our progress, challenges and successes in the areas of human rights and environmental protection.

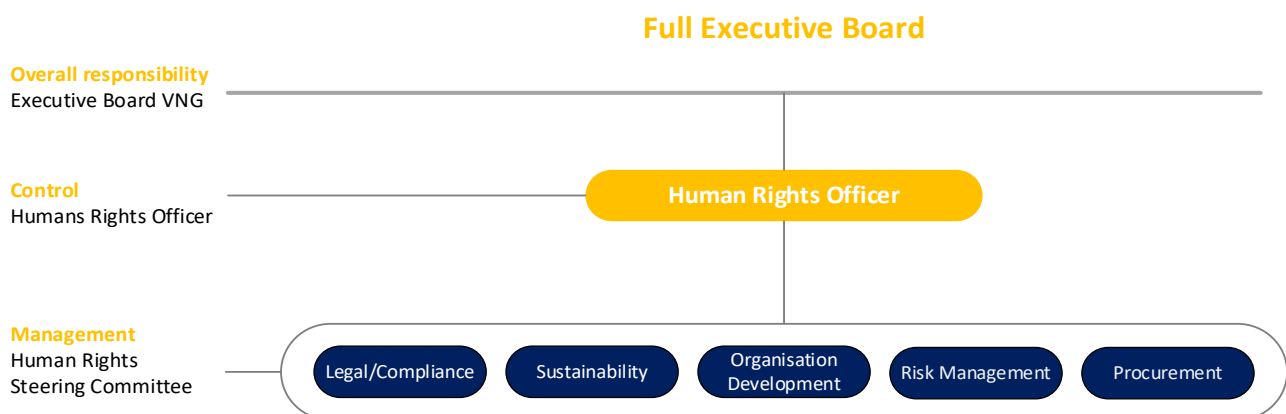
We seek dialogue with our stakeholders and obtain their feedback. Based on this feedback, new developments and changing circumstances, we continuously review our strategy and adapt it to the new circumstances.

## IV. Implementation of human rights and environmental due diligence obligations

Respect for human rights and compliance with international labour and environmental standards are essential components of our corporate governance and value orientation. We see the fulfilment of our human rights and environmental due diligence obligations as a continuous development process. The basis of all our actions is open and constructive exchange with internal and external stakeholders, including our employees.

### 1. Responsibilities for the implementation of due diligence obligations

The overall responsibility for human rights and environmental risk management (hereinafter: LkSG risk management) of VNG is borne by the full Executive Board. The division of responsibilities is defined in the Executive Board's rules of procedure.



Monitoring human rights and environmental risk management is the central task of the Human Rights Officer, who regularly informs the full Executive Board about this work. The Human Rights Officer is also responsible for monitoring the effectiveness of due diligence measures and for approving the report to the Federal Office of Economics and Export Control ("BAFA").

VNG has established a Human Rights Steering Committee (hereinafter: "LKM") to implement its corporate due diligence obligations. It is composed of experts from the fields of law/compliance, sustainability, organisational development, risk management and procurement. The LKM is concerned with the development and implementation of standards and measures designed to ensure that the corporate due diligence obligations in the VNG Group are met with regard to LkSG risks. These measures include in particular:

- ▶ the annual and event-related risk analysis in our own business area and along the supply chain,
- ▶ the development of preventive and remedial measures against LkSG violations,
- ▶ the establishment of a complaints procedure and
- ▶ the creation of the regular report to BAFA.

In addition, the LKM trains employees, is responsible for the Supplier Code of Conduct and monitors the implementation of the preventive and remedial measures it has developed. Finally, the committee is responsible for determining and adhering to the group-wide uniform requirements of the LkSG risk management.

If measures cannot be implemented centrally, responsibility for their implementation is devolved to the management of the Group companies.

## 2. Central role of risk analysis in corporate due diligence

Risk analysis plays a crucial role in the implementation of corporate due diligence obligations. Only by this means can potential dangers be identified and, based on this, suitable preventive measures developed and implemented. Responsibility for analysing LkSG risks resides with the compliance officers of the VNG Group companies.

Prior to the risk analysis, transparency is established regarding the type and scope of activities in our s own business area and the procurement structures in the supply chain.



## 3. Methodology of risk analysis and results in our own business area

The risk analysis in our own business area is performed by means of two processes, the preliminary abstract analysis and the subsequent concrete risk analysis.

### 3.1 Methodology for the abstract risk analysis in our own business area

As part of the abstract risk analysis, industry- and country-specific risks associated with our own business activities and locations are first identified. This is achieved in particular through discussions and/or cross-organisational workshops with employees whose responsibilities include LkSG-relevant topics. These include, for example, the human resources managers, HSSE managers and the sustainability department of VNG AG. These discussions yield an initial assessment of the LkSG risks for the VNG Group. In companies within the VNG Group for which the aforementioned departments cannot supply the relevant information, discussions are held with the management.

### 3.2 Methodology for the concrete risk analysis in our own business area

For the concrete risk analysis, a risk-based approach is generally followed to determine the order of priority for auditing of the Group companies. This means, for example, that the Group companies are audited in the order of their individual risk profile. Criteria for determining the individual risk profile of a company include the type and scope of business activities, the country of business activities, the number of employees and the complexity of procurement structures.

In order to identify specific human rights and environmental risks in the individual companies, in-depth interviews are conducted with management and/or specialist managers. During the interviews, risk scenarios

are defined for the individual LkSG topics. For each risk scenario, a risk before control (gross risk) is determined based on the degree of impact and the probability of occurrence. The existing and currently implemented control measures are then assessed for their appropriateness and effectiveness in mitigating the gross risk. The risk resulting after control (net risk) is checked for its acceptability. If the risk cannot be reduced to an acceptable level even using the control measures, additional control measures will be developed and implemented in cooperation with the specialist departments.

### 3.3 Identified risks and derived measures in our own business area

Following the approach described above, VNG has identified the following prioritised risks in its own business area:

- ▶ Unequal treatment
- ▶ Occupational health and safety
- ▶ Environmental effects

These prioritised human rights and environmental risks that have been identified so far in the risk analysis are described below, and the established measures to help mitigate the risks are presented.



Unequal treatment	
Risk description	The prohibition of unequal treatment includes unequal treatment of employees, e.g. in recruitment, pay, training, promotion and dismissal, on the basis of ethnic or national origin, religion, disability, gender, race or sexual orientation. The risk of unequal treatment cannot be ruled out despite the measures in place.
Established measures <small>(detailed description of the measures on page 10 f.)</small>	Policies (1a, 1b, 1c) Training activities (2a) Complaints desks (3a, 3b) Employee surveys (4a) Equal Opportunity Act ("AGG") officer (5c)
Occupational health and safety	
Risk description	The risk of an occupational health and safety violation includes disregard for applicable occupational health and safety obligations if this increases the risk of accidents at work or work-related health hazards.
Established measures <small>(detailed description of the measures on page 10 f.)</small>	Policies (1a, 1c) Training activities (2b) Complaints desks (3a,) Employee surveys (4a) Control mechanisms (4b) Prevention measures (5a, 5b, 5d)
Environmental effects	
Risk description	The prohibition on violating certain environmental regulations includes the prohibition on causing harmful air, water or soil pollution or on using certain environmentally harmful substances.
Established measures <small>(detailed description of the measures on page 10 f.)</small>	Policies (1a, 1c) Training activities (2c) Complaints desks (3a,) Control mechanisms (4c)

VNG is aware of its responsibility and has established the following measures to mitigate the prioritised risks.

No.	Measure	Description	Risks addressed
1a	Policy	The <b>VNG Code of Conduct</b> is the basis for responsible and legally compliant action. It sets out our standards and requirements.	All risks within the meaning of Supply Chain Act (LkSG)
1b		By introducing the “ <b>Charter of Diversity</b> ” and implementing projects within the Transformation Campus that focus on diversity, fairness and inclusion, the VNG Group promotes a corporate culture based on mutual respect and appreciation.	Unequal treatment
1c		The new <b>VNG Group Mission Statement</b> serves as a guide not only for the economic development of the VNG Group but above all for our social, sustainable and cultural entrepreneurship.	All risks within the meaning of Supply Chain Act (LkSG)
2a	Training	The regular implementation of <b>training courses on the General Equal Treatment Act (“AGG”)</b> for all employees of the companies managed by VNG AG ensures that all persons employed there are fully informed about their rights and obligations. This helps prevent discrimination and promote a respectful and inclusive working environment.	Unequal treatment
2b		The annual implementation of <b>training courses on occupational health and fire protection</b> for all employees of the VNG Group ensures that all persons employed in the VNG Group are sufficiently sensitized to occupational health and fire protection.	Occupational health and safety
2c		The VNG Group raises the awareness of its employees to environmental issues through regular <b>training in the area of the environment</b> .	Environmental effects

3a	Complaints desk	VNG has set up an <b>LkSG complaints desk</b> for both its employees and external persons to receive reports of possible violations.	All risks within the meaning of the Supply Chain Act ("LkSG")
3b		<b>Complaints desks for violations of the General Equal Treatment Act ("AGG")</b> have been set up in all companies managed by VNG AG. The staff assigned to these desks are regularly trained to handle complaints effectively and confidentially.	Unequal treatment
4a	Control mechanisms	The VNG Group regularly conducts <b>employee surveys</b> to determine the satisfaction and well-being of its employees. The results of these surveys provide valuable insights into working conditions and enable targeted measures to be taken to improve the working environment and minimise risks.	Occupational health and safety, Unequal treatment
4b		VNG conducts regular <b>risk assessments</b> , including for computer workstations and for specific activities, in order to identify health risks at an early stage.	Occupational health and safety
4c		VNG conducts regular <b>environmental checks and audits</b> to identify and, where necessary, minimize the impact of its business on the environment.	Environmental effects
5a	Preventive measures	VNG regularly trains <b>first aiders</b> from its workforce so that assistance can be provided as quickly as possible in an emergency.	Occupational health and safety
5b		VNG offers its employees <b>occupational health services</b> such as massages or occupational medical examinations.	Occupational health and safety
5c		All companies managed by VNG have <b>AGG officers</b> who record and deal with possible AGG violations. However, the AGG officers also provide advice to employees.	Unequal treatment
5d		All companies have <b>HSE officers</b> who are responsible for occupational health and safety.	Occupational health and safety

### 3.4 Results of the risk analysis in our own business area

The concrete risk analysis shows that the established measures have minimised the risk of human rights or environmental risks existing in the VNG Group's own business area to an acceptable level.

Finally, the results of the risk analysis are presented to the Executive Board for information.

## 4. Risk analysis methodology and effects in the supply chain of the VNG Group

The risk analysis in the supply chain is carried out in the responsible departments of VNG AG and the Group companies in cooperation with the compliance officers.

### 4.1 Methodology for the abstract risk analysis in the supply chain

The methodology for the abstract risk analysis in the supply chain follows the methodology for the abstract risk analysis in our own business area. As part of the abstract risk analysis, an initial assessment of the LkSG risks in the supply chain for the VNG Group is carried out.

Following this approach, VNG has also identified the following prioritised abstract risks in the supply chain:

- ▶ Unequal treatment
- ▶ Occupational health and safety
- ▶ Environmental effects

These prioritised abstract risks are described below.

	Unequal treatment
Risk description	The prohibition of unequal treatment includes unequal treatment of employees, e.g. in recruitment, pay, training, promotion and dismissal, on the basis of ethnic or national origin, religion, disability, gender, race or sexual orientation. The risk of unequal treatment cannot be ruled out despite the measures in place.
	Occupational health and safety
Risk description	The risk of an occupational health and safety violation includes disregard for applicable occupational health and safety obligations if this increases the risk of accidents at work or work-related health hazards.
	Environmental effects
Risk description	The prohibition on violating certain environmental regulations includes the prohibition on causing harmful air, water or soil pollution or on using certain environmentally harmful substances.

#### 4.2 Methodology for the concrete risk analysis in the supply chain

The risk analysis includes all direct suppliers whose goods or services are necessary for the manufacture of products or for the provision and use of the service in question. The following methodology is thereby applied.

##### ► Creation of the individual risk profile of a supplier

When conducting the concrete risk analysis, VNG adopts a risk-based approach. The individual risk profile of each supplier is first determined according to the following scheme:

Step 1: For each supplier of the VNG Group, its industry and country of origin are first determined.

Step 2: Each country and each industry is assigned a specific industry and country risk based on internationally generally accepted indices, which means that each supplier is assigned an individual industry and country risk (supplier risk). On this basis, an initial weighting and prioritisation of suppliers is carried out based on their supplier risk.

Step 3: The probability of human rights or environmental violations therefore appears to be highest among the prioritised suppliers. The riskiest suppliers identified on this basis are then re-weighted according to the type and scope of their business activities.

Step 4: In Step 4, the suppliers are identified for whom such violations may be irreversible.

Step 5: At this final stage, VNG's influence on the supplier and the manner in which VNG contributes to these risks or violations are also considered.

##### ► Analysis of suppliers

The risky suppliers identified using the described methodology are analysed as a priority. All suppliers are successively examined according to their assigned risk profile.

First, an individual supplier risk is determined using various internal and external data sources as well as intensive research. This creates for VNG an overview of which human rights and environmental risks are of particular relevance to the respective suppliers. On the basis of these results, VNG asks suppliers what measures they are taking to minimise risks. These measures are assessed by VNG's specialist departments and compliance officers for their effectiveness and impact on the respective supplier risk. In the event that these measures appear to be unsuitable to reduce the supplier risk to an acceptable minimum, VNG will endeavour to implement further measures in cooperation with the supplier. Possible further measures include audits, training of employees, implementation of regulations.

#### 4.3 Identified risks and derived measures in the supply chain

The concrete risk analysis of the VNG Group's supply chains is still ongoing. For this reason, at the time of issuing the Declaration of Principles, VNG is unable to make a reliable statement about the concrete risks in the supply chain and their weighting.

VNG has developed a Supplier Code of Conduct (hereinafter: SCoC), which should be gradually integrated into all contracts above a specified triviality limit. In this SCoC, VNG sets out its demands on its suppliers and defines binding expectations. In addition, the SCoC enables VNG to implement far-reaching measures to eliminate possible violations of human rights and environmental regulations.

VNG has not yet implemented any further remedial measures due to insufficient data from the concrete risk analysis. As soon as reliable results can be derived from the concrete risk analysis, VNG will examine which measures need to be implemented to reduce the risk of human rights or environmental violations. In addition, VNG reserves the right to develop individual measures in cooperation with individual suppliers based on information or other indications and to integrate these into VNG's risk minimisation strategy.

## 5. Complaints procedure

Protecting its integrity is important to VNG. We therefore have an interest in uncovering abuses and violations of the rules. To ensure this, VNG has set up an internal and external complaints procedure to give employees, stakeholders or those affected the opportunity to point out grievances in their own business area or in the supply chain. The handling of and responsibility for reports under the LkSG can be found in the Complaints Procedure Rules of the VNG Group.

As a group of companies operating throughout Europe, VNG is aware of its responsibility for German interests abroad. For this reason, all information described above and the complaint procedure rules are also available in English. Work is under way to make the information and complaints procedure rules available in additional languages. In order to ensure that everyone has the opportunity to submit a report, report submission is possible by post or email in any language.

The findings from the complaint procedure will be incorporated into future risk analyses.

## 6. Effectiveness control

The measures to minimise or prevent human rights and environmental risks are continuously reviewed and evaluated with regard to their appropriateness and effectiveness. This is intended to ensure that the measures implemented are effective and achieve the desired results. On the other hand, it should be determined whether they are suitable for minimising or preventing the identified risks. Based on these results, VNG will adapt its measures if necessary to achieve a better impact.

## V. Our expectations of employees and suppliers

Respect for human rights is a central concern for VNG and its employees. We are convinced that sustainable business is only possible through ethical action and integrity. For this reason, we have clear expectations of our employees and business partners. These are presented and described below.

### 1. Prohibition of child labour

We at VNG are strictly opposed to any form of child labour in accordance with the relevant ILO conventions and are committed to the effective abolition of child labour. All employer practices in the VNG Group and its suppliers must at least comply with the aforementioned ILO conventions. Children may not be hindered in their development. Their dignity must be respected, and their safety and health must not be compromised but must be protected by appropriate measures.

### 2. Prohibition of forced labour

At VNG, we strictly reject forced labour and any form of slavery, including modern forms of slavery and human trafficking. All working time practices of the VNG Group and its suppliers must at a minimum comply with the ILO core labour standards. Employment relationships are always voluntary. All employment relationships can be terminated with reasonable notice.

### 3. Freedom of association and collective bargaining

At VNG, we recognise the fundamental right of all employees to form and join labour unions or employee representative organisations.

In this context, we and our business partners commit ourselves to maintaining neutrality. This excludes any form of discrimination based on labour union membership.

At VNG, we recognise the right to collective bargaining. VNG AG engages in social dialogue with labour unions and employee representative organisations.

VNG AG and its suppliers must respect the right to strike as long as this is exercised in accordance with the respective national legal system.

### 4. Equality of opportunity and protection from discrimination

At VNG, we and our suppliers are committed to ensuring equal opportunities for employees and to refraining from any discrimination. We are committed to the fair treatment of all employees and do not tolerate any form of discrimination or unjustified unequal treatment, for example on the basis of characteristics such as gender, ancestry, origin and nationality, religion and ideology, political, social or union activity, sexual identity or orientation, physical or mental limitations or age. In the VNG Group, diversity and inclusion are important parts of our corporate strategy, which shape the conscious handling of diversity and individuality. We expect the same from our suppliers.

### 5. Right to health and safety at work

VNG as an employer ensures safety and health protection in the workplace at a minimum within the framework of applicable law and supports continuous development to improve the working environment with the aim of preventing work-related accidents and illnesses.



We expect our suppliers to ensure safety and health in the workplace at least within the framework of applicable law.

#### **6. Working hours**

At VNG, the principle applies that working hours shall comply with the respective local legal requirements or the respective industry standards. Within the framework of applicable law, we ensure that safe and healthy working conditions prevail, that work breaks, appropriate limits on working hours and regular paid vacation are guaranteed and that the applicable international standards on working hours, but at least the relevant ILO conventions at the place of employment, are observed. We also expect this from our suppliers.

#### **7. Compensation and benefits**

At VNG, international standards apply, such as the principle of equal pay for work of equal value regardless of gender, as well as fair and favourable working conditions. In particular, we are committed to a fair wage that corresponds at least to the minimum wage set under applicable law and, in addition, enables our employees to at least secure their livelihood. Otherwise, this shall be determined according to the law of the place of employment. We also expect this commitment from our suppliers.

#### **8. No use of security personnel to violate human rights**

VNG and its suppliers must respect international human rights. We reject any form of oppression by security personnel. This includes in particular injury to life or limb and violation of freedom of association by VNG or a supplier of VNG.

#### **9. Environmental effects**

As an internationally active energy company, we at VNG are aware of our responsibility for the environment. We are committed to a green future through environmentally, socially and economically sustainable actions. We reject any form of harmful environmental changes by us or our suppliers and are actively committed to an environmentally friendly VNG. We expect our suppliers to be aware of their responsibility and to refrain from any actions that contribute to illegal damage to the environment.



## **VI. Documentation and reporting**

VNG continuously documents the fulfilment of its due diligence obligations and stores this documentation in accordance with the law.

In addition, VNG will publicly report annually on its due diligence activities in the supply chain.

In its annual report, VNG clearly presents the identified human rights and environmental risks or violations, its measures to fulfil its due diligence obligations and its assessment of their impact and effectiveness and draws conclusions with regard to future measures.

## **VII. About this Declaration of Principles**

We are proud to embed our commitment to human rights and environmental protection in our business activities. Our Declaration of Principles is a clear commitment to fair working conditions, sustainability and responsible action. Together with our employees, suppliers and society, we are committed to a better future. We are convinced that our commitment will have a positive impact on the world.



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