

Supplier Code of Conduct

Status: 01.08.2024

VERBUND AG
Am Hof 6a 1010 Vienna, Austria
FN 76023 z
Commercial Court Vienna
www.verbund.com

Verbund

Contents	Page
1 Introduction	3
1.1 Basic Principles	3
1.2 Content	3
1.3 Scope.....	3
2 Environmental Standards	4
2.1 Climate and Environmental Protection	4
2.2 Use of resources and circular economy	4
2.3 Biodiversity and ecosystems	4
3 Social Standards.....	5
3.1 Labour practices and prohibition of discrimination	5
3.2 Occupational health and safety	5
3.3 Information security, data protection and confidentiality	6
3.4 Human rights	6
3.5 Rights of local communities and indigenous peoples.....	6
3.6 Conflict minerals	6
4 Governance Standards.....	7
4.1 Organizational management / Corporate Governance.....	7
4.2 Anti-corruption	7
4.3 Fair competition	8
4.4 Duty to inform on product safety and quality	8
4.5 Trade and capital market regulations	8
4.6 Stakeholder dialog	8
4.7 Supply chain	9
4.8 Complaints mechanism	9
5 Monitoring and reporting.....	9
5.1 Supplier audits	9
5.2 Reporting obligations	9

1 Introduction

Corporate responsibility is important to VERBUND and has been actively practiced within the company for many years. We consider environmental protection, resource conservation, social responsibility, compliance and adherence to legal regulations to be the main objectives of sustainable development. In this sense, we also expect our Contractors to take responsibility towards society.

1.1 Basic Principles

Our actions are based on the Code of Conduct for Sustainable Business, available under <https://www.verbund.com/en-at/about-verbund/company/corporate-philosophy>. At VERBUND, we comply with applicable law, other rules and regulations in the countries where we operate, and we also require our Contractors do the same. If national or local legislation deviates from the requirements of this Supplier Code of Conduct (SCoC), the stricter regulation for the protection of people and the environment applies.

The framework for our actions at VERBUND as well as for our Contractors is shaped by international, European and national requirements, including but not limited to:

- the Universal Declaration of Human Rights
- the 17 Sustainable Development Goals (SDGs) of the United Nations
- the 10 Principles of the UN Global Compact
- the OECD Guidelines for Multinational Enterprises
- the Standards of the International Labor Organization (ILO), such as the Declaration on Fundamental Principles and Rights at Work and the Core Labor Standards
- the Charter of Fundamental Rights of the European Union
- the UN Guiding Principles on Business and Human Rights (UNGPR)
- the Austrian Code of Corporate Governance

1.2 Content

This SCoC regulates the principles and requirements of VERBUND for Contractors in the delivery of goods and the provision of services. In line with the European Sustainability Reporting Standards (ESRS), this SCoC is divided into the areas of environmental, social and governance (see Delegated Regulation (EU) 2023/2772). The SCoC contains both obligations as well as recommendations for Contractors. Its aim is to ensure continuous development of Contractors' corporate responsibility. Contact details and specifications for monitoring compliance with this SCoC can be found at the end of the document.

1.3 Scope

This SCoC is an integral part of all contracts and orders between VERBUND and Contractors. It can also be used as a basis for other business transactions with business partners. "VERBUND" hereinafter refers to VERBUND AG, all companies included in its consolidated financial statements as well as those companies in which VERBUND AG directly or indirectly has sole control. However, Austrian Power Grid AG and Gas Connect Austria GmbH are excluded.

2 Environmental Standards

2.1 Climate and Environmental Protection

VERBUND is committed to a responsible approach to the environment and adheres to the principles of sustainability throughout all areas of activity.

Contractors undertake:

- to comply with all applicable laws and regulations for the protection of the natural environment;
- to identify, assess and continuously reduce the negative environmental impact of its own business activities;
- to ensure that all employees are aware of the significant environmental impacts of the company.

VERBUND recommends that Contractors:

- formulate an environmental policy, implement and maintain an environmental management system according to ISO 14001 (or a comparable system);
- identify, evaluate, and take appropriate measures to address the impacts of environmental factors on their own business activities;
- focus on expanding renewable energy, reducing dependency on fossil fuels and thereby support the path to climate neutrality;
- derive and implement business-related measures that contribute to climate protection and adaptation to climate change;
- avoid, minimize and monitor any type of emissions into the air (including air pollution and noise pollution), water or soil;
- eliminate impacts that could lead to the pollution of living organisms and food resources.

2.2 Use of resources and circular economy

VERBUND recommends that Contractors:

- take measures to increase energy efficiency as well as resource efficiency, accompanied by a reduction in the use of energy and resources;
- implement measures in the management of water and marine resources, such as improving (waste) water quality and reducing water consumption;
- ensure the safe handling of substances of (very) high concern;
- minimize and continuously reduce the production and use of microplastics;
- take measures to promote the circular economy;
- introduce waste management following the hierarchy of "prevent, reuse, recycle, recover, dispose";
- ensure the proper disposal of generated waste.

2.3 Biodiversity and ecosystems

VERBUND recommends that Contractors:

- eliminate the direct causes of biodiversity loss and take measures to protect animals, plants and biodiversity;
- minimize land and forest use in the course of their own economic activities and avoid negative impacts on the condition of species and ecosystems;
- take appropriate measures to preserve natural resources and maintain ecosystem services.

3 Social Standards

3.1 Labour practices and prohibition of discrimination

VERBUND rejects any form of discrimination and collaborates with all individuals – regardless of gender, age, disability, religion, culture, skin colour, education, social background, sexual orientation, or nationality.

The standards of the International Labor Organization (ILO) constitute the basis for the obligation to ensure dignified working conditions, social protection and social dialogue.

Contractors undertake:

- to refrain from discriminating against employees and applicants in selection procedures ("ethical recruiting") as well as during the course of everyday work due to gender, age, disability, religion, culture, skin colour, education, social background, sexual orientation or nationality, but to treat everyone equally, fairly and respectfully and provide them with the same opportunities;
- to ensure employees appropriate and safe working conditions, including:
 - the right to form associations or representative bodies (e.g. trade unions) and the right to collective bargaining;
 - to pay wages and other forms of remuneration in accordance with the right to a living wage and national laws;
 - to draft fair contracts and to organise working hours, rest periods and recovery times in accordance with applicable law.

VERBUND recommends that Contractors:

- enable their employees to access relevant professional training and further education.

3.2 Occupational health and safety

VERBUND applies high occupational health and safety standards to protect employees as well as external personnel employed.

Contractors undertake:

- to conduct and to document regular operational checks, to identify and to evaluate potential sources and substances of hazards, and to define suitable measures and systems for prevention;
- to provide personal protective equipment and other safety devices to ensure the safety of employees;
- to carry out appropriate, regular training and monitoring of the activities of their own employees, the external personnel employed, as well as the employees of involved partners and subcontractors;
- to continuously promote safety awareness;
- to prevent work-related injuries, occupational illnesses and accidents at work through the provision of training.

VERBUND recommends that Contractors:

- implement and maintain an occupational health and safety management system according to SCC (Safety Certificate Contractors) or ISO 45001 (or a comparable system);
- take measures to continuously strengthen the physical and mental health of employees.

3.3 Information security, data protection and confidentiality

VERBUND operates essential services within the scope of the NIS-2-Directive ((EU) 2022/2555), with the result that we impose strict information security requirements. Awareness of the need for information security and data protection is particularly important to VERBUND.

Contractors undertake:

- to comply with the information security and data protection requirements resulting from legal and contractual provisions (especially GDPR (EU) 2016/679);
- to fulfil confidentiality obligations and to oblige all employees involved to uphold confidentiality even after the termination of the business relationship;
- to process data, especially personal data, in accordance with legal and contractual requirements, and to ensure its confidentiality, availability and integrity through technical and organizational measures;
- to protect intellectual property (trademarks, patents, etc.), business secrets as well as know-how.

VERBUND recommends that Contractors:

- implement and maintain an information security management system according to ISO 27001 (or a comparable system) as well as a data protection management system.

3.4 Human rights

VERBUND is committed to complying with international human rights standards and expects the same from all Contractors

Contractors undertake:

- to avoid negative impacts on human rights and dignity in all areas of business activities and to comply with human rights due diligence;
- to refrain from establishing relations with partners or subcontractors who commit human rights violations, in order not to be complicit in human rights violations;
- to ensure adequate education and training of security forces and take measures to ensure that they do not pose a threat to the right to life, freedom and security of people and communities;
- to refrain from any form of forced or compulsory labour;
- to refrain from employing children who are younger than 15 years or those who have not reached the minimum age at which compulsory education ends.

3.5 Rights of local communities and indigenous peoples

The special circumstances of local communities as well as the life, cultural heritage and traditions of indigenous peoples are important concerns for VERBUND.

VERBUND recommends that Contractors:

- respect the economic, social and cultural rights of local communities, such as freedom of expression and freedom of assembly;
- avoid any negative impact on human rights defenders;
- respect special rights of indigenous peoples (principle of voluntary and informed prior consent, self-determination and cultural rights);
- prevent adverse physical, social and ecological impacts on indigenous peoples through the restriction of land use rights and involuntary resettlement (both physical and economic).

3.6 Conflict minerals

The extraction of certain raw materials – such as cobalt, copper, tin, tungsten, tantalum and gold – contributes to significant human rights violations and the financing of violent conflicts in some regions of the world.

Contractors undertake:

- to not supply goods to VERBUND that contain raw materials from conflict-affected and high-risk areas according to Regulation (EU) 2017/821.

VERBUND recommends that Contractors:

- conduct appropriate due diligence and make reasonable efforts to avoid the use of so-called "conflict minerals" in products from conflict-affected and high-risk areas;
- follow the steps of the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas.

4 Governance Standards

4.1 Organizational management / Corporate Governance

VERBUND fully commits to the Austrian Code of Corporate Governance and expects a high level of transparency from Contractors. Accordingly, Contractors must meet minimum requirements regarding corporate governance and organizational management that correspond to the size, complexity and risk environment of their business.

Contractors undertake:

- to comply with all applicable laws, regulations and contract conditions and to inform affected employees;
- to regularly identify and assess risks and opportunities associated with business operations in relation to the issues addressed in this SCoC (e.g. through the application of management systems).

VERBUND recommends that Contractors:

- prepare an integrated reporting according to European or international standards for the purpose of financial and sustainability-related disclosure;
- be aware of their social responsibility and contribute to sustainable development;
- identify stakeholders, engage them in a regular dialogue and thereby safeguard their diverse interests;
- take appropriate measures (e.g. training, control systems, tours or audits) and monitor them regularly, updating and adapting them when necessary.

4.2 Anti-corruption

All employees of VERBUND and the members of its governing bodies have the status of officials within the meaning of the Austrian anti-corruption criminal law. For this reason, special restraint and sensitivity are required with regard to invitations, gifts and benefits.

Contractors undertake:

- to identify corruption risks and to establish an effective process to combat or to prevent corruption within their business;
- to refrain from and to not tolerate any form of corruption, bribery, facilitation payments, coercion, misappropriation or other forms of white-collar crime (embezzlement, fraud);
- to refrain from offering, promising or granting unlawful benefits, especially in dealings with VERBUND employees;
- to accept gifts, invitations or benefits only in permissible cases and to a reasonable extent.

VERBUND recommends that Contractors:

- avoid as far as possible and under all circumstances to disclose any conflicts of interests that could affect business relations (relationships of Contractors with VERBUND employees, such as e.g. family relationships, business relationships or investments);
- establish and publish an anti-corruption policy (e.g. on the website).

4.3 Fair competition

Contractors undertake:

- to refrain from drawing any undue benefit from local or regional conditions, such as poverty, in order to gain an unfair competitive advantage;
- to refrain from engaging in misleading or aggressive business practices to protect companies and consumers;
- to refrain from price fixing and the division of markets, geographical areas, products or customers;
- to refrain from the unlawful exchange of competitively sensitive information or coordinating bids with competitors.

VERBUND recommends that Contractors:

- increase the awareness amongst its employees of the significance of complying with the rules on fair competition;
- implement appropriate procedures (e.g. employee discussions, training) in order to avoid anti-competitive conduct or any involvement in such conduct.

4.4 Duty to inform on product safety and quality

Contractors undertake:

- to provide complete, understandable and timely information on the safety and quality of their products and services, in particular on the use, possible effects and personal safety of users;
- to pass on corresponding, relevant information from their subcontractors to VERBUND unsolicited and within a reasonable period of time.

VERBUND recommends that Contractors:

- implement systems and measures for product safety and quality.

4.5 Trade and capital market regulations

Contractors undertake:

- to comply with national and international sanctions, embargoes and other statutory foreign trade restrictions, as well as applicable energy trading and unbundling regulations.

VERBUND recommends that Contractors:

- establish an internal risk analysis or compliance system that ensures regular reviews and assessments;
- implement appropriate methods and processes to eliminate the risk of supplying counterfeit parts and materials.

4.6 Stakeholder dialogue

VERBUND fulfils its role in social and political dialogue. In its dealings with stakeholders, VERBUND has defined clear principles regarding transparent and responsible representation of interests, orienting itself towards factual positions and constructively incorporating knowledge into the decision-making process.

Contractors undertake:

- to comply with the applicable registration and information obligations in the field of lobbying, representation of interests and transparency;
- to refrain from exerting unfair, misleading, inappropriate or illegal influence on functionaries, particularly through direct or indirect financial or other material incentives.

4.7 Supply chain

Contractors undertake:

- to ensure that the provisions of this SCoC are applied and to encourage their suppliers and business partners to comply with the provisions set out in this SCoC;
- to take measures to restore conformity if they become aware of violations in the supply chain. If these are violations of mandatory provisions of this SCoC, they are to be reported to VERBUND unsolicited and within a reasonable period of time.

VERBUND recommends that Contractors:

- implement a systematic management of relationships with suppliers, including standardized ordering and payment terms;
- consider the principles of sustainable procurement (such as the ISO 20400 – Sustainable Procurement guidelines) in shaping their procurement processes;
- establish and implement similar standards to those in this SCoC throughout their supply chain (especially with mandatory requirements for Tier-1 suppliers).

4.8 Complaints mechanism

We expect the Contractors to actively listen to any concerns raised, to take corresponding action, and to protect the reporting individual.

VERBUND recommends that Contractors, unless they are already legally obliged to do so:

- establish a whistleblower system (e.g. "whistleblower platform") through which employees and third parties can report perceived or suspected misconduct anonymously and protected from retaliation.

5 Monitoring and reporting

5.1 Supplier audits

By entering into a business relationship with VERBUND, Contractors undertake to be available for audit discussions with VERBUND ("supplier audits") to ensure compliance with the requirements of this SCoC. In this context, VERBUND also reserves the right to conduct announced spot checks of the respective status.

5.2 Reporting obligations

Contractors will report violations of mandatory provisions of this SCoC to VERBUND unsolicited and within a reasonable period of time. In the event of violations, VERBUND will – unless otherwise contractually agreed – jointly establish appropriate measures for problem resolution with the Contractors. For this purpose, step-by-step programs for the elimination of grievances can also be developed, the progress of which VERBUND must be informed of on an ongoing basis. If no agreement can be reached or if the agreed measures are not adhered to by the Contractor, VERBUND reserves the right to early terminate the contractual relationship.

Upon becoming aware of suspected violations, all stakeholders – regardless whether they are employees of Contractors or of VERBUND – may report observations at any time and without sanctions to:

- **VERBUND Compliance Reporting System**
<https://verbund.integrityline.com/frontpage>

or directly to:

- **VERBUND Chief Compliance Officer**
VERBUND AG, Am Hof 6a, 1010 Wien
compliance@verbund.com