

BKW GROUP

Sustainability Report 2022



We create spaces for life.



Our contribution

We make a major contribution to achieving a balance between prosperity and the environment by offering solutions for a future worth living.

Cover

Thomas Richli was chief project manager for the construction of the new Hagneck Hydroelectric Plant inaugurated in 2015. Today he is the managing director of the BKW Eco Fund and, as well as other roles, he is also responsible for environmental revitalization and restoration projects.

Table of Contents

5 Introduction

5 Efficient and climate-neutral into the future

6 Business Model

6 Integrated solutions for today and tomorrow

7 Governance and organization

8 Stakeholder BKW

9 Risks and Impact

9 Management of sustainability risks and impacts

12 Success Framework

12 Consistent focus on seven action areas

14 BKW materiality matrix 2022

15 Society

19 Use of Resources

23 Climate Neutrality

29 Corporate Governance

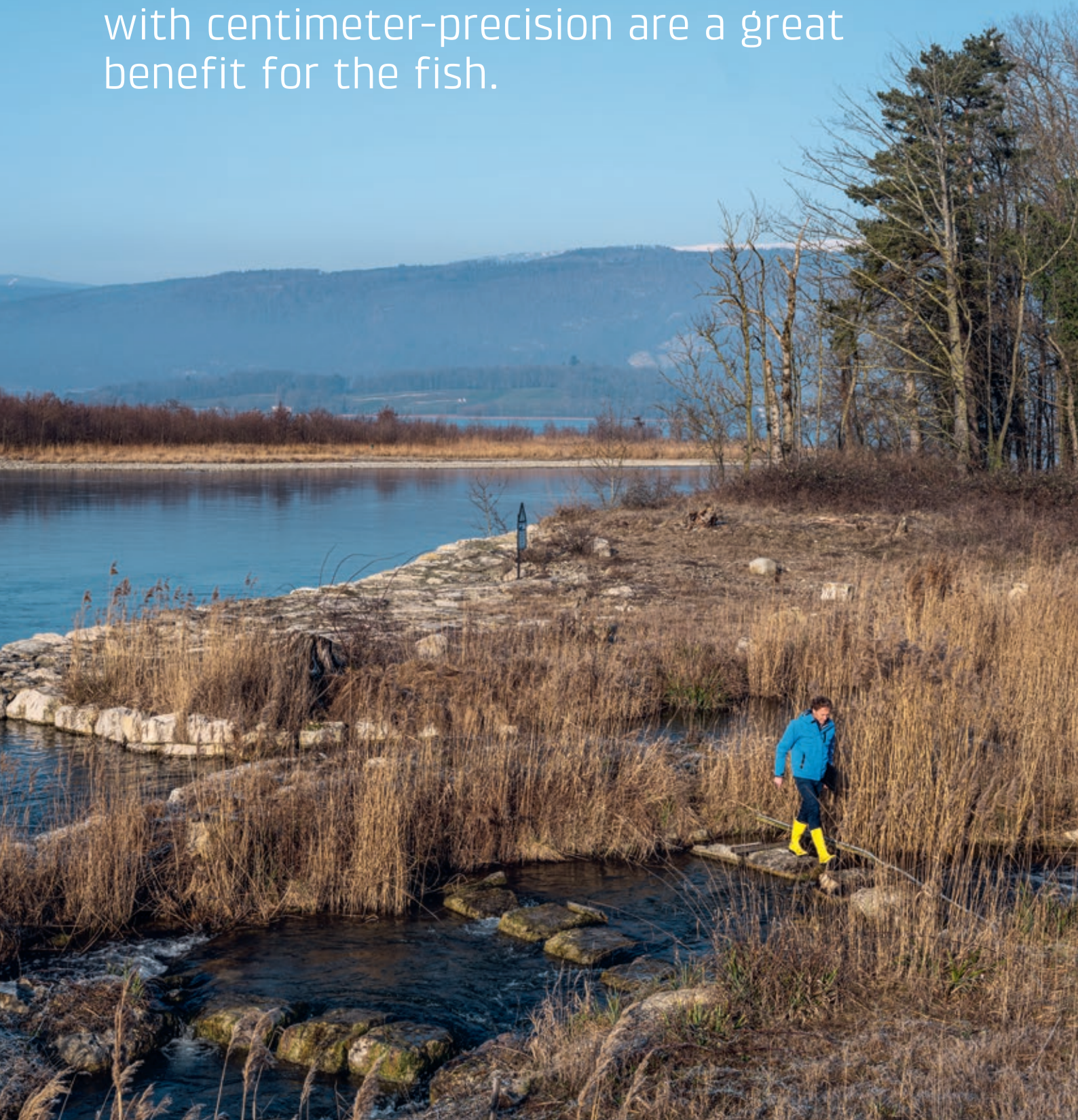
32 Employees

42 Secure Products

47 Secure Data

53 Imprint

The reconstruction of the Hagneck hydroelectric power plant has increased the generating capacity by 40% without any adverse effects on the environment. The boulders of the bypass channel placed with centimeter-precision are a great benefit for the fish.



INTRODUCTION

Efficient and climate-neutral into the future

Ladies and Gentlemen,

As a company we are strongly committed to driving forward the transition to a more sustainable economy and society. We understand sustainability management holistically and as an integral part of our corporate governance.

Through our projects, we demonstrate how energy and transport infrastructures can coexist in an environmental, social and economically sustainable way and make an important contribution to an emission-free economy. Therefore, ever since it was founded, BKW has invested in the expansion of renewable electricity production, in the development of smart electricity grids and in the energy efficiency of buildings and infrastructure.

We were able to further reinforce our commitment to renewable energy production in 2022. For example, BKW acquired six wind farms in northern France and is moving forward in Switzerland with four small hydroelectric plants that will be commissioned between 2023 and 2025. Thanks to these investments in 2022, we achieved an important objective – one year earlier than planned – namely that 75 percent of our installed production capacity is now renewable.

We will further expand the production of renewable electricity over the next few years, also with further projects in Switzerland. For example, together with Bern Airport, BKW is planning the largest ground-mounted solar power installation in Switzerland. A solar farm that will produce electricity for 15,000 households is to be built on a 25-hectare site. We are also forging ahead with storage power plants on the Trift and the Grimsel.

Group-wide sustainability program launched

In order to lead our company into a sustainable future, in 2022 we launched a company-wide sustainability program. This identifies sustainability



as a key success factor for our company and further defines our sustainability strategy through seven areas in which specific action will be taken. Within this program, we are driving our comprehensive sustainability activities from an environmental/social and corporate governance perspective. Thus we are making an important contribution to achieving the United Nations Sustainable Development Goals (SDGs).

We create spaces for life through the commitment of our approximately 11,500 highly qualified employees. Please join us on this journey.

Kind regards,

Robert Itschner
CEO

WE SUPPORT



More information at:

globalcompact.ch

International reporting standards

BKW reporting is based on national and international guidelines and standards, specifically on the Swiss Code of Obligations, the Corporate Sustainability Reporting Directive (CSRD) of the European Union, and the Standards (2021) of the Global Reporting Initiative (GRI). Unless specified otherwise in an individual case, all information and figures relate to the entire BKW Group. As a participant in the UN Global Compact, BKW publishes its annual progress report on the website of the Initiative.

BUSINESS MODEL

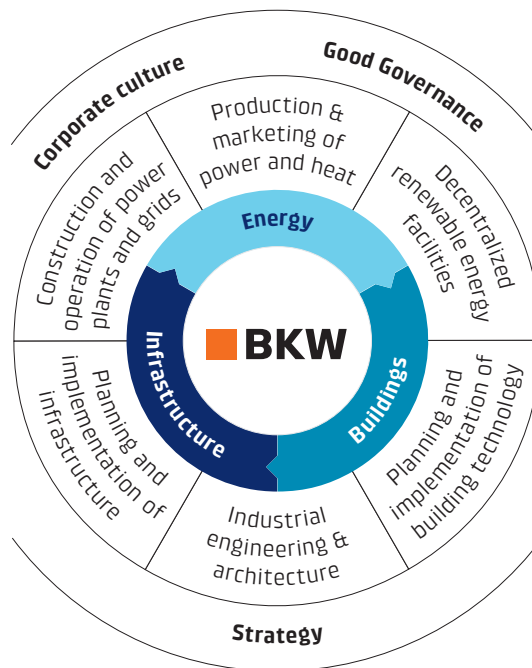
Integrated solutions for today and tomorrow

With its comprehensive solutions for energy, buildings and infrastructure, BKW is committed to a seamless energy sector that will ensure a future worth living.

Inputs

- Financials: Investments in renewable energy and in modern electricity grids, investments in services, investments in innovations, patents
- Environment: Raw materials and natural resources for energy production, products and services
- Employees: Diversity and experience, competencies, technological expertise and capacity to innovate, education and training, core values of the company
- Relationships: Customer and supplier relationships, dialogue with investors, associations and NGOs
- Infrastructure and systems: Energy generation and distribution systems, IT systems, decentralized energy solutions (such as heating networks, PV installations, e-mobility charging stations)

Business activities and markets



Outputs

- Production facilities for electricity
- Expansion of renewable energy
- Grid infrastructure (electricity, telecom, transport, water)
- Innovations
- Engineering services (planning and construction of technical facilities)
- Services for energy efficiency in buildings and mobility
- Responsible business relationships
- Storage technologies
- Emissions, waste
- Land use and impact on local populations

Outcomes

Solutions for a future worth living

- Reliable supplies of power and heat
- Solutions that can be adapted to climate change (such as green architecture, flood protection)
- Secure jobs and training opportunities
- Healthy and qualified employees, knowledge transfer in the network
- Taxes and regional value creation
- Financial profit, share value
- Efficient handling of resources

You can find more information about the BKW Business Model on pages 16 to 25 in the Annual Report.

STRUCTURES

Governance and organization

Responsibility for the value creation of the entire BKW Group lies with the Board of Directors, which adheres to the principles of sustainable corporate governance and in 2022 it instigated the development of a comprehensive sustainability strategy.

A materiality analysis in accordance with the guidelines of the Corporate Sustainability Reporting Directive (CSRD) of the EU was carried out to define the environmental, social and governance (ESG) issues relevant to BKW. These were then classified into seven logical action areas which can now be further developed and rolled out. Each of the action areas forms part of BKW's sustainability strategy, which has been given the name "SUCCESS" (see further details on pages 142).

The Group Executive Board is responsible for the implementation of the sustainability strategy. Operational responsibility is assumed by Compliance & Sustainability Management, which reports directly to the management of the Energy Markets & Group Services Division. The specifications of the ambitions, along with the progress achieved, are presented to the CEO and the Group Executive Board. The Board of Directors receives a regular status report.

Collaborative interactions with internal and external stakeholders

BKW fosters long-term partnerships. With its internal and external stakeholders, the company builds respectful, appreciative relationships based on mutual trust.

Internal stakeholders include all BKW employees and control bodies. Over and above the meeting days held at the prescribed intervals, the Group Executive Board maintains contact with the control bodies throughout the year. Exchange with employees is ensured in a variety of different ways. These include digital communications channels, employee appraisals, brochures and employee magazines, and opportunities for dialogue, including events and themed roadshows. Important external stakeholders are customers, suppliers, investors, shareholders, associations, policymakers, authorities, non-governmental organizations, municipalities and the general public. BKW communicates with these groups in various ways as shown in the following table.

More information at:

www.bkw.ch/sustainability

“With its broad portfolio, BKW is ready for a holistic energy transition – from renewable production through intelligent distribution grids to efficient use of electricity in buildings, industry, and mobility.”

BKW stakeholders

Customers

Customer surveys, (B2C), in-person discussions (B2B), various newsletters (half-yearly customer newsletter "Flash," corporate newsletter several times yearly), 14-day webinars on the subject of energy market development with B2B customers, website

Suppliers

Regular supplier meetings

Investors, shareholders

General meeting, informational events (such as Capital Markets Day), financial position press conferences, investor conferences, in-person discussions

Associations

Memberships, board meetings, working group meetings, issue-focused information exchange

Politics and authorities

Newsletter (quarterly), regular exchanges on specific subject areas, working groups, statements on law and ordinance adjustments, issue-focused information exchange

Non-governmental organizations

Issue-focused information exchange, such as for project proposals

Local environment (such as municipalities)

Issue-focused information exchange, municipal mayoral events (annual), Journée des Maires in Jura (annual)

General public, media

Media work (press releases, media events, queries), social media, presentation of the company at events, website

RISKS AND IMPACTS

Management of sustainability risks and impacts

Risk management at BKW encompasses both external risks and the impacts of its business activities on the environment and society.

BKW's business activities as well as its products and services must prove themselves in a dynamic market environment and always meet higher requirements. This is why BKW operates intensive risk management by monitoring financial, regulatory, technological, social, environmental and climate-related risks that could have a significant impact on the company.

The company's activities have both direct and indirect as well as current and potential impacts on the environment and society. Under the guidance of BKW Compliance and Sustainability Management in 2022, a comprehensive analysis based on the principle of double materiality¹ ("Double Materiality") was carried out. The relevant sustainability issues identified were prioritized.

Risks were assigned to the responsible functional and business divisions. Everyone involved engages in issue-focused information exchange. Risks with high relevance are integrated into Group risk management and are taken into account in strategic decision-making. BKW's objectives are a comprehensive risk cockpit with a systematic survey and quantification of risks together with specified procedures.

External risks

These include:

- Supplier failures (such as due to political tensions or the pandemic) and resource bottlenecks in the supply chain
- Skilled labor shortages
- Stakeholder opposition to projects (such as due to potential human rights violations or adverse environmental effects)
- Reputational damage (such as due to system outages, lack of integrity in business conduct or human rights violations)
- Cyber attacks and outages of systems or plants
- Customer dissatisfaction (such as due to defective products)
- New regulatory and legal requirements

¹ Circumstances are material if they are either high risk for business success or (may) have major impacts on the environment or society

Climate-related risks

- Acute physical risks**
- Extreme flooding or low water levels affect the performance of run-of-river power plants and can endanger electricity production and the revenues based on this
 - Severe storms could damage the distribution grid or wind turbines in wind farms and lead to a production outage or supply restrictions
 - Landslides on reservoirs or grids in mountainous areas can cause damage and require additional investments in safety or removal
-

- Chronic physical risks**
- Long-term glacier melting is changing the water levels in reservoirs, which may lead to more electricity production in the short term yet less in the long term
 - Climate-related and other natural disasters may cause supply bottlenecks in production countries or in supply routes
 - Severe or persistent heat waves can cause health risks for people who supply services outside which in turn can lead to a reduction in productivity
-

- Transition risks**
- The rising price of CO₂ emissions for gas and coal-fired power plants affects their profitability
 - The regulation of technologies, such as heating system types, reduces business activities
 - New customer requirements
 - Technological advances (disruptive technologies) and innovations can call existing business activities into question

Opportunities for the business success of BKW

These include:

- Increasing demand for renewable power and heat production and for solutions that deliver more energy efficiency in both the B2B and B2C segments
- A need for planning and concepts for storm water protection and flood protection
- Making cities and municipalities more resilient through technological, organizational and architectural solutions
- Increasing requirements for integrated energy and building solutions for efficient and needs-based provision of power, heat and cooling
- Increasing requirements for storage solutions in order to make optimal use of renewable energy

Current, potential, direct and indirect impacts of BKW business activities on the environment and society

These include:

- Employee absenteeism due to industrial accidents and work-related illnesses
- High turnover (such as departure of key personnel and/or knowhow)
- Injury to the health of employees due to hazardous work
- Human rights violations, critical working conditions, discrimination among our own employees
- Corruption risk internally in the company and in the supply chain
- Thermal power plant emissions that contribute to climate change
- Impact on species and ecosystems through power plants, new plant construction, office buildings
- Environmental pollution through operational activities (such as oil loss in plants, gas leaks in substations, light or noise emissions)
- Waste, particularly the impact of radioactive waste
- Violation of the rights of indigenous people through energy projects abroad
- Risks to society due to failure of critical infrastructure in the Swiss energy system (see climate-related risks)

SUCCESS FRAMEWORK

Consistent focus on seven action areas

BKW's sustainability strategy lays out the comprehensive sustainability commitment of the Group and covers all issues of relevance to the company – from social aspects to climate-change-induced transformation through to secure products and data.

The seven action areas of the SUCCESS sustainability strategy represent a 360-degree approach that covers the key sustainability issues for BKW. BKW is reaching out to all its stakeholders – customers, suppliers, investors, employees and society. The company has thus laid the foundation for the definition of ambitious sustainability objectives. The demands of each action area are high and will be expanded on an ongoing basis, which will enable BKW to respond to key aspects regarding the environment, social affairs and responsible corporate governance.



Sustainability strategy approaches

Society We assume corporate responsibility for the sustainable development of society.

Use of Resources We use resources respectfully and in harmony with nature.

Climate Neutrality We are decarbonizing BKW and our value chain.

Corporate Governance We are committed to responsible business conduct and transparent corporate governance.

Employees We promote a safe working environment for satisfied, healthy and committed employees.

Secure Products We meet the highest standards for the security, quality and availability of our products and services.

Secure Data We use and protect data responsibly.

The seven action areas were developed in an interdisciplinary program team and adopted by the Group Executive Board and Board of Directors. All the assigned areas have been taken from the materiality analysis undertaken by BKW in 2022. The ensuing materiality matrix (see Figure p. 144) considers both the sustainability risks for the business success of BKW and the impacts of its corporate activity on its surroundings (people, society, environment).

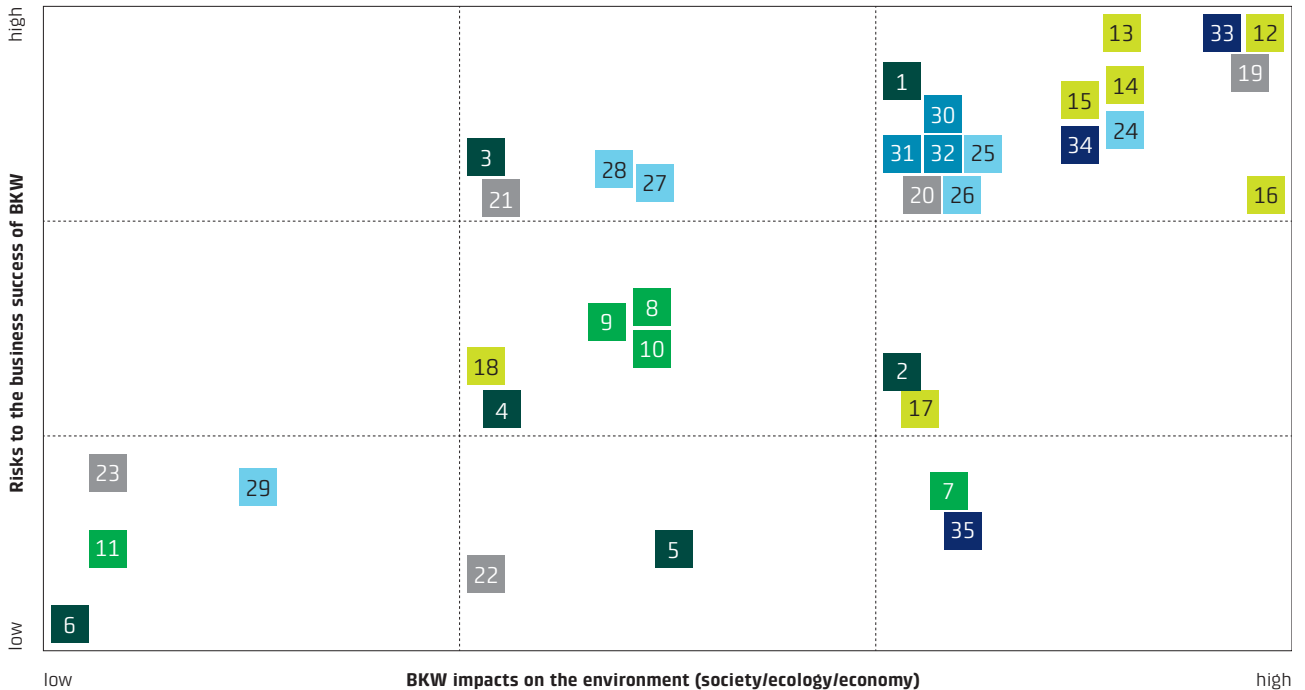
In order to implement and further develop its sustainability strategy consistently, BKW has drawn up specific projects in each of the action areas. These include sustainable finances, climate objectives, supply chains and fostering occupational health and safety.

The instigated measures follow a clear plan: by 2023, BKW will have defined strategic key performance indicators (KPIs) for each action area, which it can then use to develop quantitative targets.

Combined reporting

The Sustainability Report has formed part of BKW's annual reporting since 2021, reflecting increased transparency for stakeholders in relation to the strategic approaches, services and challenges of BKW. The 2021 report focused on the sustainable development goals of the UN Agenda 2030. This report is structured according to the seven action areas of BKW's sustainability strategy. The following sections explain the action areas and their associated ambitions in more detail. At the end of each section, the relationship between the sustainability activities of BKW in the 2022 reporting year and the contribution to achieving the sustainable development goals of the Agenda 2030 will be established.

BKW materiality matrix 2022



Society

- 1 Responsible and sustainable investments
- 2 Human rights
- 3 Involvement of local communities/local presence
- 4 Lobbying and political involvement
- 5 Forced and child labor
- 6 Social Citizenship

Use of Resources

- 7 Biodiversity protection
- 8 Waste reduction
- 9 Resource consumption
- 10 Circular economy support
- 11 Water consumption/efficiency at BKW

Climate Neutrality

- 12 Greenhouse gas reduction in trade and sales
- 13 Customer energy consumption/efficiency
- 14 Increase in renewable electricity generation
- 15 Expansion in storage solutions
- 16 In-house greenhouse gas reduction
- 17 Greenhouse gas reduction in the supply chain
- 18 Energy consumption/efficiency in business activities

Corporate Governance

- 19 Responsible business practices
- 20 Transparent reporting
- 21 Corporate Governance Organization
- 22 Responsible tax practices
- 23 Remuneration Policy

Employees

- 24 Occupational safety and health
- 25 Diversity and inclusion
- 26 Employee development/promotion
- 27 Employment/working conditions
- 28 Cultural change sustainable action
- 29 Freedom of association, participation and collective bargaining

Secure Products

- 30 Safe operation of power plants and grids
- 31 Quality of supply
- 32 Product safety and quality

Secure Data

- 33 Information and cyber security
- 34 Responsible use of data
- 35 Protection of privacy and data protection



Society

“We assume corporate responsibility for the sustainable development of society.”

BKW fosters long-term partnerships and requires compliance with recognized environmental and social standards.



Ambitions

- We will assume social responsibility in our supply chains, partnerships, projects and relevant business processes.
- We will increase our sustainable investments.
- We will increase our sustainable revenue (according to the EU taxonomy).



BKW regularly gathers information on sustainability at its suppliers via the EcoVadis platform or through direct contact with them.

As a company operating in society with a regional base and an international reach, BKW is a committed business partner, customer, supplier and investor. The company is fully aware of its responsibilities in each of these roles. Ensuring human rights along the entire value chain is a very high priority at BKW. One way in which this is reflected is in measures to reduce risks regarding human rights violations all along the supply chain.

Furthermore, when it comes to its investments, BKW demonstrates a corresponding commitment to the promotion of sustainable development. This means that investment decisions are not solely made on the basis of security and profitability but also with a view to the positive impact on the environment and social responsibility.

Sustainable supply chains

The BKW Group comprises several purchasing organizations in its various business divisions. The parties responsible in each case agree quarterly in the Purchasing Board on the development of standardized measurement methods to ensure sustainable supply chains and to appropriately shape and further develop Group-wide supplier management. Joint purchasing strategies are being defined to leverage synergies within the Group. In procurement processes all relevant national and international regulatory requirements are complied with and recognized environmental, social and governance standards are also taken into account.



Activities in 2022

New procurement management instruction:

In July 2022, BKW issued a new Group-wide procurement management instruction. This instruction specifies the details of the new public procurement law and commits procurement units to conducting all tender procedures in accordance with business, ethical, and environmental principles as well as the rules of fair competition.

Supplier Code of Conduct becomes an integral component of all contracts: BKW expects its suppliers to be both legally compliant and sustainable in their conduct. The Group enforces this through its Supplier Code of Conduct, which has now

become an integral component of supplier contracts across the entire BKW Group. The Supplier Code of Conduct covers ethics, legal compliance, environmental requirements, employment law, and human rights. BKW's overarching objective here is to collaborate with its suppliers to reinforce responsible environmental and social action.

KPIs for procurement activities: The Purchasing Board jointly developed and introduced a scorecard in 2022. This scorecard measures the performance of the purchasing organizations as a whole and meets the needs of the various business activities of the BKW Group. The scorecard creates transparency in financial KPIs and develop-

BKW's investment decisions will also take the positive impact on the environment and social responsibility into account.



ment issues such as sustainability-related targets. It also measures customer satisfaction and uses a standard format to illustrate further developments in the various purchasing organizations.

Partnership with EcoVadis expanded: BKW has expanded its partnership with EcoVadis in order to reliably assess the sustainability of the supply chain and to further increase it. EcoVadis is one of the world's largest providers of sustainability ratings for companies. Regular training sessions are held to ensure the appropriate use of this platform. Some 140 suppliers currently share their rating with BKW. In 2022, 350 new suppliers were invited to obtain an EcoVadis rating. The main focus was on strategic suppliers. Suppliers who decide not to disclose their sustainability commitment on the EcoVadis platform are under the obligation to provide BKW with a sustainability report or to report on their sustainability efforts at regular supplier meetings.

Check for due diligence obligations: In accordance with the new Swiss Code of Obligations, BKW evaluates whether it must observe due diligence in relation to child labor as well as conflict minerals and metals. Its 2022 orders were analyzed in accordance with the legally specified criteria. In relation to minerals or metals from high-risk or conflict zones, it was established that BKW neither imports these into Switzerland nor processes them. Based on this, it is assumed that BKW is not active in the upstream raw material supply chain, does not operate as a processor or importer, and therefore does not have to carry out any due diligence. The legally prescribed risk classification in relation to child labor stipulates that companies offering products that originate from countries ("Made in") that are classified as "Basic" in the UNICEF Children's Rights Index do not have to fulfill any due diligence obligations. BKW was previously unable to perform this check in full because the indication of the origin of the products offered was unknown. The stipulated review upon suspicion was carried out. This means that BKW has verified whether any specific information and indications could substantiate a suspicion of child labor among its strategically relevant suppliers. Based on currently available information there are no indications of the use of child labor in the first tier in the supply chain. Nevertheless, BKW cannot definitively

attest to the non-existence of specific information or indications of potential human rights violations. BKW will carry out an in-depth analysis on the issue of child labor in order to ensure a comprehensive risk classification.



Outlook

Based on the results of all procurement activities that can be rated via the scorecard, the 2023 Purchasing Board has defined new development sustainability objectives for the entire BKW Group. Furthermore, collaboration between the purchasing organizations of the various business divisions is to be intensified. As the issue of sustainability in the supply chain is becoming increasingly important, the procurement organization is being reinforced with additional specialists.

The partnership with EcoVadis is being continued and further expanded, the objective here is to establish this platform in the purchasing organizations of all business divisions. Risk assessments are also to be further developed in the coming year, both specifically in relation to transparency and due diligence obligations and generally in relation to sustainability risks all along the supply chain.

With its ambitions and activities in the Society action area, BKW is making a contribution to the following SDG:





Use of Resources

“We use resources respectfully and in harmony with nature.”

The near-natural fish ladder at the Hagneck Hydroelectric Plant makes it easier for fish to migrate upstream.



Ambitions

- We will promote an active circular economy and apply eco-design in product development.
- We will protect natural resources and make an active contribution to the protection of biodiversity.

The BKW business model is very dependent on natural resources. Impacts on ecosystems and landscapes cannot be entirely avoided, especially during the construction and operation of power plants. This makes BKW all the more demanding when it comes to the durability and environmental compatibility of its products. Protection and efficient use of resources are just as important as measures to avoid and reduce the negative impact on water, soil, air and ecosystems.

Natural resources

BKW has set itself an ambitious goal with its promotion of the circular economy. The company has introduced a waste disposal plan which governs important sustainability aspects for waste products, residual and recyclable materials, and hazardous waste. This plan covers waste avoidance and reduction, recycling and the reuse of materials. Environmental compatibility is paramount for sorting, material separation, interim storage, pro-

fessional recycling and disposal. Alongside profitability criteria, the waste disposal plan also focuses on ensuring disposal security and minimization of environmental risks and damage (such as pollutant emissions).



Activities in 2022

Implementation of the waste disposal plan:

All business divisions are implementing the principles of the waste management plan at an operational level. Reuse, subsequent use and recycling are the main focal points here. BKW is in the process of further expanding its material flow monitoring. Due to the company's decentralized structure and strong growth, it is a major challenge to collect comparable data on material consumption and waste across the entire Group. Initial estimates show that the overwhelming majority of waste created is recycled.

Automated target grid planning: BKW Power Grid is optimizing the necessary expansion of the electricity grid for the energy transition. Existing routes and clearings will be used as far as possible for this purpose. Automated target grid planning is used to determine the most resource-efficient expansion scenario. The hybrid emergency power system (HEPS) developed as a collaboration between BKW and Jost AG clearly shows that innovations can also contribute to environmentally-friendly and resource-conserving operations. Emergency power systems are indispensable for hospitals and data centers because they maintain the power supply even during maintenance work. Conventional plants often run under partial load, cause continuous noise and consume large amounts of diesel. In comparison, the new and innovative HEPS has achieved an 80 percent reduction in diesel consumption and CO₂ emissions. Noise pollution for humans and animals has also been significantly reduced. The system can be combined with a decentralized photovoltaic power supply.

80%

less diesel consumption thanks to the innovative hybrid emergency power system.



With its hybrid emergency power system, BKW maintains the power supply in an environmental and resource-conserving manner even during maintenance work.

The Hagneck Hydroelectric Plant is located in a protected wetland landscape. The emphasis is on environmental reclamation of the area surrounding the power plant.



Outlook

Resources monitoring: In the coming year, conditions will be established so that Group-wide quantitative statements on resource consumption and waste volumes at BKW can be issued. The objective is to increase transparency about existing initiatives and innovations in the company along with their contributions to the circular economy. The focus here is on developing a common understanding of the circular economy at BKW.

Biodiversity

Healthy ecosystems, together with a high level of biodiversity, are the basis of life for all societies – and not least due to climate change, these find themselves under increasing pressure. That is why BKW is now devoting ever more attention to this issue. The expansion and operation of power plants and grids are not possible without any impact on nature. For a long time, BKW has worked hard to ensure these are kept as low as possible by continuously implementing appropriate measures in its operations and within the scope of its eco-fund. The goal is to promote the protection of individual species and local habitats, but also entire ecosystems.



Activities in 2022

Bird protection: Since mid-2021, BKW has worked with a specialist to put various bird protection measures in place along the flight route of storks in Jura. Perches have been mounted at suitable locations alongside the line cabling. These provide the storks with a safe place on the mast and minimize the risk of death by electric shock. BKW Power Grid works closely with local authorities, specialists and interested ornithologists to ensure optimum bird protection along the lines. Nesting aids for swifts and storks have been installed at several locations on transformer towers and old poles. BKW Power Grid has also supported species protection and biodiversity with nesting aids for wild bees at more than 20 locations.

Fish routes at hydroelectric power plants: BKW has been refurbishing its hydroelectric power plants for many years to align them more closely with nature. The fish lift at the Mühleberg Hydroelectric Plant is an impressive example of this. Migrating fish have been accessing it to get from the Aare River into Lake Wohlten since summer 2021. Corresponding refurbishment activities also continued in 2022.



Outlook

Species protection: At BKW Power Grid the previous bird protection measures are being continued in the context of reconstruction and refurbishment. Existing partnerships and collaborations with external experts will be continued. With a view to all run-of-river power plants, BKW is expected to ensure free fish migration by 2030. This also improves the impairments due to hydro-peaking and the sediment regime below the power plants. These challenges are being met through around 40 projects. Two of them, the Bannwil and Brugg Hydroelectric Plants, will enter the construction phase in 2023.

Biodiversity: Biodiversity will be systematically addressed at Group level in the future. To this end, an analysis of the largest impacts of BKW's business activities on biodiversity will be carried out and specific measures for improvement will be defined.

More information at:

www.bkw.ch/refurbishment



A lake trout in the water in the Grimsel area.

With its ambitions and activities in the "Use of Resources" action area, BKW is making a contribution to the following SDGs:



Climate Neutrality

“We are decarbonizing BKW and our value chain.”

Two BKW Building Solutions employees installing a solar panel at the Marin Center on Lake Neuchâtel.



Ambitions

- We will implement the decarbonization strategy to achieve Net Zero by 2050 at the latest.
- We will reduce energy consumption and increase energy efficiency for ourselves and our customers.
- We will increase renewable power production.

Climate protection is one of the most important issues facing society. BKW's broad energy and infrastructure portfolio offers trailblazing solutions for combating climate change and adapting to its consequences. BKW is committed to internationally agreed climate targets and has the clear ambition to accelerate decarbonization in its own value chain. It also offers its customers renewable and efficient products and services for reducing emissions, enabling them also to make their own contributions to decarbonization.

BKW's energy and greenhouse gas footprint

BKW has the ambition to make its operations climate-friendly and to contribute to the achievement of the Paris Climate Agreement. Various measures have again been implemented to make this a reality, including powering down lighting at off-peak times and optimizing heating controls for efficient energy handling. The creation of a greenhouse gas footprint is an important step towards reducing greenhouse gas emissions within the company and in the value chain.



Activities in 2022

As in 2021, a standardized greenhouse gas footprint was also drawn up in 2022, again in cooperation with Swiss Climate. As part of this process, BKW's energy consumption was systematically recorded. The greenhouse gas footprint is calculated in accordance with the methods and accounting principles of the Greenhouse Gas Protocol and the requirements of the ISO 14064-1 standard. The carbon indicators cover all Kyoto greenhouse gases². To calculate Scope 2 emis-

sions, emission factors according to the market-based method were used.

The greenhouse gas footprint covers the entire BKW Group and is divided into the categories of companies and power plants. For the companies category and the proportion related to BKW's Energy, Grid and Services business areas, data were collected from the 57 largest Group companies, where almost 90 percent of all Group employees work. The missing data were extrapolated based on the number of employees.

Energy consumption of BKW business areas

The following table shows a slight decrease in total energy consumption compared to the previous year. Following an organizational adjustment, some locations which belonged to the Grid business area in 2021, were newly added to the Energy business area. This is reflected in higher power and heat consumption in the Energy business area. The proportion of renewable energy sources in total energy consumption increased compared to 2021. This is due both to more accurate data collection and to measures that specifically relate to renewable electricity taken by individual companies. The uncertainty surrounding a possible power shortage has also led to an increased awareness of electricity consumption.

The collection of current data on heating energy consumption continues to be associated with challenges, and as a consequence, inaccuracies. Flat-rate leases, unknown heating types and consumption settlements that were only available late resulted in conservative calculations under the

Overview of business areas

Energy consumption in GWh	Energy 2021	Energy 2022	Grid 2021	Grid 2022	Services 2021	Services 2022	Total 2021	Total 2022
Electricity consumption	2.54	3.90	4.33	2.91	7.37	5.48	14.24	12.29
– of which renewable	0.03	0.01	0.10	0.18	1.03	1.72	1.16	1.91
Heating energy consumption	6.04 ³	7.07	3.00	3.19	11.94	12.93	20.98	23.19
– of which renewable	0.00	0.04	0.17	0.56	0.83	1.24	1.00	1.84
Fuel	3.87	2.14	5.42	5.03	60.77	58.19	70.06	65.36
Total energy consumption	12.45	13.11	12.75	11.13	80.08	76.60	105.28	100.84

³ The 2021 value (2.29 GWh) was corrected retrospectively (improvement of data quality)

² Carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), halogenated hydrofluorocarbons (PFCs), hydrofluorocarbons (HFCs) sulfur hexafluoride (SF₆)

assumption of fossil fuel sources and based on the energy supply area. In terms of fuel consumption, a slight decline has been recorded compared to 2021. This is based on the growing proportion of hybrid vehicles in the company as well as higher fuel prices and corresponding awareness.

Greenhouse gas emissions in the company
The decrease in energy consumption is also linked to a slight reduction in Scope 1 and Scope 2 emissions, as shown in the following table.

Overview of Scope 1 and Scope 2 emissions in the business areas

Emissions in t CO ₂ e	Scope 1		Scope 2	
	2021	2022	2021	2022
Energy	2,483 ⁴	2,146	299	412
Grid	2,493	2,160	654	289
Services	18,552	17,643	2,393	1,708
Total	23,528	21,949	3,346	2,409

⁴ The 2021 value (1,480 t CO₂e) was subsequently corrected (based on the change in energy consumption).

Five Scope 3 categories are now in focus for 2022. The categories were selected by internal experts together with Swiss Climate, based on company relevance and in accordance with the requirements of the Greenhouse Gas Protocol. The following Scope 3 categories are considered in the 2022 footprint:

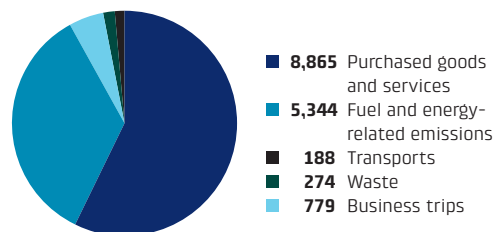
- 3.1 Purchased goods and services
- 3.3 Fuel and energy-related emissions
- 3.4 Upstream transport and distribution
- 3.5 Waste
- 3.6 Business travel

Fuel and energy-related emissions as well as emissions from business travel can be assigned to the business areas. Emissions from the remaining categories were recorded centrally and are therefore reported as a whole (see Table 156).

Overview of Scope 3 emissions of the business areas

	Emissions in t CO ₂ e
Energy	835
Grid	684
Services	4,604
Centrally recorded	9,327
Total	15,450

Distribution of emissions in t CO₂e



Despite gaps in the availability and completeness of the data, the first reliable statements on the proportion of Scope 3 emissions in the company's overall footprint can be made. Purchased goods and services already account for half of the Scope 3 emissions in the business areas, followed by fuel and energy-related emissions. This means that the levers to reduce emissions are in the procurement and consumption of goods. However, emissions can also be reduced if energy consumption, in particular heating energy and fuels are reduced and converted to renewable energy sources.

Greenhouse gas emissions from power plants
BKW's entire power plant portfolio was considered in the calculation of greenhouse gas emissions. This calculation includes all plants owned by BKW as well as proportional investments in power plants according to the equity share approach as per the Greenhouse Gas Protocol. Emissions for 2021 were corrected retrospectively, as last year an inadequate emission factor for the calculation of Scope 3 emissions had led to too high a value.

The decrease in emissions is due to the fact that gas-fired power plants produced significantly less electricity, and the Leibstadt Nuclear Power Plant produced proportionately more.

Overview of power plant emissions

Emissions in t CO ₂ e	Scope 1		Scope 3 ⁵	
	2021	2022	2021 ⁶	2022
Own power plants	67,889	33,663	21,816	14,077
Holdings and purchasing rights	1,065,116	874,061	319,547	304,428
Total	1,133,005	910,724	341,363	318,505

⁵ Includes emissions associated with energy supply for Scope 1 (e.g. production and transport fuels) and, as from 2022, additional electricity sold to end customers not already included in Scope 1.

⁶ The 2021 values (43,170 and 490,504 t CO₂e) were corrected retrospectively (improvement of data quality)..



Outlook

The decentralized structure of BKW along with the previously inconsistent collection of information on heat consumption and business travel pose considerable challenges due to the availability and completeness of source data. Based on these experiences, BKW is striving to continuously improve data quality. That is why it is important to share information with the procurement organizations, as purchased goods and services represent the largest source of Scope 3 emissions in the companies. The evaluation and introduction of a software tool for systematic data collection and emission calculation is also planned. This will enable BKW to collect data with greater efficiency, accuracy and completeness and carry out targeted assessments, such as for individual companies. Process improvements and further awareness-raising of those responsible for energy and emissions-related issues are also intended and these will be attuned to the formulation and implementation of the decarbonization strategy.

Along with improvement of data quality, the focus continues to be on saving energy, the second most important lever for reducing emissions. For example, as part of an energy refurbishment project, the windows are to be replaced at the head office. In Ostermundigen, BKW is undertaking a full refurbishment of the office building. The implementation there in the Minergie-P-Eco standard with ice storage heating (previously electric heating) and a photovoltaic system is on track. Completion is expected in the first half of 2025.

Decarbonization strategy

The societal impacts of the war in Ukraine and the upheavals in the energy markets in 2022 have accentuated the need to move away from fossil fuels. These external factors are encouraging BKW to incrementally strive for zero-emission business activities.



Activities in 2022

Greenhouse gas footprint analysis: In 2022, an interdisciplinary team was assembled to identify emission "hot spots" based on the existing greenhouse gas footprint and develop ideas for reduction measures. In addition to the clear focus on power plant emissions from fossil power generation, vehicle fleet emissions and emissions from thermal energy are the biggest factors in the business areas. To address these issues, workshops and interviews with various specialist functions were conducted and possible measures were discussed in the strategic and commercial context of the company.

CDP: For greater transparency towards its stakeholders, in 2022 BKW completed the full version of the Climate Change Questionnaire from CDP⁷. The assessment received confirms BKW's solid starting position and also points out some improvement actions required. These findings have been incorporated into the formulation of the decarbonization strategy.



Outlook

Decarbonization strategy: The requirements of CDP and the results of the workshops on reduction measures are to be recorded in the Decarbonization Strategy in 2023. This strategy

⁷ International non-profit organization that encourages companies and governments to reduce their greenhouse gas emissions, conserve water resources, and protect forests.

also incorporates clear targets for emission reductions and the subsequent relevant measures to be implemented in the business areas. In a first step, these will target Scope 1 and Scope 2 emissions and then the focus will be expanded to Scope 3 emissions in the future.

Power plant emissions: BKW recognizes its responsibility with regard to power plant emissions and their reduction, especially as these account for most of its total emissions. It will also actively address this challenge while ensuring grid stability and a secure power supply, as well as measures to mitigate climate change.

Renewable energy production

BKW is increasing its portfolio of new renewable energy sources to more than one gigawatt (GW) of installed capacity by 2026 and is therefore making a valuable contribution to the sustainable energy future. It announced this goal at Capital Markets Day at the end of October 2021. Furthermore, within the context of its growth and sustainability strategy, BKW aims to enable long-term oriented institutional investors to make direct impact investments through investments in wind and solar power plants.

Wind turbines on a wind farm in the Hauts-de-France region of northern France purchased by BKW in 2022.



**Activities in 2022**

Renewable electricity: During the year BKW produced around 5,000 GWh of CO₂-neutral power from its own production portfolio and from investments in renewable facilities. Through the acquisition of six wind farms in northern France with a total installed capacity of 105.7 megawatts (MW), BKW has moved one major step closer to its goal of 1 GW of installed capacity of new renewable energy. At the end of 2022, this figure stood at around 800 MW.

Expansion of solar power capacities: In February 2022 BKW concluded a photovoltaic contracting agreement for a roof system at Bern Belp Airport. With a planned installed capacity of 360 kWp this installation is scheduled to be brought online in the first quarter of 2023. In August 2022, BKW invested in the project development of photovoltaic systems in Italy with a planned installed capacity of 22 MW. Commercial commissioning is planned for 2024.

The Capital Light strategy implementation: In December 2022, BKW enabled the City of Zurich Pension Fund (Pensionskasse Stadt Zürich) and the pension fund Medpension vsao Pensionskasse to acquire a 49 percent stake in nine existing wind farms in France, Italy and Norway. This step is an example of BKW's successful Capital Light strategy, which gives it space for additional investments in renewable energies.

**Outlook**

Solar power expansion: The expansion of renewable energy sources is being driven forward with various projects. In a jointly sponsored program, Bern Airport and BKW are planning the largest ground-mounted solar power installation in Switzerland. In addition to the planned roof system on the Bern Airport site, a solar farm that will produce up to 35 GWh of electricity per year is to be built on a 25-hectare site. Connection to the grid is expected in 2026. The photovoltaic contracting model for roof systems for BKW customers in Switzerland is attracting a great deal of interest and is expected to lead to numerous other systems being installed.

Wind power expansion: BKW is pursuing two projects in Bernese Jura for the expansion of wind power in Switzerland. The planned wind farm on the Montagne de Tramelan has an installed capacity of 12 MW. The second wind farm in the municipalities of Cortébert and Corgémont has an installed capacity of 10 MW. Both projects are currently blocked due to objections.

Hydroelectric power expansion: However, three hydroelectric power plants currently under construction – Arvigo, Augand and Saas Grund – are to be commissioned in 2023. Furthermore, BKW continues to examine further attractive investment opportunities in renewable energy both in Switzerland and internationally.

5,000

GWh of renewable power was produced by BKW in 2022.

With its ambitions and activities in the "Climate Neutrality" action area, BKW is making a contribution to the following SDGs:





Corporate Governance

“We are committed to responsible business conduct and transparent corporate governance.”

The new Code of Conduct applies to all employees and to persons who work for BKW externally.



Ambitions

- We will increase the sense of responsibility for compliance throughout the company.
- We will continuously develop our governance and processes.
- We will communicate all relevant ESG information transparently.



BKW systematically investigates reports of possible compliance violations and protects whistleblowers.

In its new Code of Conduct, BKW explicitly commits itself to ethical business practices, integrity, environmental concerns, and adherence to human rights. The Code of Conduct forms the basis for BKW's business activities. Failure to comply with these principles can lead to violations of laws, internal regulations, and ethical principles, which may also lead to negative legal and financial consequences for BKW, its employees and its partners, and may jeopardize its good corporate reputation. Therefore, BKW investigates every indication of possible irregularities or violations.

By participating in the United Nations Global Compact, BKW fully affirms its commitment to acting responsibly and in accordance with the ten principles. The publication of our progress report

on the website of the UN Global Compact is a means of informing the general public how committed BKW is in this regard.

The corporate culture at BKW is also underpinned by transparent reporting and corporate governance focused on the interests of all stakeholders, the trusting collaboration between the Board of Directors, the Group Executive Board and employees as well as compliance with applicable law.

In addition to transparent reporting, BKW's Compliance Management System (CMS) serves as an effective mechanism for adherence to and fostering of responsible business conduct.

Compliance Management System

With its CMS, BKW ensures its business conduct is integrity-focused, that is, the company holds itself to a much higher standard than just complying with applicable law and the company's internal rules. The system defines specific measures for prevention, monitoring, control, and effectiveness. It has been designed for the specific risk situation of the BKW Group and covers all relevant compliance topics. These include, in particular, fraud, antitrust laws, corruption, human rights and data protection, but sustainability risks are also taken into account. An effective and efficient compliance organization is a prerequisite for effectively reducing sanctions and liability risks as well as other non-financial risks such as loss of reputation. Other CMS measures include the preparation of Group instructions and guidelines, providing advice to and supporting employees, introducing and implementing internal controls and training and providing information to employees and managers.

All customers, employees, suppliers, business partners and other external persons can use a central system to record indications of possible rule violations, whether against applicable law, internal guidelines or ethical principles. The reports are transmitted directly to the Compliance department and processed by it. The BKW Group protects whistleblowers in two ways: firstly, reports can be submitted anonymously, and secondly, the principle that whistleblowers must not be placed at a disadvantage because of their report applies.

In regard to the status of the CMS, the Group Executive Board and the Board of Directors are informed annually as well as immediately where required.

Activities in 2022

Code of Conduct training sessions: Training courses, both general in nature and targeted at individuals, were also conducted and/or arranged in 2022. Employees were trained on the Code of Conduct, governance in general, antitrust law and procurement law. The increasingly stringent national legislation on the protection of personal information and the associated increased risks has shaped compliance measures in the area of

data protection. This has created a legal basis for data exchange within the entire Group. Building on the Code of Conduct and making comparisons with international standards, Group instructions and Group guidelines have been checked for their validity, and adjusted where required; additional new instructions have been adopted.

Outlook 2023

CMS expansion: In 2023, the Compliance Management System is to be further improved by a range of measures. Its office personnel will be increased and digital solutions will be deployed to optimize and automate compliance processes and systems. Collaboration with Group companies on compliance issues is to be stepped up and training resources are to be further expanded.

More information at:

www.bkw.ch/codeofconduct

With its ambitions and activities in the "Corporate Governance" action area, BKW is making a contribution to the following SDGs:





Employees

“We promote a safe working environment for satisfied, healthy and committed employees.”



Occupational safety is always a top priority: two technicians on a wind turbine.

Ambitions

- We will improve the satisfaction and development opportunities of employees.
- We will foster occupational safety and health as well as health awareness.
- We will promote employee diversity.
- We will encourage a cultural change with regard to ESG responsibility.

As an employer of over 11,500 people in eight European countries, BKW has a huge responsibility. The company uses its size to advance important personnel issues through exemplary action, such as training and development, equal pay, diversity and inclusion and occupational health and safety. All of these are central pillars of the personnel policy of the 140 companies that form the BKW Group. The Group is also paying more attention to the working conditions of people operating in its supply chain (see action area Society, p. 145). Conversely, BKW expects its employees to demonstrate commitment within the company and exemplify high-quality standards as well as mutual respect.

In the international competition for highly qualified specialists and managers, BKW sets itself apart as an attractive employer, which increases its competitiveness. The shortage of skilled workers is clearly apparent in the energy, building technology and infrastructure sectors, which are also undergoing major changes due to digital transformation and the increasing requirements for sustainable management. All strategic ambitions are underpinned by specific measures, even if not at the same time. For example, the activities to implement the desired cultural change in the direction of sustainable action still need to be developed.

Training and development

Lifelong learning is the basis of successful corporate activity. BKW offers its employees development opportunities on an ongoing basis. This fosters satisfaction and encourages loyalty to the employer while also increasing the attractiveness of the company to potential colleagues. With regard to training and continuing education resources, BKW prioritizes skills for which there is, or will be, the greatest demand in the company (learning on demand). Digital resources play an important role here.



Activities in 2022

LinkedIn Learning: Since early 2022, BKW has been offering its employees a digital learning library with more than 16,000 courses as part of LinkedIn Learning. In 2022, 805 employees used this new resource and spent a total of 2,077 hours on learning programs. Particularly popular with BKW employees were courses on

collaboration, communication and Microsoft Office 365.

Company-wide learning week: In October 2022, the second annual BKW Learning Week for all employees took place. This consisted of 28 primarily digital workshops and lectures. The focus of Learning Week was issues of sustainability and mental health. The average number of attendees per course more than doubled in comparison to 2021.

Core values embedded: BKW's core values of "entrepreneurial", "collaborative", and "trailblazing" are very familiar to most employees, as illustrated by the Transformation Brand Monitoring carried out in February 2022. In the survey of around 1,100 employees, two-thirds spontaneously stated all the core values correctly. In 2022, BKW offered an e-learning course on "entrepreneurial" value. The objective was for employees to identify with the core values, to experience them in everyday life, and to consolidate their key competency on this basis. It was initially aimed at employees at BKW Energy, BKW Power Grid and BKW Management AG. 83.5 percent of them completed the e-learning course.

800

employees joined the BKW Group in 2022.

More information at:

www.bkw.ch/perspectives



The solar power sector has huge development potential in Switzerland. Female solar technicians are thus in high demand – also at BKW.



BKW offers its employees development opportunities on an ongoing basis. Digital learning opportunities are important here.

Leadership programs: As part of its management development program in 2022, BKW rolled out the Leadership Coaching Program for BKW Energy, BKW Power Grid and BKW Management AG in Switzerland. This had been tested successfully in 2021 at BKW in Germany. 48 managers and project managers from both countries participated. They reflected on and expanded their leadership skills while cultivating their personal networks.

Training: In addition to further education and training opportunities, BKW also focuses on vocational training. There were 657 apprentices in vocational apprenticeships Group-wide in 2022. They are being trained in 29 different pro-

fessional areas. In the last apprenticeship year (2022), 90 percent of the 209 apprentices successfully completed their apprenticeship program (2021: 80 percent). BKW continued to employ 61 percent of them in the Group, which is 12 percent more than in the previous year. Due to the shortage of skilled workers, the professions of grid electrician, electrical installer and computer scientist are of strategic importance. A total of 45 grid electricians, 43 computer scientists and 200 electrical installers participated in training programs in 2022. In these three professions, BKW also offers lateral entry as a second training opportunity, in addition to regular vocational training.

Special courses at the Energy Education Center: In-depth vocational training and continuing education are absolutely essential for safe handling of high-voltage power systems. BKW trains and offers continuing education to its grid electricians at the BKW Energy Education Center. The Center uses innovative methods such as virtual reality glasses as well as checklists and work instructions, that are available online at any time, to assist with practical work situations. This improves the quality of training, enables continuing education as an organization and ensures that it can be verified. Since 2022, the training level of individual employees has been tracked and employees are automatically offered repeat courses. As a leading training center in Switzerland, BKW also makes this resource available to many professional colleagues.

Trainee program launched: In order to attract university graduates, BKW resumed the BKW Trainee Program in 2021. In 2022, six trainees started energy industry, electrical engineering, planning, communications and HR marketing internships in the business divisions of BKW Energy, BKW Power Grid, BKW Management AG, and BKW Engineering Schweiz.

New hires and departures of employees: BKW makes great efforts to attract good employees and retain them in the company for as long as possible. In 2022, BKW acquired 2,073 new employees either through hiring or from companies acquired by BKW. The gross turnover rate was 15.3 percent in 2022 (1,241 people). This number includes both voluntary and involuntary

departures, retirements and the termination of fixed-term contracts. Net turnover (termination by employees) was 10.8 percent (882 people).



Outlook

Group-wide learning strategy: BKW will develop a Group-wide learning strategy next year. The aim is to foster lifelong learning for employees in order to improve their employability. Over the next few years, the current resources for further employee development will be systematically and gradually expanded.

Focus on core values: One objective is that more employees will be using LinkedIn Learning in 2023. To further embed BKW's core values, an e-learning course on the second value of "collaborative" will be rolled out. BKW Learning Week 2023 will focus on the third core value of "trailblazing". The BKW Leadership Coaching Program

is being raised to an international level in order to reach additional leaders. The BKW Trainee Program will be extended to include BKW Infra Services in 2023.

Occupations of the future: In 2023, the BKW Group will also be offering apprenticeships for EFZ solar installers and EBA solar fitters for the first time, and it will also advertise these as intensively to lateral entrants as it does for grid electricians.

Occupational health and safety, health protection and occupational health management

A safe work environment that fosters employee health is a top priority at BKW and this issue is on the agenda at every Group Executive Board meeting. The aim of occupational health and safety management is to create the best possible

657

apprentices were trained at BKW in 2022.

In order to bolster the employability of its employees, BKW will continue to promote lifelong learning in the future.



framework conditions for protecting the health of all employees, thereby also ensuring a motivating work environment.



Activities in 2022

Occupational health and safety

Occupational health and safety office: The occupational health and safety office has been established for many years, and it has been headed up by a new safety engineer since June 2022. She promotes and coordinates occupational health and safety, leads prevention campaigns and conducts audits. She is the contact person for the occupational health and safety office, as well as for the Board and managers. She also acts as a liaison to the authorities.

Standards and certifications: The BKW Group uses various safety and management systems (such as industry solutions from VSE, suissetec, Batisec) and certifications (according to ISO 9001, ISO 14001, ISO 45001 and Safety Culture Ladder). In Switzerland the ten points of the ASA System⁸ of the Federal Coordination Committee for Occupational Safety and Health (EKAS) are also implemented.

Accident data: Compared to 2021, accident numbers in 2022 fell by 2 percent and the number of lost hours in relation to the annual target working time of occupational accidents decreased by 18 percent. This demonstrates that the severity of occupational accidents and the resulting absence from work has been reduced. The number of minor accidents (less than 3 days of absence from work) decreased by 4 percent over the same period.

Fatal accidents: To the great regret of the entire Group, two fatal accidents occurred in 2022 despite active prevention. The cause of these tragic events lies in a concatenation of unfortunate circumstances during work carried out at

height. Investigations into the two incidents are ongoing. As an immediate measure, BKW reviewed its training and safety measures, in particular for all teams working on scaffolding, ladders, roofs or otherwise at heights, and, where necessary, strengthening to create greater safety.

Group-wide awareness program: To further increase awareness of occupational safety, in 2022 BKW expanded the Occupational Health and Safety intranet site with new topics such as rights and obligations, working at height, and safe apprenticeship times for apprentices. The intranet provides employees with initial information and a good overview as well as in-depth information in general and subject-specific training courses. In 2022, some 5,800 employees completed at least one training course on occupational health and safety and health protection.

Occupational Health & Safety Management (OHSM)

OHSM current status: In 2022, an as-is analysis based on the Friendly Workspace criteria of Health Promotion Switzerland was carried out for BKW Infra Services, BKW Energy, and BKW Management AG. The analysis shows that BKW already has a comprehensive OHSM with very good resources for its employees. Another finding was the need to define and collect key figures in order to identify even more specific action areas, to implement effective measures and to evaluate their effectiveness.

Absenteeism management: In 2022, BKW Building Solutions introduced an absenteeism and case management tool. BKW Energy and BKW Infra Services are also looking at whether to roll it out. This tool helps occupational health & safety management identify absenteeism patterns and trends, support sick and injured employees in a timely manner, evaluate the effectiveness of measures and prevent or reduce absenteeism and the associated costs.

Collaboration with Movis: BKW has a partnership with the occupational employee consultancy firm Movis. Employees can take advantage of free advice and support when it comes to personal,

More information at:

www.bkw.ch/security

⁸ ASA is the German acronym for occupational doctors and other occupational health and safety specialists

Coordinating vocational college, work, and leisure: In a project with apprentices, BKW addressed the transition from school to the world of work.



social and health challenges. In 2022, more than 8,200 employees from various business divisions in Switzerland had access to this resource and a pilot project for apprentices on “Healthy Apprenticeships” was also introduced together with Movis. This project covered the transition from school to the world of work, the coordination of vocational school, work, and leisure and possible challenges such as stressful situations or conflicts.

Mental health: Mental health is an important aspect of BKW’s health management. This is also reflected in employee queries to the internal care4you advisory center and to the external Movis advisory center. Learning Week 2022 was thus

dedicated to this issue. A total of 380 employees attended the six mental health modules covering issues such as “Early Warning Signs of Mental Stress” and “Dealing with Critical Events”.

Physical health: Physical health is another important pillar in prevention, as musculoskeletal disorders are one of the primary causes of long-term absenteeism. That is why BKW offers its employees appropriate benefits and additional resources. As well as the established online fitness courses, since 2022 employees in Switzerland, Germany and Austria have also benefited from discounted rates at local fitness centers.

30%

fewer accidents within the next five years are the goal.

Professional reintegration: BKW has been doing work in the area of professional reintegration for 14 years. In the event of illness and accident, case management is available to employees. BKW offers reintegration positions to employees who are no longer able to return to their original work. Suva awarded this commitment with the “Incentives for Vocational Reintegration” certificate.



Outlook

Occupational health and safety

Reduction in accident numbers: The overarching goal in the field of occupational health and safety is to reduce accident numbers by 30 percent over the next five years. In 2023, an internal reporting tool to collect key figures will be implemented. Based on the data obtained through this, the health and safety standards or procedures will be

continuously improved. Internal communication campaigns designed to give a boost to the BKW safety culture are to be rolled out.

Operational health management

Health of apprentices: Occupational health management and vocational training will continue to provide assistance with the health of apprentices in 2023 because studies show that young people are particularly at risk. All young women and men who start their apprenticeship at BKW in 2023 will benefit from the new Movis introductory module. The proven collaboration with Movis will also be taken to the next level with various other resources in 2023. The objective is for all employees to have free access to the company advisory service.



Occupational health management supports employees in staying motivated, healthy, and efficient.

Absenteeism management: The plan with regard to absenteeism and case management is to define measurable goals and corresponding key figures supported by data monitoring. In the area of professional reintegration, a sheltered workplace will be set up in 2023 with financial support from Suva of CHF 20,000. It is to be made available to employees who are temporarily unable to return to their original workplace after an accident.

Diversity and inclusion

Teams where different skill sets, social or ethnic origin, age groups, gender perspectives, religions, physical and mental abilities, and ways of thinking are combined often achieve better solutions and enrich everyday working life. BKW fosters this diversity and also promotes an inclusive culture of equal opportunity. This idea was also stipulated in the new Code of Conduct (see page 14). In order to make this a reality, BKW created the necessary infrastructure and implemented the first concrete measures in 2022.



Activities in 2022

Diversity, Inclusion and Sustainability

Office: In 2022 a new “Diversity, Inclusion, and Sustainability” office with Group-wide responsibility for these issues was created within Human Resources. The team created a common understanding of these issues in 2022 and will embed them in the corporate culture. Employee diversity is also to be made more visible, exchange platforms are to be established and additional framework conditions are to be developed.

Partnership with Swiss Diversity: In 2022 BKW agreed a partnership with the Swiss Diversity Association, which is committed to greater diversity and inclusion as well as equality of opportunity in business and society. In a study commissioned by Swiss Diversity and supported by BKW, Zurich University of Applied Sciences (ZHAW) investigated the impact of diversity and inclusion on the Swiss economy.

Raising awareness in construction: In March 2022, BKW Building Solutions launched a diversity and inclusion awareness campaign for its 4,000 employees with workshops for managers and supporting materials for employees.

Diversity Communities launched: In late 2022, BKW Diversity Communities were launched with the aim of connecting employees, sharing experiences, benefiting from news and events and helping to make BKW more diverse. The “Pride Community” is committed to the concerns of the LGBTQ+ community. In the “Generation 50Plus Community” older employees develop ideas on how to use their special skills in the years of work still ahead of them and the “Community for Gender Equality” is committed to making equality of opportunity a reality.

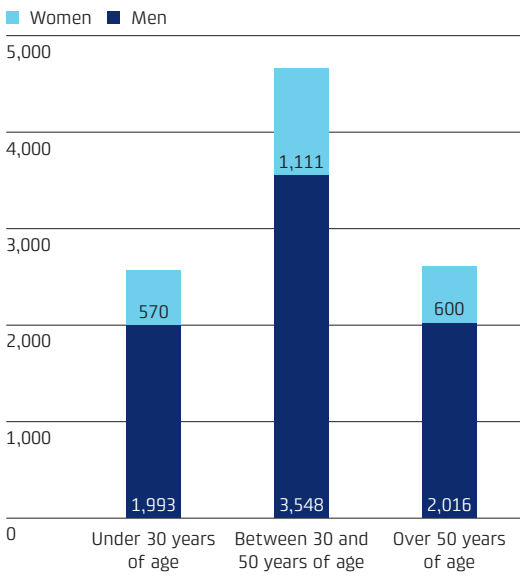
Support for part-time work: Part-time work is an important parameter for fostering diversity and inclusion. Currently, 82 percent of employees work full-time (corresponding to a workload of 90 to 100 percent). In 2022, 999 women (44 percent of all women) and 787 men (10 percent of all men) worked part-time. The aim is to offer more part-time positions in the future – for both men and women – in order to improve compatibility of work with various personal life situations. As an initial measure proposed in autumn 2022, it was recommended to the entire Group that all full-time positions be advertised with a part-time option (such as 80 to 100 percent).

Equality: Equal pay has an important role to play when it comes to the issue of gender equality. Salaries of all BKW employees are determined regardless of gender, nationality, age or other demographic characteristics. Since 2022, an internal working group commissioned by the HR Board and composed of representatives from all business divisions has been looking at the various issues relating to equal pay. In accordance with the legal requirements, an equal pay analysis was carried out in Switzerland in 2021 and 2022. All BKW Swiss companies with more than 100 employees meet the legal requirements and adhere to equal pay between men and women.

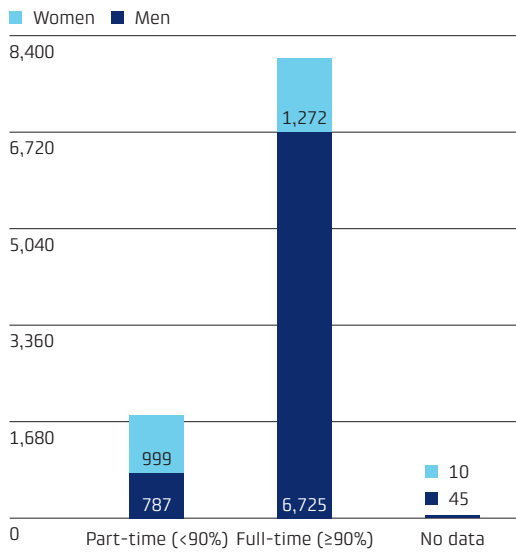
Diversity measured: In 2022 for the first time the company collected data relating to around 10,000 of its employees which reflect employee diversity at BKW. The corresponding monitoring does not yet cover the entire BKW Group. Employees of the companies swisspro and UMB are not included.

Key figures (excl. swisspro and UMB)

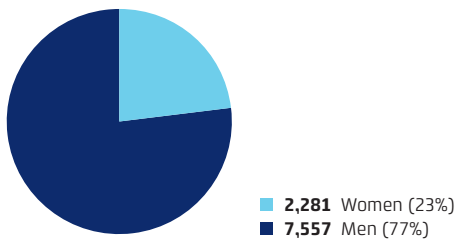
Employees by age



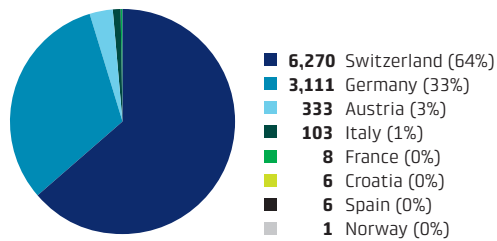
Employees by employment level



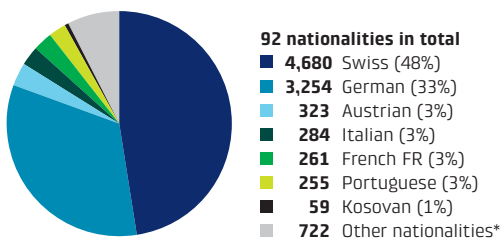
Employees by gender



Employees by country



Employees by nationality



* 85 remaining nationalities (with less than 50 people per nationality, 7% in total)

Outlook

Defining key figures: At the strategic level, specific diversity and inclusion objectives will be defined in the 2023 financial year and recorded with corresponding key figures. Key figures are to be collected from the entire BKW Group. BKW will also support a new Swiss Diversity Study on the question of age in daily working life, and sign the Advance Charter for the Promotion of Equality. With the latter, the Group is committed to a working environment that supports a fair and balanced approach to hiring, remuneration, promotion and retention of female talent. With regard to fair remuneration, a standardized minimum wage for interns in Switzerland will be introduced in 2023. Group-wide guidelines for the collection of wage data will also be published, so that salaries of employees in similar positions can be compared.

82%

of employees work full-time.

4,000

employees received awareness training on diversity and inclusion in 2022.

With its ambitions and activities in the Employees action area, BKW is making a contribution to the following SDGs:





Secure Products

“We meet the highest demands for the security, quality and availability of our products and services.”



Two grid electricians working on a power line on the Hahnenmoos Pass near Adelboden.

Ambitions

- We will operate our power plants and grids safely and reliably.
- We will increase product and service quality as well as safety and availability.

Through its various products and services, BKW shapes society's spaces for life in many different ways. The quality and safety of the solutions offered therefore play an important role. BKW makes every effort to guarantee the safety and health of its customers in the use of its products and services. A secure supply of electricity in particular is a highly relevant topic for BKW. The company reliably supplies over a million people with electricity and operates a diverse range of power plants for this purpose. The consistently high availability of these power plants and grids, which are part of Switzerland's critical infrastructure, is a top priority. BKW also plays a pioneering role in Switzerland as the first operator to move ahead with the decommissioning of the Mühleberg Nuclear Plant.

Safe grid operation

The power grid is the backbone of modern society. Here the energy transition is primarily a performance transition, which means that there must be more investment in grid expansion and conservation of the existing infrastructure.

BKW's grid of 22,000 kilometers runs largely through rural areas, which poses challenges for construction and maintenance. Employees install masts on rocky outcrops and route lines through forests, over mountains and under streams. In all their activities, the top priority for BKW Power Grid is employee safety. Since work often has to be carried out in the face of specific hazards, BKW Power Grid consistently relies on a preventive and targeted occupational safety and health management system. This system has been certified according to OHSAS 18001 and ISO 45001 since 2011. Like quality and environmental management, it also forms part of the integrated management system. BKW Power Grid has been ISO 9001 and ISO 14001 certified for more than 15 years.



Activities 2022

To repair grid faults quickly: The power grid is monitored from the Central Control Room (ZLS/CCR) in Mühleberg. The heart of the CCR is the central control system for the BKW distribution grid. CCR employees are trained to respond very quickly and in a structured manner to

faults and incidents that lead or could lead to a power failure. Thanks to the know-how and wide-ranging experience of the CCR employees as well as the well-coordinated collaboration with the grid electricians, such faults can be repaired quickly.

Low outage rate: BKW has an outage rate that is consistently very low. This means that power failures are rare. The Swiss benchmark (2016–2021) is an average of 21 minutes of outage time (System Average Interruption Duration Index, SAIDI) across all end consumers in Switzerland. Over the same period, BKW's outage time was an average



An employee at the Mühleberg Control Center monitors BKW's distribution grid on several monitors.

More information at:

www.bkw.ch/powernetwork



The Oberaar Dam in the Grimsel region.

of 16 minutes⁹ (SAIDI). In the period under review, the differences are marginally less than one minute. This consistency in outage times at BKW is due to factors including continuous investments in personnel, training and facilities.



Outlook 2023

Reliable power distribution: In 2023, the safe and reliable distribution of electricity to over one million customers will continue to be at the heart of BKW's activities. Outage times should continue to remain low. This has been achieved through continuous investments in infrastructure, employees and training.

Availability of BKW hydroelectric power plants

Availability is an important indicator for reliable electricity production and allows conclusions to be drawn about the quality and quantity of main-

tenance and operational measures and/or investments. In the case of storage power plants, technical availability is key, that is, the maximum availability minus the outage hours of the machines¹⁰. Run-of-river power plants usually have several machines and planned maintenance work can be carried out in a period when the inflow is low. This means there are very few production outages. This is why the indicator of commercial availability of run-of-river power plants is recorded. Commercial availability of 100 percent is the amount of energy that could be produced with technical machine availability of 100 percent.



Activities in 2022

Availabilities: In general, the larger BKW run-of-river power plants achieve a commercial availability of more than 97 percent. This value is slightly lower for small hydroelectric power plants as they mostly only have one machine. According to BKW's 2017 maintenance strategy, an internal minimum availability requirement of 95 to 98 percent applies, differentiated by the yield potential of the power plants. The high availability makes a specific contribution to the security of supply.

Trade exchanges: Asset Management Hydro is responsible for compliance with this requirement. Due to the high electricity prices during the last year, there has been more of a focus on machine availability. Unplanned outages not only result in high opportunity costs and replacement procurements; they can also limit availability and thus security of supply. Regular exchange with the trade helps to adapt planned machine outages to the expected power requirements.



Outlook

Optimization of outages: In line with the current tense situation in energy markets, optimization of planned outages remains a high priority. In the case of planned replacement investments in the medium-term horizon (four years), it is systematically checked whether a postpone-

⁹ Calculation based on the "old SAIDI method", regardless of the voltage level. Standard method within Switzerland until the end of 2021

¹⁰ Machines of a storage power plant can be operational for a maximum of 8,760 hours per year, which corresponds to 100%. Any deviation from this is referred to as an unavailability time. In the event of an outage, this may arise due to a planned project (major overhaul, partial overhaul, inspection, maintenance) or an unplanned one (malfunction, repair). Maximum availability minus unavailability yields the "technical availability."

ment or temporal compression is technically possible and of commercial interest. In future, all major replacement investments will be managed by the "Project Management Hydro" organizational unit, commissioned by Asset Management, in order to ensure rapid and efficient implementation. And finally, it is planned to provide the relevant partner plants with a tool so they can stipulate their planned shutdowns in time windows with sufficient amounts of electricity forecast on the market.

Decommissioning of the Mühleberg Power Plant

As in power operation, protection of the general population, employees and the environment remains a top priority, even during the decommissioning of the Mühleberg Nuclear Plant (KKM). With the increasing time interval to the final

decommissioning and with the progress of the dismantling work, both the decay heat to be dissipated and the activity inventory in the plant are reducing continuously. These factors are easing the burden on monitoring systems and increasing the time windows for potential interventions. To put it simply, this means greater safety.

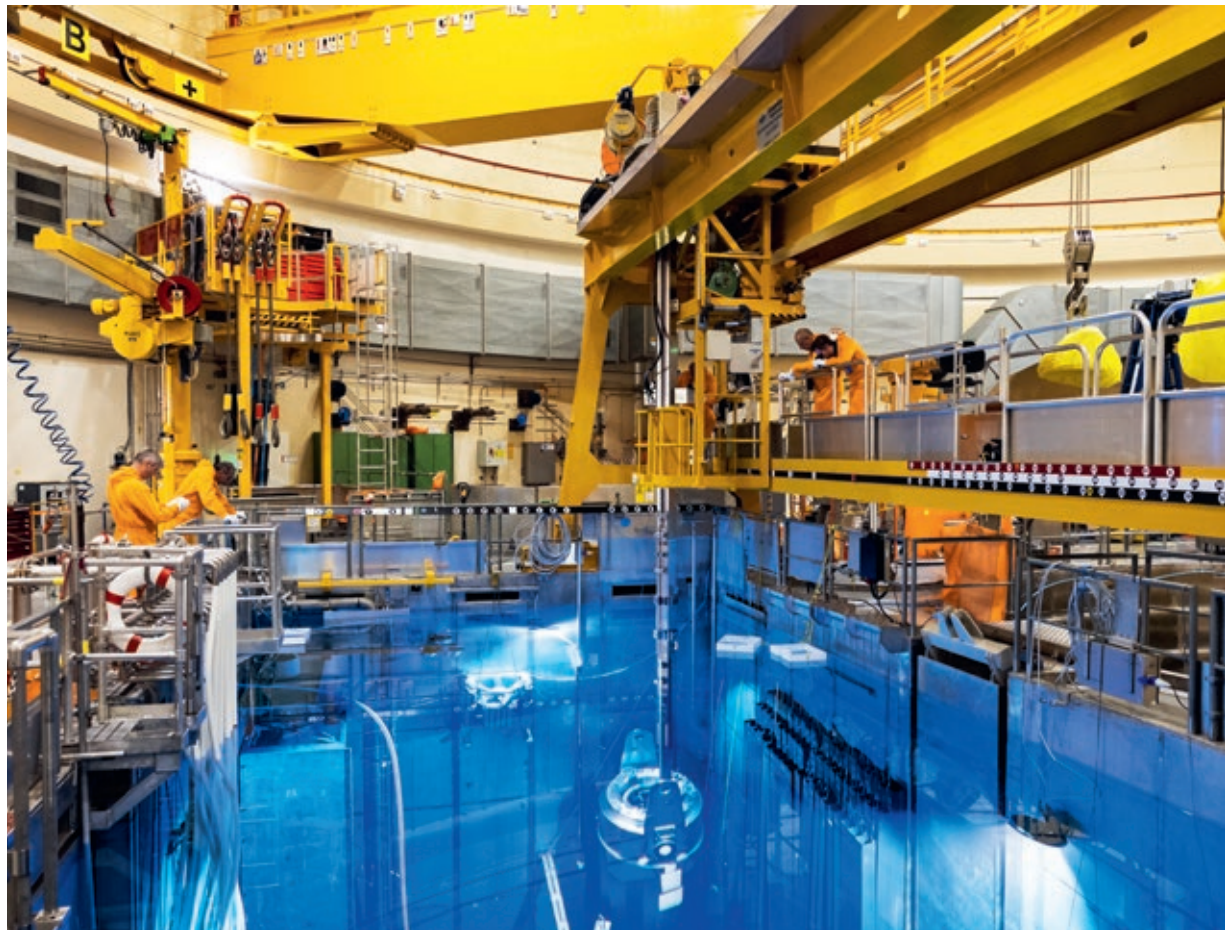
A threat to the population from the release of radioactivity is now practically excluded. Current safety analyses for decommissioning show that impacts outside the plant are only possible in hypothetical and extremely rare scenarios.

However, the risks in handling radioactive substances still exist for employees working in the decommissioning process. This is why it is important to implement the appropriate safety measures. In addition to the above-mentioned

More information at:

www.bkw.ch/decommissioning

Fuel elements are loaded under water into the special container with which they are transported to the interim storage facility.



radiological risks, the hazards of conventional pollutants and the requirements of customary occupational health and safety protection must also be taken into account when decommissioning a nuclear power plant. The importance of these requirements has increased significantly in the project-oriented decommissioning operation on the construction site when compared to the highly regulated power operation.



Activities in 2022

Increasing occupational safety: The Mühleberg Nuclear Power Plant (KKM) has taken the increased requirements into account by acceding to the Suva Safety Charter. The area of occupational health and safety protection was significantly strengthened by its organizational independence and staff structure. In all decommissioning processes, occupational safety issues are explicitly addressed and managers are professionally supported by Suva. Thanks to these measures, serious accidents have been avoided and accident numbers have been kept at a low level.

Dismantling and disposal routes: During dismantling, only those materials that cannot be disposed of in any other way are treated as radioactive waste. As far as possible, materials are decontaminated and then measured and released, that is, released from nuclear supervision. The released material can easily be returned to the material cycle. For material that cannot be released, but does not have to be disposed of as radioactive waste, the disposal routes of direct landfill or decay storage are now available. These disposal routes prevent the future deep geological repository from being burdened with unnecessary amounts of waste. In 2022, around 340 tonnes of material were released and around 13 tonnes were moved to the decay storage facility for the first time.

Transport of radioactive material: In 2022, BKW continued clearing the plant's interim storage facility. Here the radioactive waste is transferred to the central interim storage facility for radioactive waste (Zwilag) in Würenlingen, where it is to remain until it is later transported to a deep geological repository. Of particular importance was the removal of the fuel elements, which began in 2022. A total of 203 fuel elements have now been

transported to Zwilag. Two more defective fuel rods arrived for interim storage in the Leibstadt Nuclear Plant (KKL). They are first stored together with defective fuel rods from KKL, then brought into the geological interim storage.



Outlook

Removal of fuel elements: The removal of spent fuel elements will continue in 2023. As soon as all fuel elements have been removed from the KKM, decommissioning phase 2 begins, in which all measures for securing and ensuring fuel safety are discontinued. This means there are no longer any nuclear risks, so only conventional and radiological occupational safety measures (eye and radiation protection) are required.

With its ambitions and activities in the "Secure Product" action area, BKW is making a contribution to the following SDG:



Secure Data

“We use data responsibly and we protect them.”

Data-based business models are becoming increasingly important for BKW. At the same time cybersecurity and data protection requirements are also increasing.



Ambitions

- We will increase cybersecurity.
- We will develop and establish data governance.

The digital transformation is opening up numerous opportunities for BKW to increase the efficiency and quality of its infrastructure, products and services. At the same time, the risks for BKW are increasing due to its digital connectivity in the areas of cybersecurity, privacy and data protection. The responsibility is particularly great because BKW production facilities and the supply grid are part of Switzerland's critical infrastructure. In addition, large amounts of sensitive data are generated in all business areas. BKW is addressing these risks with the implementation of an ambitious cybersecurity strategy and the establishment of Group-wide data governance.

Cybersecurity

The cybersecurity strategy sets out the objectives for maintaining availability, confidentiality and integrity in the technology, processes and organization, taking into account the business strategy and the current threat situation. The primary focus is on preventing, detecting, and resisting cyber attacks in order to protect the business activities as well as the reputation of the BKW Group. BKW has cybersecurity insurance cover of around CHF 20 million.

At BKW, cybersecurity is operated according to the internationally recognized security standards NIST CSF¹¹ and ISO/IEC 27001/27002:2013, IEC

62443 and VSE industry standards. NIST CSF is applied for the analysis and assessment of BKW's security level; annual stress tests, as well as internal and external audits, are also carried out. The management system includes interrelated processes for determining the security level, implementing the required measures and performing the audit, optimization and reporting on the implemented measures. BKW also works closely with authorities and bodies in the context of the national cybersecurity strategy and is instrumental in formulating security requirements and recommendations in the Swiss energy sector.

The Chief Information Security Officer (CISO) has personnel and functional responsibility for central cybersecurity management and defines the cybersecurity strategy. He provides the requirements for information security, secure operation of IT (Information Technology) and OT (Operational Technology) in technology, processes and the organization and regularly evaluates their compliance. The CISO reports regularly on cybersecurity issues to the Group Executive Board.

All employees at all levels and companies are responsible for implementing the cybersecurity instruction. The primary measures of the instruction are illustrated below:

11 NIST CSF = National Institute of Standards & Technology, CyberSecurity Framework

Cybersecurity Framework



**Activities in 2022**

Building resilience: The central cybersecurity initiatives contribute directly to the implementation of the overarching strategic goals. In turn, the business divisions implement sector-specific, local cybersecurity programs to increase cybersecurity resilience.

Key services: In 2022, four central Security Services were created. These have enabled all BKW Group companies to bring about a simple and secure digital transformation and implementation of the security strategy. Operational cyber risks are made transparent.

1. Continuous security testing

The internally operated penetration test platform enables BKW to mimic hacker attacks in its IT infrastructure and interrupt the attack chains at the most effective point. This enables BKW to test products and solutions in realistic situations against hacker attacks and increase its resilience in order to be one step ahead of cybercriminals.

2. Bug Bounty Program

Since 2021, BKW has been operating a Bug Bounty Program that enables cooperation with ethical hackers to find vulnerabilities more quickly and be better equipped in the fight against ever-emerging security vulnerabilities.

3. Assessing the security level

The security assessment of the BKW Group companies helps to identify any deviations from security requirements and vulnerabilities of the company and to implement corresponding countermeasures. A rating is created using publicly available and reliable data.

4. Securing the supply chain

An automated software solution checks the infrastructure and processes of suppliers and partners in the supply chain with regard to cybersecurity maturity and helps identify risks. A benchmark is used to assess whether the cybersecurity risks in the supply chain can be controlled and managed (supply chain & vendor risk management).

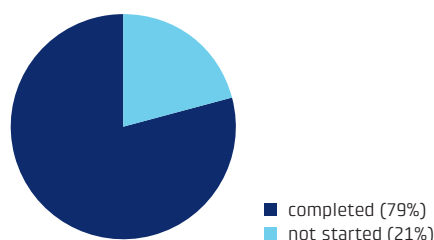
All elements connected to the BKW infrastructure are monitored by means of a central SIEM (Security Incident and Event Management System). To handle security incidents, BKW procures external services as a SOCaaS (Security Operation Center as a Service). In 2022, BKW was exposed to over 100 billion security incidents. In 387 of these, effective security incidents involving intervention were detected. Compared to the previous year, BKW recorded an increase in these incidents of 41.1 percent (+159). This is due to the fact that the company can use technologies more broadly and better, making it possible for it to detect more incidents. It can also be explained by the circumstance that cyberat-

tacks have increased internationally by a factor of three since the beginning of the COVID-19 crisis. All incidents were checked, categorized, assessed and handled within the plausible process cycle time.

Last year BKW conducted a cybersecurity training course in the form of six German-language webinars. Of 907 registered employees, 690 (76 percent) attended the webinar.

New employees in BKW Energy, BKW Power Grid and BKW Management AG (without external employees) must complete the mandatory cyber-

security e-training. The participation and completion rate is shown below.



Outlook 2023

As part of the revision of the Information Security Act (ISG), and according to the Federal Council decision of December 2022 and to be introduced in 2023, operators of critical infrastructure shall be subject to a reporting obligation regarding cyberattacks. This new reporting obligation is intended to detect attack patterns at an early stage and warn potential victims. The central cybersecurity measures and projects contribute directly to the implementation of this reporting obligation as well as the overarching strategic objectives. In turn, the business divisions implement sector-specific, local cybersecurity programs to increase cybersecurity resilience. The key projects for 2023 are:

- Cybersecurity Awareness Program 2023
- Increase in detection and response capabilities
- Increase in application and data security
- Increase in security in the supply chain
- Certification according to ISO/IEC27001:2023 and IEC 62443
- Various audits and stress tests

Data governance & data protection

In order to ensure a uniform level of data protection throughout the Group, BKW has developed additional guidelines and is currently implementing a data protection management system. The security of the personal data of customers, business partners and employees is a top priority. BKW guidelines on responsible handling of personal data provide a framework for legally-compliant processing of personal data. All employees are obliged to maintain confidentiality when handling these data. The objective is to implement data protection requirements, to protect personal data from misuse, and as a result, increase trust among the aforementioned stakeholders.

BKW Group Data Protection works closely with Group Security. The data security measures are implemented according to the state-of-the-art in order to achieve data protection objectives such as confidentiality, integrity, and availability of data. Group Data Protection is also further developing the Group-wide data protection management system to ensure a consistent understanding of data protection at BKW throughout Europe.

Together with the data protection coordination offices and the data protection contact persons in the specialist departments, Group Data Protection raises the awareness of employees and managers of data protection requirements. Particular attention is paid to measures that increase awareness of the problem, to the legally compliant treatment of data subject rights and to the handling of data protection breaches. Group Data Protection ensures appropriate management of relevant data protection events with clear responsibilities. BKW management receives regular updates on data protection issues from the Data Protection Officer.



Activities in 2022

In the reporting year, there are no justified complaints regarding violations of customer data protection, nor are there any identified cases of data theft and data loss.

During the reporting year BKW appointed a new Data Protection Officer who will further develop the data protection management system. In order to ensure compliance with the legal provisions and a high standard of personal data handling, BKW follows the ongoing changes in data protection law and carries out regular checks.

BKW ensures compliance with the data protection rights of data subjects and responds to customer inquiries in accordance with the law by taking appropriate measures and raising awareness among employees.

With the General Data Processing Agreement (GDPA), in 2022 BKW created binding contractual regulations for a data protection-compliant exchange of data within the BKW Group. The exchange of data within BKW primarily concerns Group-wide services provided by BKW Management AG to BKW Group companies. The GDPA pri-

marily ensures that the technical and organizational measures specified Group-wide for the handling of personal data are complied with.

The processing activities recorded in all the BKW Group companies and competence areas provide, among other things, an overview of the data categories processed within BKW and of the processing of personal data in Switzerland or abroad. The consolidated processing directory also defines roles and responsibilities.



Outlook

With the Group Data Governance initiative, BKW is establishing a Group-wide specialist unit and implementing the Data Governance concept to ensure that data are handled correctly.

One of the overarching goals of the future Data Governance organization is to implement data processing principles Group-wide and further develop the data utilization strategy. The focus is on the following tasks of defining criteria and processes for data quality, developing a system for data portfolio management, establishing a data community, and implementing a deletion and archiving plan along with a cloud strategy.

BKW's Data Protection Officer will implement the revised Swiss data protection legislation by building up the resources and competencies of the data protection organization and implementing the new data protection control framework.



Concentrated work in a server room.

With its ambitions and activities in the action area, BKW is making a contribution to the following SDGs:



Imprint

Imprint

Editing and design

Compliance & Sustainability,
Group Communications, Bern

Conception, layout and production

NeidhartSchön AG, Zurich
www.neidhartschoen.ch

Translation

Tradeo, Court
www.tradeo.ch

Photography

BKW (p. 27)
Beat Schweizer (p. 1, 4, 5)
Peter Neusser (pp. 23, 37)
Manuel Stettler (p. 20)
Johannes Mink (pp. 15, 17)
Getty Images (pp. 16, 34, 35, 52)
Getty Images, Mikael Vaisanen (p. 29)
Beat Orpund (pp. 19, 21)
Matthias Meyer (p. 22)
Westend61 (pp. 30, 33, 38, 47)
Michel Jaussi (p. 32)
Ruben Wyttenbach (p. 42)
Fritz Rindlisbacher (p. 43)
Keystone-SDA (p. 44)
Keystone-SDA, Peter Klaunzer (p. 45)

