

BKW GROUP

Sustainability Report 2023



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 photo

Jan Stahl, BKW Energy, is the operations manager at Juvent wind farm in Bernese Jura. There, he is responsible for ensuring optimum operation, planning and monitoring of the wind turbines.

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About this report

The consolidated companies of the sustainability reporting are the same as for the BKW annual reporting. Unless specified otherwise in an individual case, all information and figures relate to the entire BKW Group and the period of January 1, 2023 to December 31, 2023. Where relevant, the upstream and/or downstream value chain is addressed in the appropriate sections. This report is structured according to the seven SUCCESS Framework action areas of BKW's sustainability strategy (see page 7).

The Sustainability Report 2023 is in accordance with the requirements of the Swiss Code of Obligations. Furthermore, the BKW report conforms to the Swiss Ordinance on Climate Disclosures as well as the Corporate Sustainability Reporting Directive (CSRD) of the European Union.

As a participant in the UN Global Compact, BKW publishes its annual progress report on the initiative's website. BKW's contribution to achieving the Sustainable Development Goals (SDGs) is described in the appropriate sections of this Sustainability Report.

INTRODUCTION

Our Commitment to a Future Worth Living

Ladies and Gentlemen,

For more than 125 years, BKW has offered trail-blazing solutions. What started as Elektrizitätswerk Hagneck in 1898 has become an international group of companies with overall solutions in the fields of energy, buildings and infrastructure. Not only have our business activities been expanded but also the requirements for sustainable corporate management.

BKW is increasingly integrating aspects of sustainability into all processes and strategic decisions. As of the end of 2023, Sustainability Management has been an integral part of the Corporate Development Group function which is a group function as well as Occupational Health & Safety, Legal Services and Group Compliance. Another important step to embed sustainability throughout the company is to integrate and assess our sustainability performance in our remuneration system as of 2024 onwards.

The path to a low-carbon economy and society is a still long one. As an energy and infrastructure company rooted in the region, we are predestined and determined to actively drive this change forward. In 2023, we made major investments again in the expansion of renewable electricity production and future-proof grid infrastructures. Renewable energies already account for more than 75% of our installed production capacities. We want to continue to pursue this approach while at the same time reducing our greenhouse gas emissions in the Energy business to net zero by 2040. With the electrification of our more than 3,500 company vehicles by 2030 we are not only implementing another key point of our decarbonization strategy, but also increasingly providing our services with low CO₂ emissions.

We want to continue on our chosen path in 2024: by investing in the future of energy and through our broad range of services for the promotion of energy efficiency. We create added value for our customers and make a major contribution to the



social transformation in the face of climate change. With our 12,000 employees, we are making today's and future living spaces worth living in.

Kind regards,

Robert Itschner
CEO

WE SUPPORT



**More information
at:**

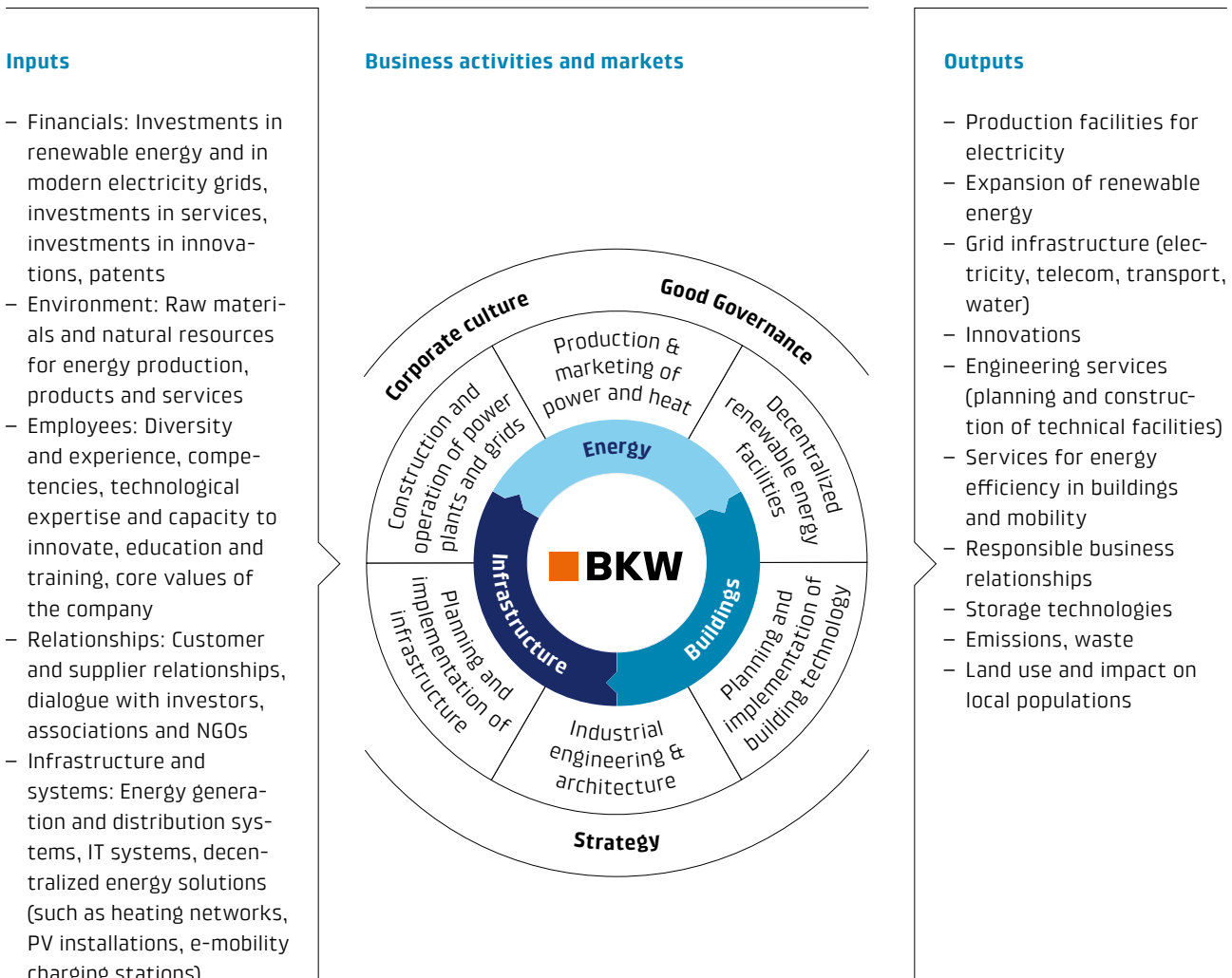
globalcompact.ch

“We see sustainability as an integral part of corporate governance and are constantly driving change to a sustainable economy and society.”

STRATEGY

Long-term Growth with Integrated Overall Solutions

BKW commits to spaces for life using holistic solutions for energy, buildings and infrastructure. The company creates sustainable added value for its stakeholders as shown in this diagram:



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

Trailblazing company strategy

BKW is active in ten countries and pursues a growth strategy in the energy, buildings and infrastructure markets. Considering environmental and social issues as well as responsible corporate governance is an integral part of the strategy. By embedding the Sustainability Management into the Corporate Development group function (see also the Section Governance and Organization on page 11), BKW emphasizes the close connection between company strategy, business model and sustainability strategy (for further information on the company strategy see Annual Report page 6).

Sustainability strategy based on the SUCCESS Framework

The diverse sustainability activities that BKW has pursued for many years were combined in the SUCCESS Framework in 2022. It provides strategic

orientation for BKW's sustainability management. The seven areas of activity cover all sustainability-related topics identified as material by BKW. By adopting medium- and long-term sustainability goals and implementing specific measures within the fields of action, BKW has made significant progress in its commitment to sustainability. For further information, see the following sections of this report.

Double materiality analysis

The SUCCESS Framework is based on the materiality analysis performed in 2022. This materiality analysis was carried out in a comprehensive process with external support and took into account both the impact of business activities on people and the environment as well as the risks to BKW's business success (financial materiality). In this process, numerous experts performed a



qualitative evaluation of a total of 35 topics in several workshops. The following table provides a consolidated overview of the topics that were assessed as having medium to high materiality in terms of their risks and/or impacts, as well as their allocation to the seven areas of action. In 2023, BKW postponed some of these topics due to lack of resources. The following sections deal

with those topics that were pursued in the year of the report. The risks, opportunities and effects of the business activities as well as progress and challenges of the topics in the areas of action are detailed.

According to the specification of the European Sustainability Reporting Standards (ESRS), the

Topics involving medium to high risks and/or effects according to materiality analysis 2022

Society

- Human rights
- Involvement of local communities/local presence
- Responsible and sustainable investments

Use of Resources

- Reduction of waste and resource consumption, circular economy support
- Biodiversity protection

Climate Neutrality

- Greenhouse gas reduction
- Energy consumption/efficiency
- Increase in renewable electricity generation and storage

Corporate Governance

- Responsible business practices
- Transparent reporting
- Organization of Corporate Governance

Employees

- Occupational health and safety
- Employment/working conditions
- Employee development
- Diversity and inclusion
- Cultural change sustainable action

Secure Products

- Safe and responsible operation of power plants and grids
- Product safety and quality

Secure Data

- Information and cybersecurity
 - Data protection and use
-

materiality analysis must in future be carried out with the involvement of the relevant internal and external stakeholders. BKW will carry out the analysis again in 2024 in order to fine-tune the topics and, if necessary, define new ones, to focus on sustainability management and sustainability reporting. Relevant stakeholders will be involved in this process.

Stakeholder management

With its internal and external stakeholders, BKW builds respectful, appreciative relationships based on mutual trust. BKW fosters long-term partnerships. For all employees, the Code of Conduct and the values it contains form the basis for their daily actions (see also the Corporate Governance section on Page 41).

The opportunities for dialogue that have existed for many years, such as digital communication

channels, employee appraisals, brochures and magazines as well as events and themed road-shows for employees, were also used in 2023. In 2023, BKW has driven forward the integration of the core values “entrepreneurial”, “collaborative” and “trailblazing” throughout the Group. In addition to the ways of communication mentioned above, other methods such as e-learning, workshops and innovative online approaches have been used. Furthermore, BKW carried out specific further training for managers to sensitize them to their function as role models and promote partnership-based negotiation.

BKW also engages with external stakeholders in different ways. Important stakeholders include customers, suppliers, investors, shareholders, associations, politics and authorities, non-governmental organizations, municipalities and the general public, as shown in the following table.

More information at:

bkw.ch/codeofconduct

Interactions with external stakeholders

Customers

Customer surveys (B2C), customer discussions (B2B), various newsletters (half-yearly customer newsletter “Flash,” corporate newsletter several times yearly), webinars on the subject of energy market development with B2B customers, website, social media

Suppliers

Regular supplier meetings

Investors, shareholders

General Meeting, informational events, financial position press conferences, investor conferences, in-person investor discussions

Associations

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

**Politics and
authorities**

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

**Non-governmental
organizations**

Issue-focused information exchange, such as for project proposals

**Local environment
(such as municipali-
ties)**

Issue-focused information exchange and events, 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, specialist papers, website

STRUCTURES

Governance and Organization

At BKW, the Board of Directors has the ultimate responsibility for sustainability. The Group Executive Board is responsible for the development and implementation of the sustainability strategy and makes strategic decisions about sustainability for the overall BKW Group.

The Board of Directors has the ultimate responsibility for sustainability-related activities of BKW and approves the annual sustainability report. The current sustainability strategy was approved by the Board of Directors in 2022. In 2023, it dealt with sustainability issues at four ordinary meetings.

The Board of Directors has delegated the operational management to the CEO. The CEO is the Chairman of the Group Executive Board which since November, 1 2023 has consisted of eight members. It approved the current sustainability strategy for submission to the Board of Directors and is responsible for its implementation. Among other things, the Group Executive Board adopted sustainability goals in 2023 and made further organizational developments in order to embed sustainability issues even more firmly at Group level (see section New structures for sustainability). In the first half of 2023, the Group Executive Board dealt with sustainability issues at least every two months; in the second half of 2023 every month. In doing so, it repeatedly addressed the impacts, risks and opportunities in the areas of climate protection, compliance and occupational safety.¹

New structures for sustainability

In 2023, operational responsibility for sustainability issues was changed from a program organization to a line organization. The Group-wide Sustainability Management is now part of the Corporate Development group function reporting directly to the CEO.

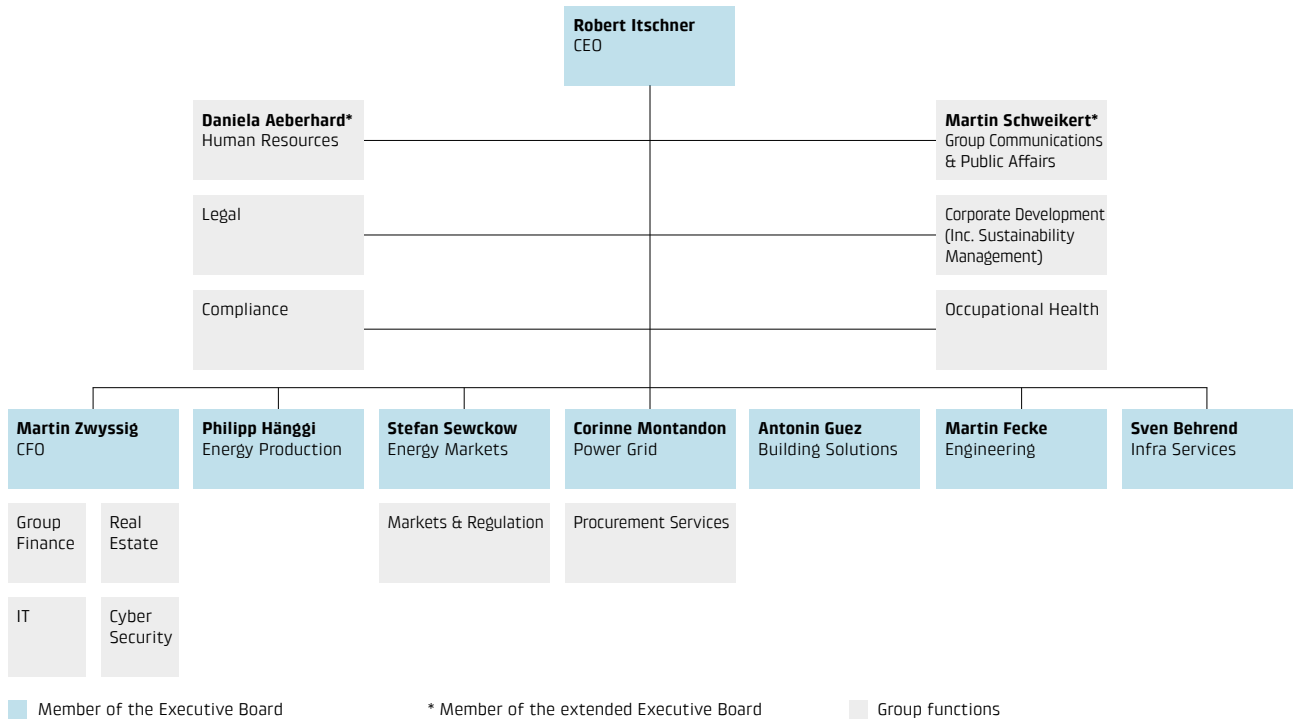
The Sustainability Management has the following tasks:

- Preparation and operational implementation of the sustainability strategy as well as driving forward the organizational and cultural embedding of sustainability based on instructions from the Group Executive Board and the Board of Directors
- Monitoring relevant sustainability regulations and standards for the BKW Group as well as initiation of the necessary measures for their fulfillment
- Collecting and addressing/fulfilling sustainability requirements of relevant stakeholders (investors, customers, employees, municipalities, politicians, etc.) at Group level
- Preparation of the BKW Group's sustainability report for submission to the Group Executive Board and the Board of Directors

Besides the organizational embedding of Sustainability Management in Corporate Development, a direct reporting line to the CEO was established in 2023 for three other sustainability-related Group functions. This concerns the Occupational Safety, Legal Services and Group Compliance functions. Human Resources Management, which is part of the extended Group Executive Board, is still responsible for employee issues. Other specific responsibilities at Group level are the Procurement Services and Cybersecurity group functions, reporting directly to a member of the Group Executive Board. Irrespective of the reporting line, all Group functions receive their mandate from the Group Executive Board and report to it at regular intervals.

¹ Further information on the composition, independence and competences of the Board of Directors and Group Executive Board can be found in the Corporate Governance Report from page 209 of the Annual Report onwards.

Business divisions and Group functions



Sustainability-related components of remuneration

In 2023, the BKW Executive Board decided in future to include BKW's progress in the area of sustainability in the company's remuneration system. Starting from a baseline measurement in 2023, in future BKW will have its sustainability performance assessed with external assistance on an annual basis. This will include numerous factors in the areas of environment, social affairs and corporate governance. This will start in 2024 and be relevant for members of the Group Executive Board and senior management with regard to their bonus. In this way, BKW is introducing an effective lever to further accelerate the sustainability transformation of the company.

Due diligence obligations

The BKW Group Executive Board is aware of its responsibility for the health and safety of its employees and customers as well as compliance with international employment standards and human rights along its value chain. BKW is also committed to data security, combating corruption and protecting natural resources within its sphere of influence. To fulfill the relevant due diligence obligations and legal requirements, different management systems and control mechanisms have been established depending on the topic and business area.

In 2023, BKW took an in-depth look at its due diligence obligation pertaining to child labor and minerals and metals from areas of conflict (in accordance with the Swiss Code of Obligations). Based on the markets in which it operates, BKW can rule out child labor in its own business activities. Furthermore, the company does not import minerals or metals from conflict areas, nor does it process them. However, individual raw materials may be used for certain categories of goods that pose potential risks with regard to child labor and conflict metals. Therefore, in 2023 BKW carried out a comprehensive risk analysis of the supply chains. According to this analysis, BKW meets the requirements of the Swiss Code of Obligations with regard to due diligence obligations for specific risks in the supply chain, namely conflict materials and child labor. In terms of due diligence, BKW uses such knowledge to implement measures specific to raw materials with a view to ensuring good sustainability performance in the procurement of raw materials.

For detailed information on the supply chain risk analysis and BKW's overall Due Diligence process, please refer to the Society section on page 17. How BKW fulfills its due diligence obligations with regard to the other environmental, social and working issues, is explained in the other sections under the umbrella of the SUCCESS Framework.

RISK MANAGEMENT

Management of Sustainability Risks and Opportunities

BKW integrates sustainability-related risks and opportunities in its strategic planning and is preparing for the future Swiss Ordinance on Climate Disclosure.

BKW is an international energy and infrastructure company with a regional base operating in a very dynamic environment. These changes represent both opportunities and risks, which is why BKW is constantly monitoring them. In addition to financial, regulatory and technical innovations, BKW also monitors social, environmental and climate-related changes.

Risk Management is responsible for the central assessment of BKW's risk situation and reports directly to the CFO. Risk Management's task is to develop guidelines and instruments for dealing systematically with the issue of risk, coordinate the Group-wide risk management process and to support management in evaluating and controlling the risk situation (see page 100 of the Annual Report).

In 2023, sustainability-related risks were explicitly identified for the risk report for submission to the Audit and Risk Management Committee (ARMC)² as well as to the Group Executive Board. Furthermore, a systematic survey of climate-related opportunities and risks was carried out. Separately, a risk analysis of the procurement supply chain was carried out (see Society section on page 17).

Climate-related risks and opportunities

As part of the upcoming regulatory requirements of the Ordinance on Climate Disclosures, BKW is implementing the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD). To this end, all business divisions have examined their activities with regard to climate-related opportunities and risks. An initial qualitative assessment was then carried out and the possible time of occurrence indicated. In future, these findings will be taken into account when developing corporate and business strategies, among other things. The associated risks and their effects on business activities are shown below.

² For responsibilities of the ARMC see Corporate Governance report on page 218 of the Annual Report.

Relevant climate-related risks and opportunities for the business activities³

Physical risks: imminent

Climate-related risk/opportunity	Assessment	Time of occurrence ⁴
Heat waves	Extreme heat increases the demands on occupational safety to ensure the health of employees. Heat can also have an impact on the production output of thermal power plants.	Short-term
Landslides and subsidences	Landslides in slope areas can cause damage to distribution grids, which means additional investment in securing and repairing them.	Short-term
Heavy rainfall and flooding	High water levels affect the performance of run-of-the-river power plants and can endanger electricity production and the revenue based on it.	Short-term
Increasing severity and frequency of extreme weather events	Acute extreme weather events can lead to delays in construction projects or disruptions at power plants (e.g. wind farms or hydropower plants). Under certain circumstances, this can cause damage to the distribution grid, which may jeopardize the supply.	Short-, medium- and long-term

Physical risks: chronic

Climate-related risk/opportunity	Assessment	Time of occurrence ⁴
Heat stress and thawing of the permafrost	Melting glaciers are changing the production profile of hydropower plants. In the long term, they will be able to produce less energy due to low water levels in summer.	Long-term
Changes in the precipitation patterns and extreme variability of weather patterns	Climate change leads to less precipitation in summer, more precipitation in winter and the general shift in the snow line towards higher ground. The production profile of hydropower plants will change. Run-of-the-river power plants will produce significantly less energy in summer.	Long-term

³ Table is based on the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD).

⁴ Short-term: 1–4 years, medium-term: 5–10 years, long-term: > 10 years

Transitional risks

Climate-related risk/opportunity	Assessment	Time of occurrence ⁴
Markets	Increased raw material costs, e.g. due to increased demand, leads to higher material costs for the construction and maintenance of infrastructure. Customers may be more reluctant to make decisions on new construction, expansion or maintenance measures.	Short-term
Politics and legislation	Higher CO ₂ prices influence the profitability of fossil fuel power plants.	Medium- and long-term
Technologies	Insufficient grid expansion increases the risk of "stranded assets" if the electricity cannot be transported away from plants. Profitability decreases.	Medium- and long-term
Reputation	Credibility problems can arise if communicated targets, measures, timelines, etc. are not adhered to in the context of climate protection.	Long-term
Opportunities		
Climate-related risk/opportunity	Assessment	Time of occurrence ⁴
Resource efficiency	An increasing demand for integrated energy and building solutions for efficient and needs-based electricity, heating and cooling supply is visible on the market.	Short-term
Products and services	The forward-looking diversification of the product and service portfolio in the context of the energy transition can meet customer demand for climate-friendly solutions.	Short- and medium-term
Markets	Climate related incentives from the public sector for the energy, transport, telecommunications and water sectors offer opportunities to enter new markets.	Short- and medium-term
Energy systems	The use of new technologies such as carbon capture and storage, hydrogen or batteries offers numerous economic opportunities.	Medium- and long-term

⁴ Short-term: 1–4 years, medium-term: 5–10 years, long-term: > 10 years



Society

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

Together with its stakeholders, BKW builds respectful, appreciative relationships based on mutual trust.



In its business activities, BKW is responsible for its impact on society. The company maintains a regular dialogue with its stakeholders and is committed to the sustainable development of the economy and society in numerous partnerships (see also Stakeholder Management on page 9). Among other things, BKW is a participant in the UN Global Compact, partner of Sustainable Swit-

zerland and member of the Association for Sustainable Management (öbu).

BKW responsibilities also include monitoring of the supply chain, so that the Group also holds its suppliers to account. The Group's purchasing policy is based on the values of the BKW Supplier Code of Conduct and the BKW Code of Conduct⁵. It is char-

⁵ Implementation through the self-declaration form for suppliers, see page 18.

acterized by the awareness that the quality, innovative strength and reliability of the numerous BKW suppliers are important key factors for the company's competitiveness. The basis for this is ensuring that the BKW purchasing organizations comply with their due diligence obligations towards the BKW suppliers.

The primary focus of all procurement activities is on ensuring Group-wide due diligence obligations. This explicitly means the consideration of potential environmental and social risks over the lifecycle of the goods procured by BKW. The challenge here is to integrate this process in BKW's purchasing organizations. A low environmental footprint and the satisfaction and health of employees throughout the supply chain are fundamental to BKW's long-term success. In this respect, procurement management is an important building block in the overall strategy of the Group.



Organization and management

In 2023, the responsibilities and processes for the development of sustainable supply chains were redefined with the aim of establishing comprehensive sustainability management in all BKW purchasing organizations. Firstly, human resources with the appropriate expertise were put in place. Secondly, a systematic analysis of goods procurement and suppliers was carried out. In this way, actual and potential risks to people and the environment in the value chain can be identified and avoided – or at least mitigated – at an early stage.

BKW has five purchasing organizations: Procurement Services for the Grid and Energy business areas as well as four other purchasing organizations in the Services business area. To develop comprehensive sustainability management in procurement, BKW has made human resources available to Procurement Services, in order to promote the issue Group-wide. Procurement Services now reports directly to the Head of the Power Grid division, who is a member of the

Group Executive Board. As a Group Function, Procurement Services receives its mandate from the Group Executive Board to which it reports at regular intervals (see also Governance and Organization section on page 11). In 2023, Procurement Services was commissioned to set up processes for sustainable supply chains for the whole of BKW in accordance with nationally and internationally recognized sustainability risk filters. In the next step, the procedure will be rolled out Group-wide in all purchasing organizations and implemented locally in the respective Group companies.

The reorganization of responsibilities in the area of sustainable supply chains was carried out within the framework of external regulatory requirements and internal guidelines: it is based on the Swiss Public Procurement Law (IVöB), the German Supply Chain Due Diligence Act (LkSG) and the regulatory requirements for nonfinancial reporting in Switzerland and the EU. In Switzerland, this reporting obligation is regulated in the Swiss Code of Obligations with additional regulations on specific risks in the supply chain (Due Diligence and Transparency Ordinance (DDTrO), while in the EU it will in future be regulated by the Corporate Sustainability Reporting Directive (CSRD) and the associated European Sustainability Reporting Standards (ESRS). Internally, procurement is based on Group-wide regulations such as the directive for procurement management, the BKW self-declaration form for suppliers, decentralized regulations at the level of the five purchasing organizations, the General Terms and Conditions of Purchase (GTCP), the Supplier Code with additional self-declarations and the submission regulations for tenders.

The EcoVadis platform for supplier assessment is used to ensure due diligence in the BKW supplier network⁶. BKW's goal is that by the end of 2026 all relevant suppliers for which environmental or social risks have been identified will have undergone a sustainability rating and at least meet the industry average. In coordination with all pur-

More information at:

bkw.ch/partnerships

⁶ The EcoVadis platform is used to create a qualified sustainability rating and ensure the development of suppliers on the relevant sustainability issues.

BKW regularly obtains information on sustainability from its suppliers, either directly or via the EcoVadis platform.



chasing organizations, the respective suppliers are supported in partnership during onboarding and their development. The existing communication channels between strategic buyers and suppliers are used for this purpose.



Measures and parameters

Business practices

BKW traditionally maintains a partnership-based relationship with its suppliers. Fairness, openness and respect are the basis of a good business relationship. Management also includes the payment terms in the purchasing contracts. The standard payment period is 30 days net. For larger capital goods, there are special agreements with install-

ment payments of usually 30% upon signing of contract for work and services. All payment transactions are subject to the supervision of Financial Controlling and are defined in the Group-wide process organization. In 2023, there were no pending proceedings regarding BKW's payment terms.

Due diligence process in the supply chain

In 2023, BKW established a supply chain risk analysis process in line with the OECD Due Diligence Guidance for Responsible Business Conduct. The risk analysis is based on various risk filters that are used to identify sustainability risks in the supply chain.⁷ This provides BKW with a specific risk profile for environmental and social risks in rela-

⁷ The current 2023 version of the OECD Due Diligence Guidelines is the basis for ensuring all phases when considering the due diligence obligations in the BKW supplier network.

tion to relevant areas of activity and the associated raw materials.⁸ The starting point was to identify the areas of activity in which potentially relevant risks could arise. In the course of the analysis four relevant risk areas were identified for BKW: power grids, photovoltaics, wind energy and battery storage. For these risk areas, 25 raw materials⁹ have been identified which are associated with potential environmental or social risks (see the table below). In future, BKW will require suppliers who use these raw materials in their goods to provide more detailed information on the environmental and social risks identified.

Due diligence obligations regarding conflict minerals and child labor

Based on the supply chain risk analysis, BKW has carried out a detailed analysis of procurement activities with regard to conflict minerals and child labor risks. The analysis is based on available procurement data¹⁰ from the Procurement Services Group function and represents about 40% of the Group-wide procurement volume with the highest potential risks (procurements in the areas of electricity generation and grid operation). In future, BKW will extend the analysis to the entire procurement volume. In doing so, it

Sustainability risks in the supply chain analyzed by BKW

Social risks

- Child labor
- Forced labor and all forms of slavery
- Inadequate occupational health and safety, and health hazards in the workplace
- Disregard for freedom of association and the right to collective bargaining
- Discrimination
- Precarious working conditions and withholding adequate wages
- Environmental human rights risks
- Land use conflicts and property rights
- Conflicts and security

Environmental risks

- Greenhouse gas emissions
- Consumption of water and land
- Exploitation of abiotic and biotic raw materials
- Emissions of pollutants
- Discharge of substances hazardous to water
- Waste

⁸ To determine the key risk areas, the two guidelines "Energy Industry Dialogue - Potential human rights risks along the supply and value chains" (German Federal Ministry of Labor and Social Affairs) for social risks and "Environmental Risks and Impact in Global Supply Chains of German Companies" (German Environment Agency) for environmental risks are used.

⁹ Antimony, balsa wood, bauxite (aluminum), lead, chromium, iron (iron ore), petroleum (plastics), germanium, graphite, cobalt, copper ore, lithium, magnesium, manganese, molybdenum, nickel, niobium (tantalum), sand (cement), selenium, rare earths (neodymium, dysprosium, praseodymium, boron and terbium, scandium, lanthanum, cerium, yttrium), silver, silicon (metallurgical), rock salt (PVC: together with crude oil/natural gas), zinc and tin.

¹⁰ Procurement years 2019, 2020, 2022, 2023 with orders placed with 4,186 suppliers.

will review procurement of, for example, personal protective equipment, ICT and construction materials that have not yet been reviewed due to the lack of procurement data in 2023.

With regard to minerals and metals from war or conflict zones, there is a potential risk in the supply chain for niobium (risk area wind energy) and tin (risk area photovoltaics). Based on the available procurement data, BKW has not identified any indications that the legal thresholds for conflict minerals according to the Code of Obligations have been exceeded. Irrespective of these thresh-

olds, BKW is committed to a greater supply chain transparency and the integration of sustainability criteria in the contract conditions for specific projects depending on the industrial sector.

With regard to child labor, there are potential risks in all risk areas analyzed (power grids, photovoltaics, wind energy and battery storage) for nine raw materials.¹¹ By far the greatest risks and procurement volumes – but also the greatest opportunities for action – exist for BKW in the case of the raw material copper ore, in particular with regard to the cable product group. Due to

BKW risk analysis for the raw material copper

Raw material	Copper ore
Risk business areas	Power grids, photovoltaics, wind energy, battery storage
Potential risks – social	<ul style="list-style-type: none"> – Child labor – Forced work and all forms of slavery – Inadequate occupational health and safety, and health in the workplace – Environmental human rights risks – Conflicts and security
Potential risks – environmental	<ul style="list-style-type: none"> – Greenhouse gases; CO₂ equivalents– very relevant – Water; water consumption – very relevant – Land; land use– very relevant – Abiotic and biotic raw materials; material consumption – very relevant – Air pollutants; acidification potential and particulate matter emissions – very relevant – Substances hazardous to water; heavy metal emissions – very relevant – Waste – very relevant
Producing countries	Chile, Peru, DR Congo, China, USA, Zambia

¹¹ Chromium, cobalt, copper ore, sand (cement), rare earths, silver, rock salt, zinc, tin.



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

the great importance of copper to BKW, the risk analysis for this raw material has been extended to include other sustainability risks (see table BKW risk analysis for the raw material copper, page 21). Based on this, the company asked all existing suppliers about these risks as part of a market survey on sustainability in 2023. BKW was able to establish that the industry is highly sensitive to the potential risk of child labor where copper is concerned.

Of the 18 suppliers of the cable product group across the Group, 11 have an EcoVadis rating, 9 of which are above the industry average. Suppliers below the industry average and those without an EcoVadis rating have been asked by BKW to implement improvement measures and obtain an external assessment. Furthermore, The Copper

Mark is currently being established as an industry-specific standard to ensure transparent traceability in the supply chain from the copper mine to the production site.¹² In addition to copper, BKW will also demand greater transparency from its suppliers for the other eight raw materials with a potential risk of child labor. Based on the information currently available, BKW sees no evidence that would point to the use of child labor in its supply chain.

In the course of 2024, Group-wide sustainability criteria will be defined for the cable product group. This will ensure that the procurement and supply development processes will be designed in such a way that they contribute effectively to avoiding or minimizing the social and environmental risks described.

¹² The Copper Mark is the leading certification standard for ensuring responsible business conduct in the copper ore, molybdenum, nickel and zinc value chains.

Supplier development

BKW has set itself the goal of ensuring that all relevant suppliers have a sustainability rating that is at least equivalent to the respective industry average by the end of 2026. The initial analysis in 2023 identified 149 relevant suppliers, 18% of which have an EcoVadis rating. The number of relevant suppliers will grow continuously with the expansion of the analyzed procurement volume and additional procurement areas. To achieve this goal, the following measures will be implemented:

- Group-wide regulation of the definition of relevant suppliers and establishment of a Group-wide onboarding process on EcoVadis.
- Determining the Group-wide number of relevant suppliers from established business relationships and scheduling onboarding.
- Group-wide regulation of supplier development in the risk areas of Grid, Wind and Photovoltaics.
- Specific development of suppliers to comply with internal due diligence obligations and ensure industry-average sustainability performance.

Using this procedure, in future BKW will communicate key data concerning target achievement with regard to the degree of coverage of the relevant suppliers and their development.

Sanction mechanisms

In the event that suppliers do not meet BKW's sustainability requirements, BKW has defined a phased approach – depending on the raw material. The aim is to find an effective solution to remedy any shortcomings and ensure compliance with due diligence obligations on the part of suppliers. Violations of applicable law will be prosecuted.

Using copper ore as an example, this means: in the first step, a corrective measure will be requested via the EcoVadis portal asking the supplier to comment honestly on the matter in question. Depending on the type and severity of the breach of the due diligence obligation, a solution will be sought with the supplier: As part of supplier development, the purchasers responsible agree on specific measures within a certain period of time in order to

remedy shortcomings. Should there be no improvements, BKW will assess whether to part company with the supplier.

Training

Already in 2022, all strategic and operational purchasers received training on the topics of EcoVadis and the BKW Supplier Code. In the reporting year 2023, no training took place due to the restructuring in procurement. In 2024, all purchasers will again receive training in all facets of the newly established sustainability management in procurement.



In 2024, purchasers will again be trained in all aspects of the newly established sustainability management in procurement policy.

Outlook

In 2024, the introduction of sustainability management in procurement, and thus the Group-wide communication on the Group-wide sustainability challenges in the supply chain, will be further promoted. From the beginning of 2024, BKW will integrate all relevant suppliers into the EcoVadis supplier network and actively further develop these relationships. In addition to general sustainability performance, the focus will be on the respective suppliers in the risk segments. BKW also aims to increase the supply chain transparency. Suppliers in specific risk segments will be obliged to identify their relevant subcontractors, as part of the tender process. These in turn will then be integrated into the BKW EcoVadis supplier network. In addition, further topic-specific audits at existing suppliers are planned.

Ambitions for sustainable investment and sustainable sales will come more into focus in future. As an investor, BKW aims to further increase its contribution to the low carbon economy and sustainable development. The investments that BKW is making in renewable and energy-efficient power supply are making an important contribution to this. Current examples of this are the projects for alpine solar power plants and the open-space system at Belpmoos (see also the Climate Neutrality section on Page 30). BKW will press ahead with its efforts in 2024 to report sustainable sales in accordance with the EU taxonomy.

BKW pursues the following ambitions with its activities in the 'Society' area of action:

- We assume environmental and social responsibility in our supply chains, partnerships, projects and relevant business processes.
- We are increasing our sustainable investments and our sustainable turnover (according to EU taxonomy).

Through its activities, BKW also contributes to the following Sustainability Development Goals:





Use of Resources

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

The largest thatched roof in Europe. The Lanserhof Medical Health Resort blends harmoniously into the dunes of Sylt. It was built in close collaboration between building conservation, dune preservation, bird protection, nature conservation and environmental protection. It was designed by architects ingenhoven associates assisted by BKW Engineering.



For its activities in the energy, buildings and infrastructure markets, BKW depends on natural resources. Our own infrastructure such as power plants and grid facilities also have an impact on the landscapes and areas where they are located. In addition to these direct physical impacts, climate change is increasingly threatening intact ecosystems and biodiversity. BKW therefore attaches great importance to the long-term effects and high environmental compatibility of

its infrastructure projects. With its measures, BKW also strives to avoid or reduce the negative impacts on water, soil, air, ecosystems and endangered species. In the area of biodiversity, the Group continuously implements measures as part of its operating expenses or with the help of financial support from the BKW eco-fund. In this way, it contributes to the protection of individual species, local species communities and entire ecosystems.



Organization and management

Responsibilities relating to natural resources and biodiversity are currently carried out by specialist functions in the various business areas. Depending on requirements, we work together with Sustainability Management which, on behalf of the Group Executive Board, works on the increased integration of topics into sustainability management, focusing on the assessment of risks and opportunities. The Procurement Services Group function has incorporated the issue of natural resources into its comprehensive risk management, focusing on the supply chain (see also the Society section on Page 17).

A systematic assessment of impacts and risks in connection with natural resources already takes place wherever corresponding management systems and certification are available. As of the end of 2023, the Grid business area as well as parts of the Energy and Services business areas are certified according to the relevant standard ISO 14001 (Environment Management Systems).

The central frame of reference for the obligation of all employees to assume their responsibility towards the environment and climate is the BKW Group's Code of Conduct. The company is commit-

ted, among other things, to avoiding or reducing air, water and soil pollution as well as waste.

The risks regarding natural resources and biodiversity are currently being addressed on a project basis. The plan is to systematically take these risks into account at Group level in future. The approach used for the management of climate-related risks serves as a blueprint for this: In 2023, BKW initiated a company-wide identification and assessment process for climate-related risks and opportunities (see also page 14). Its aim is to create a strong link between the risk assessments of the individual business areas and projects as a basis for taking risks into account in Group risk management. This approach will be extended to all sustainability-related risks in future.



Measures and parameters

Natural resources

BKW aims to systematize its efforts Group-wide in the area of the circular economy to create transparency about existing initiatives and innovations within the company. Selective measures are currently being implemented successfully within the Group: for example to facilitate the reuse of transformers. Here the company is taking sustainability aspects and economic criteria into



At BKW, transformers are reused whenever possible.

account at the same time. In Procurement Services (procurement of goods for electricity production and grid operation), these efforts are already part of the established procurement practice today. Product groups are checked for market availability through supplier meetings in order to pinpoint circular economy aspects and innovative approaches to increase resource efficiency as part of procurement. In connection with project submissions, life cycle assessments are also occasionally prepared and life cycle cost analyses carried out for specific circular economy options.

Compliance with the waste pyramid is a basic principle for the entire BKW. An established disposal plan is in force throughout Switzerland that regulates key aspects of sustainability for waste products, residual and recyclable materials and hazardous waste. In other countries, disposal issues are regulated and handled locally, but these same principles are taken into account. The waste disposal plan covers waste avoidance and reduction, recycling and the reuse of materials. In addition to economic considerations, the disposal plan focuses on ensuring safe disposal and minimizing environmental risks and pollution, such as pollutant emissions.

Standardized recording and consolidation of material flows across the Group continues to be a major challenge. BKW currently quantifies the most important purchased materials. At present, the determination of expenditure-based indicators is shifting towards a survey-based approach by material type and weight, which is also important for determining greenhouse gas emissions in the supply chain (Scope 3).

When it comes to waste, the focus is on recording it by treatment type or recovery aspects and weight. In Switzerland, the survey of commercial waste is already carried out at a high level of granularity for the business areas of Energy Production, Energy Markets, Power Grids, Infra Services

and parts of the Building Solutions business area. It will be gradually rolled out across the Group and to "Other waste" (waste similar to municipal waste). The results for the financial year 2023 are shown in the two tables below.

Amount of waste for recovery by recovery method, in tonnes (t)¹³

	Volume in t
Hazardous waste	
Recycling	43.8
Other recovery procedures	2.6
Total hazardous waste	46.4
Non-hazardous waste	
Preparation for reuse	549.7
Recycling	2,087.0
Other recovery procedures	32.0
Total non-hazardous waste	2,668.6
Total avoided waste	2,715.0

Amount of waste for disposal by type of treatment, in tonnes (t)¹⁴

	Volume in t
Hazardous waste	
Burning (with energy recovery)	325.3
Landfill	8.1
Other disposal procedures	27.2
Total hazardous waste	360.6
Non-hazardous waste	
Burning (with energy recovery)	1,744.0
Landfill	107.2
Other disposal procedures	170.8
Total non-hazardous waste	2,022.0
Total waste	2,382.6

A comparison of the tables shows that the volume of waste disposed of currently exceeds the quantity intended for recovery. The reason for this is that floating refuse, i.e. logs and branches as well as organic material¹⁵, make up a large

13 Commercial waste for Energy Production, Energy Markets, Power Grids, Infra Services, parts of Building Solutions; Switzerland only; excl. radioactive waste; period December 1, 2022 to November 30, 2023.

14 Commercial waste for Energy Production, Energy Markets, Power Grids, Infra Services, parts of Building Solutions; Switzerland only; excl. radioactive waste; period December 1, 2022 to November 30, 2023.

portion of the non-hazardous waste for disposal. BKW fulfills its obligation to dispose of this type of waste generated outside of its operational activities. The driftwood accumulates in eight Swiss hydroelectric power plants and is thermally utilized in an energy center for energy recovery.

Biodiversity

In 2023, BKW increased its efforts to preserve and promote biodiversity. In order to give the management of the topic more weight, firstly the Group Executive Board was made more aware of the issue of biodiversity and secondly more human resources were allocated. Activities focused on creating greater transparency and understanding of the ecosystems affected, and species protection in connection with BKW's business activities.

The company has been implementing targeted measures for its own assets for a long time. Special attention is paid to operational challenges such as bird protection and enabling the free migration of fish. The measures in the table below relating to biodiversity were implemented in 2023. They are evidence of BKW's commitment to this area and lay the foundation for further projects.



Outlook

In the coming year, work will focus on further developments throughout the Group in the management of resource use, the circular economy and biodiversity. This includes the development of an organizational and operational structure and the creation of a Group policy, as a basis for systematically integrating environmental and climate-related opportunities and risks into its

Measures related to biodiversity, 2023

Hydroelectric power	Fish ladders at the hydroelectric power plants in Bannwil (construction phase), Brügg (planning phase) and Wynau (tender phase)
	Surge and sink (Innergsteig): ecological investigations for deficit-cause analysis carried out, preparation of variant studies in the year 2024
	Upgrading of storage space (Aarberg power plant): analysis carried out and measurement report prepared
	Investigation of fish fauna (Hagneck and Niederried power plants): fish examined for the purpose of impact monitoring, continuation of grayling larva mapping
Wind power	Turbine shutdown for bird protection (wind farm Saint-Julien, F): preparation of camera sensors on five turbines for automatic turbine shutdown
	Turbine shutdown for bat protection (wind farm Dubener Platte, D): shutdown of six turbines at dawn and dusk

15 Organic material is transferred to a composter, logs and branches are burned. In 2023 it was not possible to compile a separate list of quantities.

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



business processes. BKW continues to strengthen the monitoring of material flows in the Resources and Waste areas with the aim of collecting standardized data across the Group.

In the area of biodiversity, the focus in 2024 will be on building a broader understanding of the impact, risk and opportunities of the business model in interaction with biodiversity and eco-

systems. BKW will redefine responsibilities and develop medium-term targets and measures to promote biodiversity. For this, close cooperation with the BKW eco-fund will be established to utilize the existing expertise and experience. Additional new partnerships will be established to further support the work with specialist technical expertise.

More information at:

bkw.ch/ecofund
(The BKW eco-fund annual report 2023 will be published in May 2024.)

Through its activities in the Use of Resources action field, BKW pursues the following ambitions:

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

Through its activities, BKW also contributes to the following Sustainability Development Goals:





Climate Neutrality

“We are decarbonizing BKW and our value chain.”



BKW employees check the PV system of the Mont-Soleil solar power plant.

Climate change is putting pressure on the basis of life for people, animals and plants and is leading to social and economic challenges. As an energy and infrastructure service provider and operator of power plants, energy and heat networks, BKW plays an important role in driving forward the energy transition and counteracting climate change. A large part of the company's energy production comes from renewable energy sources, which are being further expanded together with the associated grid infrastructure. With services

in the areas of energy efficiency, green architecture, flood protection and heavy rainfall precautions, the company also creates spaces for life. At the same time, BKW also has fossil-fueled power plants in its energy portfolio, which contribute to security of supply and grid stability. These power plants are responsible for the majority of the Group's greenhouse gas emissions.

BKW aims to vigorously promote decarbonization in its own operations and in its value chain. In

2023, it has been working intensively on this claim and has defined its first concrete ambitions. Its ambitious goal is to reduce greenhouse gas emissions from the Energy business to net zero by 2040 at the latest. In addition, BKW also aims to electrify its entire vehicle fleet by 2030 and is gradually equipping its own buildings with low-emission heating systems. Fundamental to these measures is the BKW Decarbonization Strategy, which will be further expanded in 2024 (see the decarbonization strategy and goals section).



Organization and management

Overall responsibility for the development and implementation of the decarbonization strategy lies with the Group Executive Board. Operational responsibility for the topic of climate protection is assumed conceptually by Sustainability Management. It promotes the development of the decarbonization strategy and goals through an interdisciplinary project team with Group functions, Group companies and external experts. The focus here is on our own CO₂ footprint, particularly in the context of the Energy business. The implementation of measures to achieve the goals is the specialist responsibility of the respective Group functions or business areas. For example, the Energy Production business area is responsible for implementing the goals in the power plant portfolio, while Logistics and Fleet Services is responsible for implementing the fleet electrification.

Further, Sustainability Management is responsible for analyzing the environmental impact of business activities, dependencies and climate-related risks and opportunities. In 2023, the climate-related risks and opportunities were systematically identified, thus laying the foundations for incorporating them into Group-wide risk management in terms of both content and procedure (see page 14). This puts the BKW on track for the future implementation of the

recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD).



Decarbonization strategy and goals

The focus of the decarbonization strategy in 2023 was on BKW's energy business¹⁶. The flexible power plants abroad which operate with fossil fuels are responsible for 96 percent of the BKW Group's Scope 1 greenhouse gas emissions. The power plants concerned are the Tamarete gas-fired power plant and shareholdings in the Livorno Ferraris gas-fired power plant and the Wilhelmshaven coal-fired power plant. The company has set itself the ambitious goal to reduce emissions from the Energy business to net zero by 2040 at the latest. Specifically, this means that in the target year 2040, BKW will be allowed to emit a maximum of 9 g of CO₂ per kWh of energy produced (in Scope 1 and 2) and will neutralize the remaining emissions with so-called Carbon Removals¹⁷.

In addition to the goal in the Energy business, in 2023 BKW took the first steps to reduce emissions in the business divisions. Electrification of the BKW Group's over 3,500 company vehicles was identified as having the greatest potential. BKW aims to electrify all cars and light-duty commercial vehicles by 2030. In the first step, this will involve at least 500 vehicles by the end of 2026. To this end, the company has introduced new guidelines for vehicle procurement. In addition, emissions from commercial buildings will be reduced by converting all heating systems in commercial and residential buildings owned by BKW to lower emission technologies by 2030.

In addition to these objectives, in 2023 employees were also sensitized to the topic of decarbonization. In order to raise awareness of energy and emissions-related issues, discussions were held with the Group Executive Board and the division heads. In the course of setting the objectives and preparing the greenhouse gas bal-

¹⁶ Orientation towards the definition according to the Science Based Targets Initiative: Scope 1 emissions of energy production, Scope 3 emissions of the provision of energy sources (supply chain), Scope 3 emissions of energy sold to end customers (electricity and gas).

¹⁷ Carbon Removal refers to technologies, practices and approaches to removing CO₂ from the atmosphere and storing it permanently.

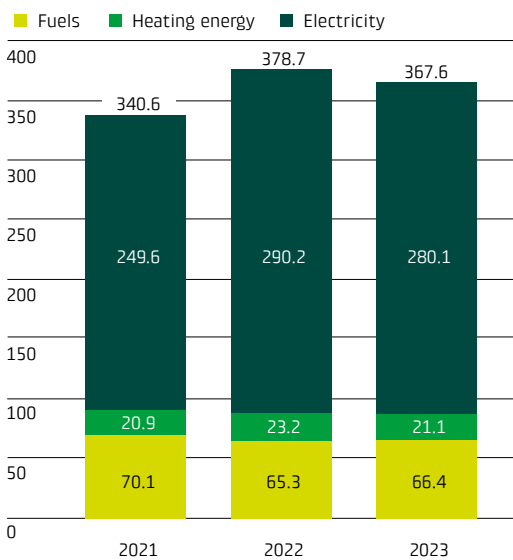
ance sheet, there was collaboration with those responsible in the affected departments and business areas. In addition, training was provided, particularly for managers through internal events such as the management event.



Measures and parameters

In 2023, BKW further expanded its operational balances of energy consumption and greenhouse gas emissions, once again drawing on the expertise of Swiss Climate.

Energy consumption of BKW (in GWh)



In 2023, BKW's energy consumption was 367.6 GWh. A detailed breakdown of the energy consumption, including the proportion of renewable energy sources, can be found in Table 1 on page 36. Once again, the company's energy consumption is broken down by Energy, Grid and Services business areas. The electricity consumption of pumped-storage hydropower plants and heating networks, which account for a large proportion of this consumption, is now also shown separately. The slight decrease in electricity consumption compared to the previous year is due to lower volumes of energy supplied by the pumped-storage power plants. The consumption of heating energy and fuel is in line with previous years.

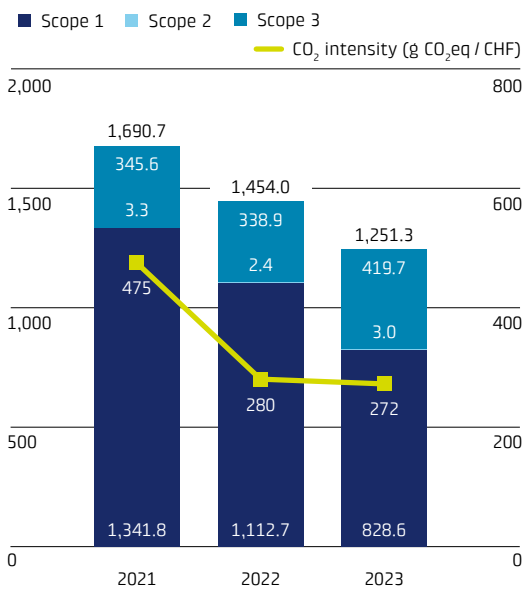
With regard to the electricity and heating energy consumption categories, BKW continues to work on optimizing data quality. The accuracy of the energy consumption collection was once again increased at the majority of locations. At some locations, however, the calculation is still based on extrapolations based on floor space data. All three business areas increased the share of renewable energy sources in electricity as well as heating energy consumption.

Greenhouse gas emissions

The following diagram "Total BKW emissions" shows the greenhouse gas footprint¹⁸ of BKW for 2023. BKW's total emissions are composed of the power plant portfolio emissions and the emissions of the business areas, each of which are covered separately below.

¹⁸ Includes greenhouse gas emissions in Scope 1 (emissions from sources in the direct possession or sphere of influence of BKW), Scope 2 (emissions from the use of purchased energy) and Scope 3 (indirect emissions in the upstream and downstream value chain) measured in CO₂ equivalents (CO₂eq). The report uses CO₂ as a synonym for CO₂eq.

Total emissions and CO₂ intensity of BKW (in thousand tonnes CO₂eq)



In financial year 2023, a total of 1,251 kilo tonnes of CO₂ were released. Thus BKW's total emissions decreased significantly compared to previous years (see also Table 2 on page 36). The emission intensity of BKW's total emissions in terms of

sales in 2023 was 272 g CO₂/CHF. This puts it at a similar level to last year's figure of 280 g CO₂/CHF. This is due to the fact that sales were exceptionally high in 2022 and emissions and sales fell by almost the same amount in 2023. In 2021, emission intensity was still at 475 g CO₂/CHF. A comparison of the years 2021 and 2023 shows a decline in relative emissions despite the increase in sales.

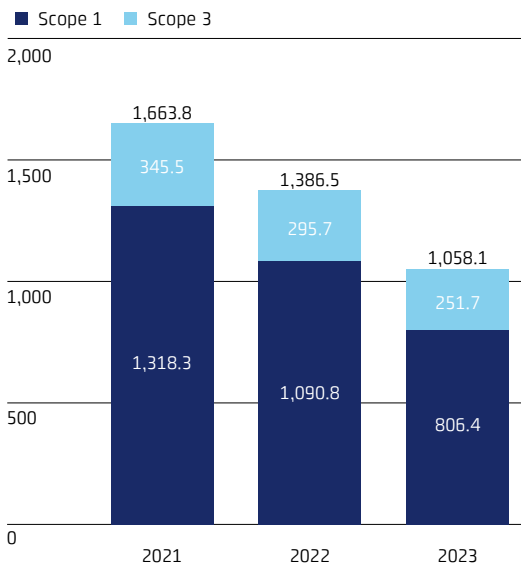
The decrease of emissions is mainly due to the decreased use of the Wilhelmshaven coal-fired power plant, in which BKW has a stake. Its use depends on the demand for electricity, available capacities on the market and the need for grid stability. The decreased use of the power plant is mainly reflected in Scope 1, but also Scope 3, emissions (in the energy supply emissions category). Nevertheless, there was an overall increase in Scope 3 emissions, which is mainly due to expanded data collection (see Table Development status of Scope 3 emissions on page 35). Scope 2 emissions remained more or less stable, as there were only minor changes in energy consumption in the business areas. The emission trends are explained below, broken down by power plant and business area.

Method for preparing the greenhouse gas balance

The greenhouse gas balance 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 key CO₂ figures include all Kyoto greenhouse gases¹⁹. The balance includes the entire BKW Group for the financial year 2023. Where data could not be obtained in full for a specific year, the data for the previous year was used on a pro rata basis; or pro rata data from the current year was extrapolated. The organizational boundaries at BKW are defined by the Equity Share Approach. For the disclosure of energy consumption and emissions in the business areas, data was collected in the 60 largest Group companies, in which close to 90 percent of all Group employees work. The missing data was extrapolated, based on the number of employees. To calculate the Scope 2 emissions, emission factors according to the market-based method were used.

¹⁹ Carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), halogenated hydrofluorocarbons (HFCs), fluorocarbons (FCs) and sulfur hexafluoride (SF₆).

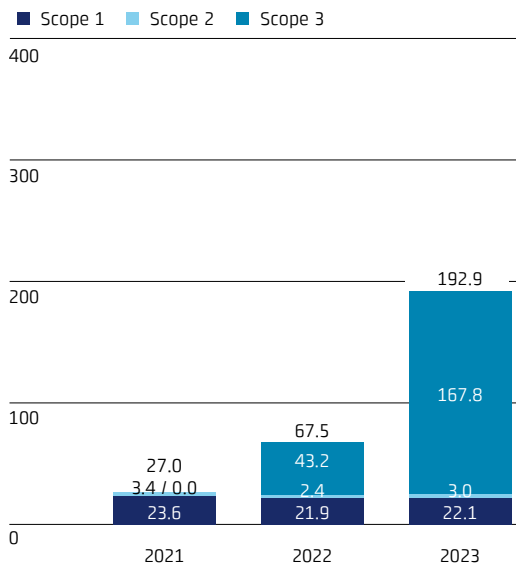
**Emissions from power plant portfolios
(in thousand tonnes CO₂eq)**



In 2023, BKW's power plant portfolio accounted for 85% of BKW's total emissions. The gas-fired Tamarete power plant and the shares in the gas-fired Livorno Ferraris power plant and the coal-fired Wilhelmshaven power plant accounted for 95% of power plant emissions. No Scope 2 emissions are produced in the power plant portfolio as BKW covers the electricity consumption in the pumped-storage power plants entirely with guarantees of origin from nuclear energy, and the auxiliary energy for the heating networks comes from renewable energy sources. The corresponding emissions for energy provision therefore only occur in Scope 3. The emission data broken down for our own power plants and shareholdings and purchase rights are shown in Table 3 on page 36.

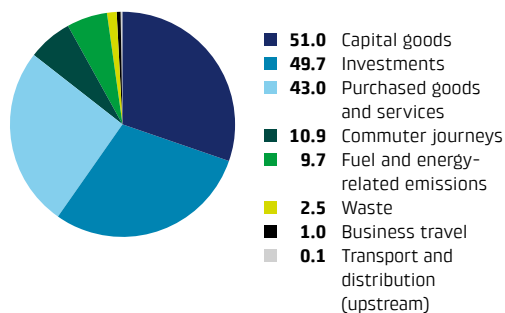
The CO₂ intensity of BKW's Energy business²⁰ in 2023 was 91 g CO₂/kWh. Compared to the previous year (133 g CO₂/kWh) and to 2021 (157 gCO₂/kWh), the intensity has significantly decreased. The greatest influence on these changes was the low production volume of the Wilhelmshaven coal-fired power plant and the increase in production from wind and hydropower.

**Emissions from the business areas
(in thousand tonnes CO₂eq)**



In 2023, BKW's business areas were responsible for 15% of BKW's total emissions (see also Table 4 on page 36). The emissions of the business areas have risen sharply compared to previous years. This is primarily due to significantly improved and expanded databases in the area of Scope 3 emissions, which is why this will be covered in more detail below.

**Scope 3 emissions from the business areas
(in thousand tonnes CO₂eq)**



In Scope 3 of the business areas, the largest shares of emissions identified so far are in the categories of capital goods, investments and purchased goods & services. This confirms that the

²⁰ To ensure that the CO₂ intensity is comparable with other energy companies, the Scope 1 and Scope 2 emissions of the Energy and Grid business areas are used in the calculation.

vehicle fleet is the largest source of emissions in the business areas, both through the procurement of new vehicles and their consumption. The first-time collection of a substantial amount of data from the construction of power plants and grids reveals further important sources of emissions. Most recently, Swissgrid AG's first sustainability report has enabled BKW to report the emissions from this investment as part of the investments. These new figures will be incorporated into the further development of BKW's decarbonization strategy in 2024.

When preparing the greenhouse gas report in 2023, BKW made considerable progress with regard to data quality and integrity. On the one hand, data was collected more systematically in existing Scope 3 categories, while on the other, the report was expanded to include new categories. The table below shows the developments regarding individual emission categories in 2023. BKW will continue to invest in the optimization of emissions data and predicts that Scope 3 emissions will continue to rise significantly in the coming years.

Development status of Scope 3 emissions

Scope 3 categories included according to Greenhouse Gas Protocol	Development and status, 2023
3.1 Purchased goods and services	Expanding coverage and improving data quality (includes materials/goods for operation/construction of grids, IT-materials and ICT services)
3.2 Capital goods	Collected for the first time (includes materials/goods for the construction of new power plants and newly procured vehicles)
3.3 Fuel and energy-related emissions	No changes, full calculation
3.4 Transport and distribution (upstream)	Expanding coverage and improving data quality (incl. transportation of the disposals)
3.5 Waste	Expanding coverage and improving data quality
3.6 Business travel	No changes
3.7 Commuting of employees	Collected for the first time, estimated on the basis of country-specific employees and commuting statistics
3.15 Investments	Collected for the first time (current focus on investments in the area of grids and wind farms)
Scope 3 categories not included according to Greenhouse Gas Protocol	
	Reason for non-inclusion
3.8 Rented or leased tangible assets	Data basis currently insufficient
3.9 Transport and distribution (downstream)	Analyzed and classified as not relevant
3.10 Processing of products sold	Analyzed and classified as not relevant
3.11 Use of products sold	Data basis currently insufficient
3.12 End-of-life treatment of products sold	Data basis currently insufficient
3.13 Tangible assets leased or rented out	Data basis currently insufficient
3.14 Franchising	Analyzed and classified as not relevant

Table 1: Energy consumption of BKW (in GWh)

Energy consumption in GWh	Energy			Grid			Services			Pump storage power plants and heating networks			Total		
	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023
Electricity	2.5	3.9	12.8	4.3	2.9	3.0	7.4	5.5	6.9	235.4	277.9	257.4	249.6	290.2	280.1
– of which renewable			0.2	0.1	0.2	0.7	1.0	1.7	2.3				1.1	1.9	3.2
Heating energy	6.0	7.1	5.5	3.0	3.2	1.5	11.9	12.9	14.1				20.9	23.2	21.1
– of which renewable			0.1	0.2	0.6	0.3	0.8	1.2	1.4				1.0	1.8	1.8
Fuels	3.9	2.1	4.0	5.4	5.0	4.4	60.8	58.2	58.0				70.1	65.3	66.4
Total energy consumption	12.4	13.1	22.3	12.7	11.1	8.9	80.1	76.6	79.0	235.4	277.9	257.4	340.6	378.7	367.6

Table 2: Total emissions of BKW (in thousand tonnes CO₂eq)

Emissions in t CO ₂ eq	Power plant portfolio			Business areas			Total		
	2021	2022	2023	2021	2022	2023	2021	2022	2023
Scope 1	1,318.3	1,090.8	806.4	23.5	21.9	22.2	1,341.8	1,112.7	828.6
Scope 2				3.3	2.4	3.0	3.3	2.4	3.0
Scope 3	345.6	295.6	251.8	0.0	43.3	167.9	345.6	338.9	419.7
Total emissions of BKW	1,663.9	1,386.4	1,058.2	26.8	67.6	193.1	1,690.7	1,454.0	1,251.3

Table 3: Emissions of power plant portfolio (in thousand tonnes CO₂eq)

Emissions in t CO ₂ eq	Own power plants			Holdings & purchasing rights			Total		
	2021	2022	2023	2021	2022	2023	2021	2022	2023
Scope 1	67.9	36.7	26.0	1,250.4	1,054.1 ²¹	780.4	1,318.3	1,090.8	806.4
Scope 3	21.8	14.1	11.8	323.7	281.6 ²²	239.9	345.5	295.7	251.7
Total emissions from the power plant portfolio	89.7	50.8	37.8	1,574.1	1,335.7	1,020.3	1,663.8	1,386.5	1,058.1

Table 4: Emissions of business areas (in thousand tonnes CO₂eq)

Emissions in t CO ₂ eq	Energy ²³			Grid			Services			Total		
	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023
Scope 1	2.5	2.1	2.3	2.5	2.2	1.7	18.6	17.6	18.1	23.6	21.9	22.1
Scope 2	0.3	0.4	1.1	0.7	0.3	0.2	2.4	1.7	1.7	3.4	2.4	3.0
Scope 3		29.1 ²⁴	34.1		9.5 ²⁵	93.5		4.6	40.2		43.2	167.8
Total emissions from the business areas	2.8	31.6	37.5	3.2	12.0	95.4	21.0	23.9	60.0	27.0	67.5	192.9

21 Recalculated reactively for 2022 and 2021 using emission factors specific to BKW's power plants.

22 Correction for 2022 and 2021 due to emission factor adaptation for pumped energy for pumped storage power plants.

23 Without power plant portfolio.

24 Correction, as emissions from electricity and gas sold were newly included and unallocated emissions in 2022 could be allocated retroactively.

25 Correction, unallocated emissions in 2022 could be allocated retroactively.

Renewable energy production

BKW continued to press ahead the expansion of renewable energies in the year 2023. The company already almost achieved its long-standing goal of expanding the installed capacity of new renewable energies (wind, photovoltaics, small hydroelectric power and biomass) to 1,000 Megawatt (MW) by 2026: at the end of 2023 the installed capacity was 967 MW. With the projects currently in planning and under construction, the target value will be reached well before the year 2026. Thus in 2023, BKW already started the process for setting new expansion goals well ahead of schedule. In 2023, BKW was able to put the

following power plants into operation; further power plants were in the planning or construction stage (see Table Renewable power plants in the planning or construction stages as of the end of 2023, page 38):

- Wind farms in Tjörnäs, Skallberget/Utterberget and Rosenskog (Sweden), 125 MW
- Small hydroelectric power plant Arvigo (GR), 1.7 MW
- Small hydroelectric power plant Augand (BE), 7.4 MW
- Drinking water power plant Saas-Grund (VS), 0.57 MW (minority stake)

A BKW employee in action in the Juvent wind power plant at Mont-Crosin.



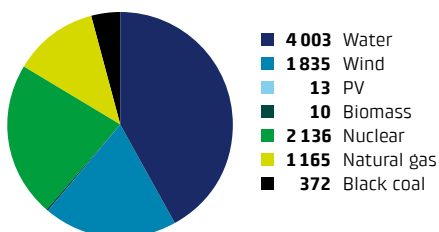
Renewable power plants in the planning or construction stage at the end of 2023

Photovoltaics	Wind power	Hydroelectric power
Two solar farms in Genzano di Lucania and Tuscania, Italy (under development)	Two wind farms in Cerignola, Italy (in planning)	Small hydroelectric power plant Sousbach, Canton of Bern (under construction)
Open-space solar plant BelpmoosSolar, Canton of Bern (in planning)	Wind farm Tramelan, Canton of Bern (permission granted)	Small hydroelectric power plant Turbach, Canton of Bern (concession and building permit available)
Six alpine solar projects, Canton of Bern (in planning)	Windpark Jeanbrenin, Canton of Bern (undergoing the objection procedure)	Power plant Trift, Canton of Bern (power plants Oberhasli) (in planning)
		Expansion of Grimsensee, Canton of Bern (power plants Oberhasli) (in planning)
		Power plant Handeck 4, Canton of Bern (power plants Oberhasli) (in planning)
		Pumped-storage power plant Grimsel 4 Canton of Bern (power plants Oberhasli) (in planning)

In the course of the year, BKW produced 9,534 GWh of energy. This includes electricity from our own power plants, equity investments, procurement rights and unmanaged financial investments. 62% of the energy (5,889 GWh) came from renewable sources (water, wind, PV and biomass), corresponding to an increase of 7% compared to the previous year (see diagram below, BKW's energy production in 2023 in GWh). The amount of energy produced depends on the one hand on the installed capacity and on the other hand on

the availability of the power plants, weather conditions and the demand on the electricity market. The increase in renewable energy production in 2023 was mainly due to the much better hydrological conditions than in the previous year, when drought significantly reduced inflows, as well as the increase in the amount of wind. The table below shows BKW's total energy production.

Electricity production at BKW 2023



Installed capacity and electricity production of BKW

	2022 Installed production, BKW portion MW	2023 Installed production, BKW portion MW	2022 Energy volume BKW GWh	2023 Energy volume BKW GWh
Own power plants²⁶				
Run-of-river	242	242	872	996
Small hydro	58	67	164	239
Onshore wind	601	726	1,080	1,289
PV	13	14	14	13
Biomass	3	3	16	10
Natural gas	62	62	73	34
Total own power plants	979	1,114	2,219	2,581
Holdings and purchasing rights²⁷				
Run-of-river	30	30	117	132
Storage	221	223	419	553
Pump storage (gross production)	1,145	1,150	1,721	2,072
Onshore wind	19	34	105	206
Nuclear	333	332	2,125	2,136
Natural gas	192	192	1,011	1,131
Black coal	235	235	1,015	372
Total holdings and purchasing rights	2,175	2,196	6,513	6,602
Non-managed energy from financial interests²⁸				
Small hydro	3	4	10	11
Onshore wind	134	119	399	340
Total non-managed energy from financial interests	137	123	409	351
Overall result	3,291	3,433	9,141	9,534

26 Plants where BKW has majority interest. Hundred percent of installed capacity and production volumes are reported.

27 Investments: Associated power plants/joint ventures and plants where BKW has a minority shareholding. The installed capacity and the production volumes according to share are reported. If BKW manages the energy, hundred percent is reported as energy purchase. Purchasing rights: Electricity purchased from power plants where BKW has no shareholding, without management powers.

28 Associated power plants/Joint Ventures with minority interests held by BKW, whose electricity production is not supplied to BKW and/or managed by BKW.

In addition to power plants for electricity production, BKW also operates heating plants. The portfolio comprises 19 heating networks, five local heating networks and 23 individual plant contracts. Six projects were in realization in 2023. BKW produced 140 GWh of heat, 90% of it from renewable energy sources (wood chips, waste wood or pellets). In addition to our own production BKW uses waste heat from waste incineration plants in six networks and thus was able to supply another 33 GWh of thermal energy to its customers.

Outlook

In 2024, BKW will intensify the climate-related opportunity and risk analysis, following the TCFD recommendations and align it with the Group risk management. To determine the resilience of the corporate strategy to climate risks, BKW will also carry out a scenario analysis.

The target shall be formulated for the whole of the BKW Group in the context of the net zero target. This means that all business activities beyond the Energy business, including the company's entire value chain, will be integrated into the analysis and all target dimensions, including short- and long-term aspects, will be specified. In this context, BKW is preparing a Climate Transition Plan. This is a strategic roadmap that sets out the fields of action and measures for achieving the climate goals and is disclosed as part of the TCFD reporting 2024.

The introduction of a software tool for systematic greenhouse gas balancing and future greenhouse gas management is planned for the first half of 2024. The focus here will also be on continuous improvement of the processes for preparing the energy and greenhouse gas balance and further optimizing the data basis.

Through its activities in the field of climate neutrality, BKW is pursuing the following ambitions:

- We will lower our emissions in the Energy business to net zero by 2040.
- We will increase the installed capacity of new renewable energies to 1000 megawatt (MW) by 2026.
- We will electrify our entire fleet of cars and light-duty commercial vehicles by 2030.

Through its activities, BKW also makes a contribution to the following SDGs:





Corporate Governance

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

The BKW Group Code of Conduct expresses our corporate culture and the values and principles that we pledge to uphold.



BKW is aware of its responsibility towards its employees, customers, business partners and society in general to be fair in its business dealings. Consequently, the Group attaches great importance to integrity and responsibility in its corporate governance, ethical business practices and living according to its corporate culture. All this is based on the Group-wide Code of Conduct, compliance policy and the regulations derived from them.

BKW is conscious of the fact that failure to comply with laws, internal guidelines and commitments entered into can have negative consequences for its stakeholders and the business itself. Compliance violations not only harm BKW's reputation but may lead to considerable fines or even prison sentences. This can have a long-term negative impact on the Group's business operations. Therefore, we strive to avoid such negative effects or, as the case may be, to minimize risks as far as possible.

The Code of Conduct stands at the top of the BKW regulation pyramid (see diagram below). It forms the basis for a holistic compliance understanding throughout the Group. BKW understands compliance to be observing all laws and standards relevant to BKW and following the Group's internal regulations (Code of Conduct, group policies, Group directives and rules). Compliance is mandatory for employees and all bodies of BKW.

Each year, BKW prepares a transparent report on its sustainability activities – also as a participant in the UN Global Compact – and has embedded the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct²⁹ within the Group.



Organization and management

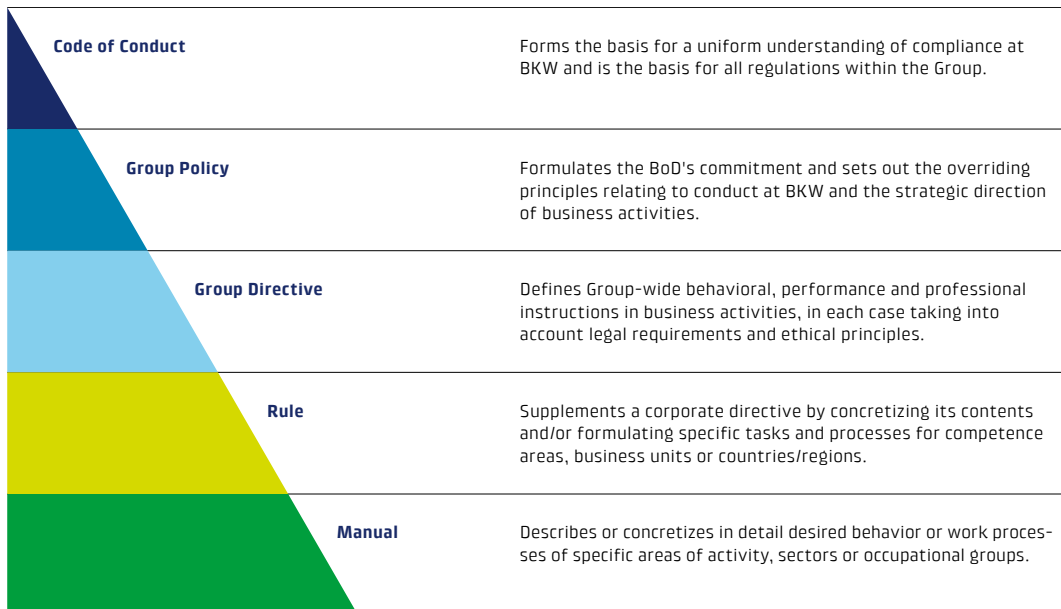
Compliance with valid regulations, whether external or from within the Group, is achieved using the Three Lines Model.³⁰ In the first line, the directly affected employees and managers of the various business divisions are responsible for observing the compliance regulations. Together with Risk Management and other functions with monitoring and controlling roles, the Group Compliance department forms the second line. As an independent function, Internal Audit constitutes the third line.

Over the 2023 reporting year, the Compliance function was reorganized with a view to embedding governance more firmly within the BKW Group and to give it higher priority.

More information at:

bkw.ch/codeofconduct

BKW Group regulation pyramid



²⁹ The OECD Guidelines for Multinational Enterprises on Responsible Business Conduct provide recommendations for important areas of corporate responsibility, including human rights, employee rights, the environment, bribery, consumer interests and the disclosure of information, science, technology, competition and taxes.

³⁰ The Three Lines Model is a model drawn up by the international professional association for internal auditors, the Institute of Internal Auditors (IIA). It describes structures and processes by means of which robust governance and strong risk management can be ensured.

BKW consistently follows up reports of potential compliance violations and protects whistleblowers.



Since October 1, 2023, all tasks, competencies, and responsibilities of Group Compliance and its functions have been defined in a new Group directive on compliance. Group Compliance is responsible for the BKW Compliance Program with the three areas of Core Compliance, Data Compliance and ESG Compliance. It operates the BKW Compliance Management System (CMS, see also page 44) and monitors implementation of the requirements arising from the Compliance Program. In addition, Group Compliance assists the Executive Board and the Board of Directors with implementation of BKW's Compliance strategy. The Board of Directors addresses the status of implementation on a monthly basis; the Board of Directors is informed annually about all material compliance issues by means of an Integrity Report.

The leadership of Group Compliance now reports directly to the CEO, the Audit and Risk Management Committee (ARMC) and – in especially severe cases – also directly to the Board of Directors. The head of Group Compliance thus performs the role of a Corporate Compliance Officer (CCO). The function was assigned more staff in 2023. This demonstrates the importance of Compliance and takes into account the enhanced role of the Board of Directors as the highest oversight and control body: The Board of Directors bears ultimate responsibility for the Compliance organization and the CMS. It has delegated its oversight duties relating to quality control and budgeting for Group Compliance to the Executive Board and the CEO. In the Services business segment, locally embedded Compliance Managers will be appointed in the 2024 financial year; in larger

entities, Compliance Partners will be appointed. They ensure that compliance is put into practice at an operational level.

The BKW Compliance Management System (CMS)

BKW has an effective mechanism in place for ensuring compliance with and promoting of lawful and responsible business practices: the BKW Compliance Management System. It comprises all the Group's regulations and measures, structures and processes, both internal and external, designed to ensure compliance. The CMS consists of the compliance program (see above), the BKW Integrity Line and the Compliance Awareness Program (training events). Group Compliance reviews the CMS for effectiveness on a regular basis.

Group Compliance is the Group-wide coordination office for compliance risks. A selective and topic-based analysis identified the following relevant risks in 2022: Fraud, antitrust law, corruption, conflicts of interest, human rights violations and data protection. The existing analysis will be systematized and extended to further compliance risks in 2024.



Measures and parameters

BKW Integrity Line

The company specifically encourages a speak-up culture. Building on the Code of Conduct, BKW has embedded a commitment to compliance with its compliance policy and introduced transparent mechanisms for lodging complaints. With the BKW Integrity Line, the company has put a whistleblower system in place, anonymous and accessible from anywhere in the world, that is open to all internal and external stakeholders. BKW expressly ensures that no penalties are suffered

by whistleblowers, meaning that they do not have to worry about any negative consequences. Every tip-off is followed up thoroughly. Responsibilities and multilevel processes to investigate reported internal incidents are governed by the Group directive on internal investigations. Group Compliance can also commission an external investigation. Possible internal sanctions include disciplinary measures under labor law that extend to termination of employment contracts as well as litigation under criminal and civil law in the event of external violations.

In the financial year, there were no convictions or penalties in connection with breaches of bribery and corruption regulations. Likewise, BKW did not make any payments in cash or in kind to political organizations in 2023. Individual Group companies support sports or social facilities and equivalent organizations. Additionally, in Switzerland, BKW is a member of more than 250 professional, economic and cultural associations.

Compliance awareness program

It is the responsibility of Group Compliance to provide BKW employees with regular training at an appropriate level in all areas of compliance. The objective is to raise awareness of compliance risks and violations, to prevent misconduct and to promote a culture of compliance within BKW. Since 2023, all employees have been obliged to take part in training on the content of the Code of Conduct every two years. In 2023, 6,498 employees (54 percent) participated in the corresponding e-learning module.

In addition to the training on the content of the Code of Conduct, BKW held the following specific training programs relating to compliance in 2023:

More information at:

bkw.ch/integrityline

Further training programs held in 2023 relating to compliance

Training / topic	Target group
BKW Inside: Governance (executive training)	(New) executives
Antitrust law	Managing directors of group companies, sales employees, departmental heads, project managers
Training House searches	Reception staff
Contract management	Project managers
Information unbundling	Employees in the Energy Markets and Power business divisions with customer contact
Procurement law	Project managers, procurement staff
Service contract law	Project managers
Political representative training	Managing directors, staff holding internal and external elected offices at other companies/organizations

Outlook

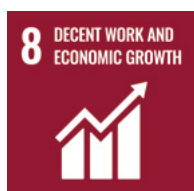
Building on the risk assessment performed in 2022, the plans are to press forward with building up the Group-wide governance structure in 2024 and to embed further relevant compliance

topics through the 2024 Compliance Program. The focal points include, in particular, topics pertaining to culture of compliance, the Code of Conduct, bribery and corruption, business partner audits and due diligence obligations, as well as data protection.

With its activities in the Corporate Governance action area, BKW pursues the following ambitions:

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

Through its activities, BKW also makes a contribution to the following SDGs:





Employees

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



Occupational safety is the top priority. Two grid electricians from BKW Power Grid in action.

BKW employs around 12,000 people in more than 140 Group companies. The Group is committed to the well-being and diversity of its employees and offers a wide range of professions with a variety of development opportunities. Occupational health and safety have priority in all BKW activities. BKW keeps an eye on potential negative consequences from professional activities on the physical and mental health of employees and is actively working on avoiding or mitigating such consequences.

As part of BKW's promise as an employer, the Group creates quality jobs and promotes the personal development of employees and executives. This means that, thanks to its many years of experience, technological expertise and by working together, the Group is able to overcome diverse economic, ecological and societal challenges. This makes a positive contribution to society.

Safe working spaces and healthy employees

BKW takes very seriously its duty of care as an employer, doing everything possible to protect and promote the safety and health of its employees. The objective is to avoid occupational accidents or illnesses and to reduce the associated absences to the greatest possible extent. BKW achieves this through finely meshed interaction between occupational health and safety (OHS) and operational health management (OHM) (see illustration of interaction between OHS and OHM).

Occupational Safety and Health Protection (OSHP), as a range of topics, is a monthly item on the Executive Board's agenda and is embedded in BKW's Code of Conduct. Such working spaces boost the motivation and health of employees, their performance and thus productivity – and they also reduce costs. Well-being and prevention work at the workplace continue to grow in importance; also in the light of the increasing shortage of qualified personnel. Last but not least, through its commitment to a safe working environment and for working conditions that facilitate physical and mental wellbeing, BKW aims to avert any reputational damage from the company.

Interaction between OSHP and OHM



Organization and management

The responsibilities in the topical area of safe working spaces and healthy employees are subdivided into the areas of OSHP and OHM. The areas maintain close contacts to leverage synergies in the best possible way.

Occupational health and safety (OHS)

The BKW Safety Engineer is responsible on behalf of the Executive Board for the topic of occupational health and safety at Group level. She heads up the Group function of occupational safety and the OHS office, manages prevention campaigns and programs for increasing awareness for the topic, performs audits and communicates with authorities. As from November 1, 2023, she now reports directly to the CEO. In addition, the Group function has been allocated more staff. These changes underline the importance BKW assigns to this topic.

Alongside the Group function of occupational safety and OHM, all of BKW's three business areas are represented in the OHS office through trained specialist staff. The latter ensure that the measures decided upon by the Safety Officer and by the authorities are implemented. In doing so, BKW fulfills all the relevant national and international regulatory requirements. In Switzerland, these include the provisions of the Code of Obligations, the Employment Act (ArG), the Federal Accident Insurance Act (UVG), the Ordinance on the Prevention of Accidents and Occupational Illnesses (VuV) as well as the Construction Work Ordinance (BauAV)

With a view to legal compliance, BKW has long-established safety and management procedures throughout the Group as well as at company level: The Suva Charta applies throughout the Group. By signing this self-declaration, the Executive Board has committed to consistent and effective implementation of industry-specific and our own safety regulations. In addition, minimum standards for all Group companies were passed in summer 2023. They cover specifications on the safety system, on reporting regulations in the event of incidents in operation and on reporting. The ten-point system of the Federal Coordination Committee for Occupational Safety³¹ is also implemented at all locations in Switzerland. In Germany, the provisions of the German Social Accident Insurance (DGUV) are

More information at:

bkw.ch/health-and-safety

³¹ Federal Coordination Committee for Occupational Safety and Health (EKAS) 6508: Involvement of occupational physicians and other occupational health and safety specialists.

complied with and, in Austria, the same applies to the legal provisions on occupational safety of the General Accident Insurance Institution (AUVA).

In 2023, 13 BKW companies were certified to ISO 9001 (Quality Management Systems), 11 to ISO 14001 (Environmental Management Systems) and 11 to ISO 45001 (Occupational Health and Safety Management Systems). ISO certifications of further Group companies are planned for 2024. In addition, assessment methods such as the Safety Culture Ladder and the *suissetec* and *Batisec* industry solutions are employed. In 2023, seven group companies provided documentation of their compliance in occupational safety matters through the *Lexplus* legal database. This means that all employees are covered through a management system for occupational health and safety.

Effective management in the field of occupational safety is based on a regular review of actual and potential hazards. The analysis is managed at the level of the business divisions and takes place within the scope of the aforementioned management systems and audits. Through the interface of staff representatives, the interests of employees are included in the analysis and specification of measures. BKW safeguards at all times the protection of personal integrity of the colleagues involved. The most important risks identified include, but are not limited to, activities at height, on or near water and when handling electricity as well as illnesses stemming from one-sided strains on the body in the office or at the workplace. Further risks arise from hazardous substances to which employees may be exposed.

Occupational Health Management (OHM)

As a strategic action area, occupational health management (OHM) forms part of the Group-wide HR management system and, through the OSHP office, cooperates closely with the BKW Safety Engineer and the specialists from the business divisions. OHM was also allocated additional staff in 2023. The objective of OHM and OHS is to offer employees and executives support through a wide range of tools in order to boost their health awareness over the long term. The focus on prevention and cooperation shapes health-promoting working spaces and promotes the taking of responsible action with regard to

health and wellbeing. Alongside promoting health at the workplace, OHM supports active early detection in order to be able to offer employees support quickly when they are in challenging situations. Furthermore, for several years now, OHM has been investing in an absence and case management system, reintegration offices and sheltered workplaces. By doing so, BKW assumed responsibility for employees who are unable to work, whether temporarily or long term, or who are no longer capable of performing their original tasks.



Measures and parameters

Occupational health and safety (OHS)

In the reporting year, BKW performed and initiated numerous measures in the area of OHS. One central project is the building up of a reporting instrument aligned to industry requirements and the EU's standards on non-financial reporting (ESRS), which will be rolled out to all Group companies at the end of 2024. In Switzerland, this will involve the deployment of a software solution for recording, analyzing and reporting absences to social security providers. For all companies outside of Switzerland, a proprietary IT tool has been developed that has been in operation since January 1, 2024. With this project in its entirety, BKW has put data entry for the Group on a new footing. In order to avoid prejudicing the outcome of the project and to avoid inconsistencies in reporting, no key performance indicators relating to the topic of OHS will be reported for the 2023 financial year. Generally speaking, it can be established, however, that the occupational accidents registered in 2023 primarily related to eye and hand injuries. For this reason, the OHS office has scheduled an awareness campaign focusing on hand injuries for 2024. The vital rules (*Safety Charta*) will be integrated into this campaign. BKW did not have to report any fatalities resulting from occupational accidents in the workforce in 2023.

Numerous training events with in-depth information on occupational safety were held during 2023. Among other things, a management event was held with more than 200 BKW Group executives at which they were made aware of the measures in the area of OHS. One strong emphasis was placed on the mandatory wearing of personal

protective equipment (PPE) by employees. BKW has an established awareness program in place, which it also consistently implemented in 2023: Across all business divisions, more than 85 percent of employees have taken part in specific occupational safety training. In certain areas involving increased risks relating to occupational safety, coverage was effectively 100 percent.

Occupational Health Management (OHM)

One of the key tasks of OHM is to educate people about physical and mental health. In 2023, for instance, first-aid courses for mental health were held for the first time in cooperation with Pro Mente Sana. In addition, the majority of employees has access to BKW's internal care4you advisory center or to external occupational advisory services for employees, in order to address mental health issues.

For many years, BKW has been expanding its internal occupational case management system. This relates to the occupational reintegration of employees after protracted absences due to illnesses or following accidents. The management tool makes it possible to analyze absentee patterns and trends and evaluate measures taken. That is the basis for successful reintegration into daily working life to the benefit of all involved. In this context, the number of reintegration places was increased to nine in 2023. In 2023, BKW was once again certified by Suva for its commitment to occupational reintegration.

In the context of OHM, BKW has entered into several partnerships: with Movis, an occupational consultancy for employees and apprentices, with the Carelink foundation, which specializes in emergency psychological support at companies,

Occupational health management (OHM) promotes knowledge of physical and mental health. A good work-life balance has a positive impact on family, friends and the workplace.



and with Profawo, a non-profit organization dedicated to reconciling family and working life. Of the around 8,500 employees in Switzerland provided with access, 226 employees made use of at least one of the services offered by the various partners. BKW strives to further increase the utilization rate going forward. In addition, the medium-term plan is for all employees of the BKW Group to be given access to an external, occupational consultancy for employees.

Outlook

In 2024, the focus was on implementation of the new reporting tool in the field of occupational safety and absence management. In addition, what is referred to as a PPE register is being

drawn up for all activities within the BKW Group. This is the basis on which instruction aids for each specific deployment of protective equipment has been drafted and published internally. Furthermore, a new training program for executives has been developed for 2024: The topics addressed in the seminars include reflecting on participants' own and other people's conduct, boosting motivation towards engaging in occupational safety (moving from "must" to "want to"), the legal basis and the question of how to promote a culture of safety. In OHM, the focus is on digitalization; for instance, a new case management tool for executives and human resources (HR) is to be implemented in the area of reintegration.

Employee development, diversity and inclusion

Employee development as well as diversity and inclusion are key areas of action for BKW. For this reason, important new initiatives were launched in the 2023 reporting year with a view to strengthening and expanding BKW's position as an attractive employer. With these activities, the company aims to counteract the shortage of qualified staff that can be keenly felt, specifically in STEM professions³². These professions along with a sufficient number of qualified specialists are, however, vital for ensuring energy supplies and infrastructure that makes living worthwhile. With its wide range of services, BKW offers meaningful workplaces with attractive perspectives. In the field of human resources (HR), it creates the framework conditions for a variety of careers, exciting areas of responsibility and a wide range of further training options and numerous training programs for apprentices.

With employees from a total of 96 countries, the promotion of diversity and a respectful corporate culture are focal points for the Executive Board. In its organization of work, BKW takes

into account in the best possible manner the growing need to find a good balance between work and the manifold situations in peoples' lives. At the same time, the Group encourages its employees to bring in their ideas, skills and dedication to make a significant contribution to the success of the BKW Group and to shaping a modern society.

Organization and management

BKW has four human resources organizations: Group HR for the Grid, Energy and Group business areas as well as three further HR organizations in the Services business area (Building Solutions, Infra Services and Engineering business divisions). The HR organizations come together on a coordinating HR board on a monthly basis and draft as partners the BKW Group's HR strategy in order to reach the shared objectives. Ultimate responsibility for HR matters lies with the head of Human Resources; as a member of the extended Executive Board she manages the Group HR group function and chairs the HR board.

96

nations are represented at BKW.

³² Vocations in the fields of mathematics, computer science, natural sciences and technology.

The principles underlying the tasks of the Human Resources function are essentially the respective national employment laws, the social and employment standards of the International Labour Organization (ILO) of the United Nations and the Group-wide HR policy passed by BKW's Board of Directors. BKW's Code of Conduct acts as a guide to interaction at the workplace in a home office environment (see section on Corporate Governance on page 41). It requires of all employees to base their actions on respect, integrity and tolerance. Any infringements can be reported via the Integrity Line whistleblower system and investigated by a neutral and independent body (see section on Corporate Governance on page 44).

In 2023, the Executive Board identified the shortage of qualified staff and took account of this in developing its strategy. This relates in particular to job profiles for STEM professions – at all levels of training, starting with trainees through to experts.

Personnel recruitment and employee development

At BKW, executives and employees work together in a respectful, motivating working environment, thereby making the most of individual strengths in order to achieve ambitious goals. This approach includes shared values, individual development opportunities as well as flexible and health-promoting framework conditions. BKW sees development possibilities, occupational health and safety as well as diversity and inclusion in holistic terms.

With regard to the shortage of qualified staff, BKW has identified four key areas where action can be taken:

- Boosting efficiency through digitalization, simple processes and a business-oriented focus.
- Adapting BKW's portfolio of services to take account of the shortage of specialist staff in strategy development.

- Expanding labor market participation by persons over 59, career starters, women in part-time employment as well as options in the field of offshoring and the European labor market.
- Increasing employer attractiveness by promoting meaningful work and a respectful leadership culture.

Specifically with regard to employer attractiveness, the BKW Group sees effective levers and intends to position itself correspondingly both internally and towards the outside world. For this reason, BKW is investing in continuous further development of employees, leadership skills and value-based corporate culture. Regular development meetings between executives and employees are embedded in the processes, are managed at a local level and structured individually due to differing circumstances at each operation.

Diversity and inclusion

BKW is committed to a culture in which all current and future employees feel welcome and are able to develop. BKW promotes diversity and equal opportunity and does not tolerate any form of discrimination; this is embedded in the BKW Code of Conduct. The diversity and inclusion office, which consists of a diversity manager and representatives from the business areas, draws up the Diversity Strategy and identifies measures to embed a culture of welcoming throughout the Group and to increase diversity. Furthermore, BKW works together with three federations and one association dedicated to equality, equality of opportunity and more diversity:

- Focus 50Plus network
- Advance business federation
- Business and Professional Women (BPW) Switzerland
- Swiss Diversity association

More information at:

[bkw.ch/opportunities](https://www.bkw.ch/opportunities)



Measures and parameters

BKW's business areas and organizational units are subject to heterogeneous framework conditions and needs with regard to HR topics. For this reason, BKW implemented a wide range of measures in 2023 aimed at promoting the essential aspects of inclusion, gender equality and equal pay.

Vocational and further training programs

At the close of 2023, there were 726 apprentices undergoing vocational training at BKW throughout Switzerland. They are being trained in 30 different professional areas. Due to the shortage of qualified staff, energy transition professions such as grid electricians, electrical fitters, solar installers, building IT specialists, electrical system planners, geomatics experts are of particular strategic importance. BKW successfully campaigned for training as a solar fitter to be recognized as an apprenticeship earning a Swiss Certificate of Proficiency. Future solar fitters are qualified to perform consulting services, project planning, fitting, commission and maintenance work in the fields of photovoltaics, solar thermal energy and heat pumps. In cooperation with professional associations, BKW is also campaigning for lowering the hurdles for lateral entry to professions. For example, it should be made easier to switch from the profession of electrical fitter to solar fitter through shorter training periods.

In 2023, BKW significantly expanded its trainee program. In the previous year, there were six apprentices undergoing vocational training in the areas of energy industry, electrical engineering, planning and communications as well as HR marketing. In 2023, 11 trainees took up a position in one of now ten different areas. The trainee program has proven to be an effective instrument to attract college graduates to start a career at BKW.

Diversity and inclusion

Diversity is apparent at BKW in the wide range of expertise, in social or ethnic background, in differing age groups, gender perspectives, sexual orientation, religions as well as in different physical and mental abilities and ways of thinking. Teams that bring together and profitably utilize this diversity of characteristics frequently achieve better solutions and enrich everyday working life. BKW fosters diversity and has also embedded this in its Code of Conduct as a self-commitment. In 2023, several members of the Executive Board personally played an active role in the welcoming culture, drawing attention to the fact that all executives should assume their responsibility for equal opportunity.

BKW's three Diversity Communities made a contribution to putting diversity into practice within the Group also in 2023. The communities were launched jointly by employees and executives:

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apprentices were undergoing training at BKW at the close of 2023.

- Pride Community for employees who count themselves as LGBTQ+ or who are interested in the topic and wish to promote LGBTQ+ matters.³³
- Equal Opportunities Community for employees interested in promoting equal opportunities irrespective of gender and want to get involved.
- “Generation 50 plus” Community for employees in the last third of their professional lives as well as for employees interested in inter-generational dialogue.

Several events by these growing communities such as informal meetings, talks by internal and external speakers and, where appropriate bilateral discussions, facilitate networking, transfer of knowledge and exchange of experiences.

BKW underscores its commitment to equality of opportunity through its signing of the Advance Diversity Charta, with the aim of promoting women to executive positions and to establishing a working environment that provides equal opportunities.

Promotion of gender equality is closely linked to equal pay. BKW builds on a transparent salary structure and regular analysis of employee compensation to promote and implement wage equality within the company. The regulations for BKW employees are aligned to the national provisions in places in the respective country. In Germany, employees who feel discriminated against with regard to wage equality can report the fact to

the workers' commission. In Switzerland, all employers are obliged by the Federal Constitution and the Gender Equality Act (GIG) to pay the same wage for equivalent work. In addition, companies in Switzerland with 100 or more employees must perform a wage equality analysis pursuant to the GIG and have the same reviewed by an independent body. On this basis, BKW is able to establish that wage equality was ensured in Switzerland again in 2023.

Harmonization of HR data basis

BKW invests in a uniform HR and organizational core database. The objective is to operate across business areas and more than 140 Group companies in different countries with comparable data of a high quality and to be able to present the same throughout the Group. The associated project for harmonizing IT systems and implementing interfaces for efficient data maintenance was further driven forward in 2023 and is expected to be completed in 2024.

Employee turnover

In 2023, 1,592 employees joined BKW as new hires or through company acquisitions. The gross turnover rate amounted to 14 percent (1,403 persons). This figure breaks down into voluntary and involuntary departures, transfers to other Group companies, retirements and the termination of fixed-term contracts.³⁴ Net fluctuation (termination by employees) came to 9 percent (925 individuals).³⁵

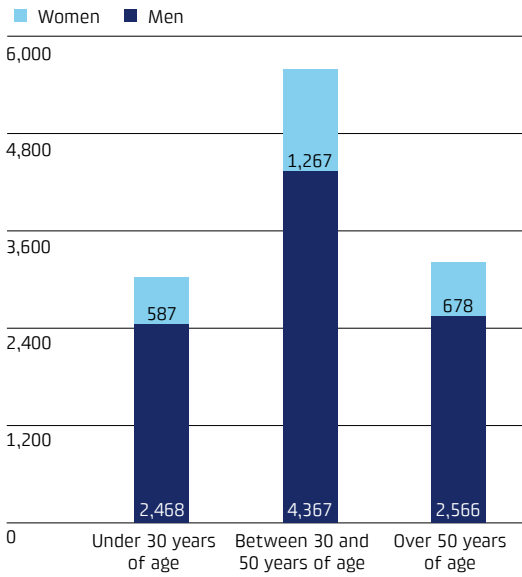
³³ LGBTQ+ stands for Lesbian, Gay, Bisexual, Transsexual/Transgender, Queer and further gender identities that are not reflected in the other terms.

³⁴ The calculation basis will be modified in future to avoid including intercompany transfers in the figure for employee turnover.

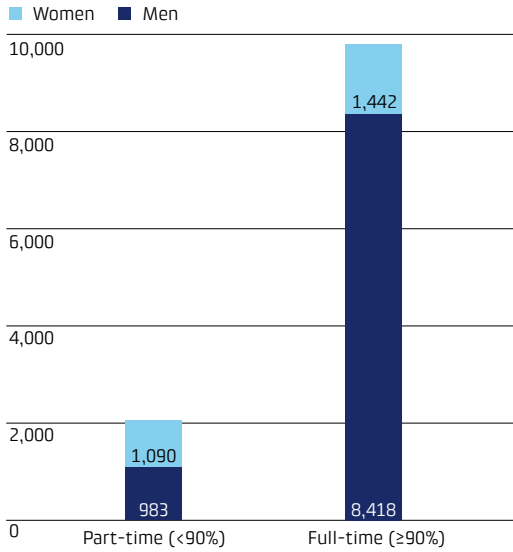
³⁵ Turnover rates calculated on the basis of average number of employees over the year not including trainees, temporary workers and employees with special contracts.

Composition of the 11,933 employees at BKW Group (12/31/2023)

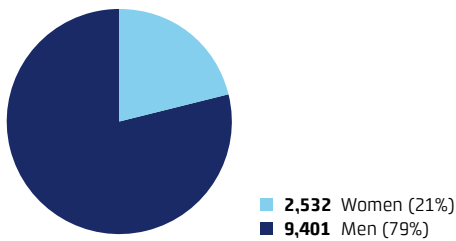
Employees by age



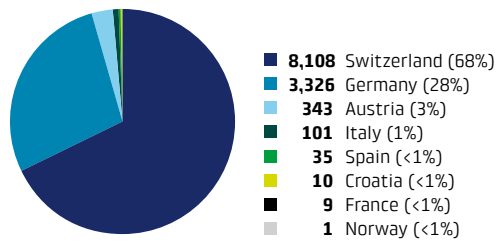
Employees by employment level



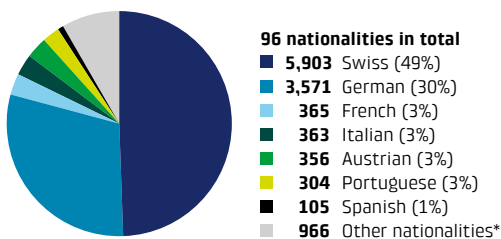
Employees by gender



Employees by country



Employees by nationality



* 89 other nationalities (with fewer than 100 people per nationality, 8% in total)

Outlook

In 2024, the measures to mitigate the shortage of qualified staff will be made more specific. To this end, a leadership meeting with upper management will be held at which the focus will be on the topics of sustainability, meaningful work and a respectful leadership culture. A new specific leadership development program for upper management levels will be kicked off in spring.

In parallel to this, the Group is revising its talent management system and is setting up internal vocational academies in individual business areas. Training as a solar fitter is a premiere, being on offer for the first time from summer 2024.

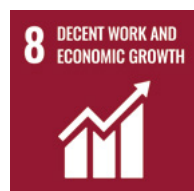
Further measures are being taken in the area of diversity and inclusion with a view to embedding the culture of welcoming throughout the Group and to improve equal opportunities. Among other things, training on diversity, inclusion and unconscious bias for executives and employees are in planning.

The IT integration project to harmonize the HR and organizational core database is planned to be completed in 2024 and refinement of the human resources IT strategy continues. In connection with standardized presentation of HR metrics, work is ongoing on the fundamentals and target definitions and a reporting strategy is being built up.

With its activities in the Employees action area, BKW pursues the following ambitions:

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

Through its activities, BKW also makes a contribution to the following SDGs:





Secure Products

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



Monitoring at the Mühleberg Control Center of BKW's distribution grid.

Prosperity, economic growth, societal development and mobility are inconceivable without secure energy supplies and reliable infrastructures. As an operator of power plants, electricity grids and with just over a million people in basic supply in its supply region, BKW performs a key task in society. BKW assumes responsibility specifically with regard to its public supply mandate in Switzerland. Furthermore, with its services in the buildings and infrastructure sectors, it shapes living spaces in diverse ways and

makes possible sustainable development. Correspondingly, quality, security and a consistently high availability of all products and services offered have high priority. To this end, BKW analyzes and takes into consideration the impact on its various stakeholders, specifically its customers, in its projects and activities. (For more information on environmental impact, see also the Use of Resources section from page 25 onwards and the Climate Neutrality section from page 30 onwards).



Organization and management

With regard to its production and grid facilities, BKW Group pursues a predictive maintenance strategy. On the basis of regular needs and risk analyses, necessary investments are made on an ongoing basis and it is ensured that facilities, grids and functions are in a perfect functioning state. Parallel to this, BKW makes targeted investment in the training of its employees. This means that the performance level with regard to reliability and availability of the power plants and grids remains at a continuously high level.

The management of quality and security is organized locally. The managements of the business divisions are responsible towards their customer groups for secure provision of services on the basis of the respective regulatory provisions and the processes defined by BKW. The Board of Directors and Executive Board are kept informed through annual reporting and on an ad hoc basis in the event that serious trans-regional incidents occur.

In its activities, BKW is subject to a wide range of regulatory provisions. The national legislation on electricity, energy and land use planning, the Heavy Current Ordinance, Swiss Standard SN EN 50110-1:2013 and specific instructions of ESTI, the supervisory and regulatory authority for electrical installations, are applicable to the Energy and Grids business areas in Switzerland. Furthermore, both business areas fulfill national and international norms and standards; for instance, the applicable sites have ISO certifications (see also on page 58).

The Services business area, which is subdivided into the three business divisions of Building Solutions, Engineering and Infra Services, not only complies with the relevant laws and ordinances but also various industry-specific standards and guidelines. The Building Solutions business division alone covers a very wide range of offerings – from electrical equipment and photovoltaic sys-

tems, heating, ventilation, air-conditioning and sanitary equipment through to automation and information technology. A wide range of services in the areas of energy, telecoms, traffic and water, such as the construction and operation of low or extra-high voltage grids, the laying of optical fiber or intelligent drinking water and fire-fighting systems are provided by the Infra Services business division. Various companies in these two business divisions have been certified to ISO 9001, ISO 14001 and/or ISO 45001. In the Infra Services business division, companies or business units performing activities in the areas of high-voltage lines and high-voltage installations have been certified pursuant to the Safety Culture Ladder stage 3³⁶. In the Engineering business division, which is characterized mainly by engineering, architectural and verification activities, the focus of the certified companies is on ISO standard 9001.

BKW's customers and end users have the possibility of expressing their interests at any time. BKW Group's customer relationship management (CRM) covers various channels of communications and formats for dialogue. An important role in this is played by the customer service center, which, among other things, uses surveys to establish stakeholder needs and by the BKW Integrity Line whistleblower system that is accessible from all around the world. This confidential channel of communication for employees, customers, business partners and other individuals or organizations interacting with BKW makes it possible to submit complaints and to report violations of current legislation, ethical principles or BKW guidelines – upon request, anonymized (see also the Corporate Governance section on page 44). The Sales contacts are in regular dialogue with business customers.

Secure grid operation

The electricity grid is the backbone of the energy transition. BKW has the largest distribution in Switzerland, which mainly has a rural character. In particular, the increasingly rapid construction

³⁶ This ladder consists of five steps that categorize the sense of responsibility for occupational safety and conduct within a company, with the objective of preventing incidents.

of the additional photovoltaic (PV) systems required for the energy transition is having a severe impact on BKW's distribution grid. For instance, by the end of 2023, already more than 25,000 PV systems and around 15,000 heat pumps and 5,000 charging stations had been connected to BKW's grid and this growth trend is continuing.

Operational management of BKW's distribution grid is performed from the control center of the Power Grid business division. The distribution grid is regulated and there are clear statutory provisions in place to ensure planning, construction and operation is performed in a safe, effective and efficient way, as well as implementing an obligation to connect. Responsibilities are specified in the Rule on Responsibilities in BKW's Distribution Grids. Power Grid's management system defines, documents and controls the operating processes for planning, construction and operation. The employees have the necessary education, are provided with regular training and receive updates as part of their activities. All locations of the business division have been certified according to ISO 9001, 14001 and 45001 for many years.

The Power Grid business division fosters a culture of attentiveness and a sense of responsibility. This is also reflected in external audits for sensitive areas: For example, the Grid Construction and High-Voltage Installations organizational unit of the Power Grid business division and parts of the Infra Services business division are audited and certified pursuant to the Safety Culture Ladder (see also on page 57). After all, employee safety at the workplace or in field service is an important factor in safe and trouble-free use of the products and services by customers.

Hydropower as a reliable source of electricity

Customers and consumers must be able to rely on a secure supply of electricity at all times. One prerequisite for supply reliability is a high availability of the electricity generation facilities. Hydropower plays a central role in supply reliability in Switzerland. For the Hydraulic Power Plants organizational unit in the Energy Production business division, an independent management system governs responsibilities, operating processes and maintenance measures. All sites have a quality management system certified according to ISO 9001, most of them also have ISO 14001 certification (environmental management systems). The maintenance workshop of the Hydraulic Power Plants function also has certifications for welding work (EN 1090 EXC3 and ISO 3834-2).

BKW strives to achieve a high availability of its storage and run-of-river hydropower plants. With the storage power plants, the focus in this context is on technical availability. In this respect, the issue is maximum operational readiness less downtime of the machines³⁷. In contrast, run-of-river power plants usually have several machines, which means that maintenance work can be planned in such a way that only minor production outages are incurred. For run-of-river power plants, the economic availability is consequently recorded as an indicator representing the amount of energy that could be produced with a technical availability of 100 percent of the machines. According to BKW's maintenance strategy, the internal minimum availability requirement of 95 to 98 percent applies, which was fulfilled again in 2023. With run-of-river power plants, economic availability was 96 percent.

Quality and reliability of wind and solar power

Consistent expansion of renewable electricity production from wind and solar energy makes an important contribution to the energy transition.

³⁷ The machines of a storage power plant can be operational for a maximum of 8,760 hours per year, which corresponds to 100 percent. Any deviation from this is referred to as an unavailability time. In the event of downtime, 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."

BKW operates and participates in onshore wind farms and PV installation in Switzerland and five other European countries (see also the Climate Neutrality section on page 30). For BKW's installations and its business customers, some 130 employees of the Wind & Solar business unit within the Energy Production business division ensure the high quality and reliability in the technical, operational and commercial areas as well as performing maintenance work. To be able to supervise the rapidly growing portfolio in terms of quality and reliability, the engineering network for the area of wind and solar was reorganized and allocated additional staff.



Measures and parameters

Grid

The grid availability in BKW's distribution grid came to 99,996 in 2022. The average outage over this period was 12 minutes, whereas the Swiss benchmark stands at 16 minutes of outage (system average interruption duration index, SAIDI³⁸). On account of its statutory duty to operate the distribution grid in an effective and efficient manner, BKW Power Grid pursues a comprehensive maintenance, modernization and expansion strategy. Thanks to the existing data basis, BKW is one of the few distribution grid operators in Europe that is able to map the entire actual state of its grid and to perform simulations for the entire high, medium and low voltage grid; this process is to a great extent automated and can be performed in a few hours.

Hydropower

Over the past year, BKW invested in the ongoing optimization of maintenance as well as in the digitalization of the monitoring and energy management systems (hydro log). The two new power plants in Augand (BE) and Arvigo (GR) and the

Saas-Grund (VS) drinking water power plant were successfully put into operation and integrated into the management system.

Wind and solar power

BKW is powerfully driving forward digitalization for optimized and trouble-free operation of its wind and solar power plants. In 2023, the wind farms in Italy, Germany and Switzerland were successfully converted to BKW's own central technical monitoring system in 24 hour operations. Furthermore, insourcing of the operational management services into the Group's own management system for the power plants in Switzerland as well as for five further European markets was driven forward. One of the models introduced is predictive maintenance, in which active monitoring and evaluation of the state of the wind power plants makes it possible to determine the exact timing and scope of the maintenance work. With additional assistance from an automated software solution for managing the service performance, it is possible to reliably implement high availabilities of up to 97 percent.



Outlook

The ongoing digitalization within the Grid business area facilitates more efficient grid planning. At the same time, the roll-out of the Smart Meter contributes to strengthening transparency regarding grid and customer behavior³⁹. In 2024, BKW started the large-scale roll-out of the Smart Meter for its customers in basic supply; it will be completed by 2028. Digitalization also supports the expansion of the distribution grid, which is essential for the energy transition.

Also with hydropower, the focus is on increasing digitalization: Over 2024, small-scale hydropower plants will be connected to the hydro-log man-

³⁸ Calculation based on the "old SAIDI method", regardless of the voltage level in order to facilitate a comparison with the Swiss benchmark. The SAIDI for 2023 will not be available until after publication of this report, which is why the figures for 2022 are shown.

³⁹ Smart meters are digital electric meters. As part of the federal governments Energy Strategy 2050, smart meters play an important role in boosting the efficiency of the energy system.

agement system. In addition, the topic of cybersecurity for protecting power plants is taking on increasing importance.

In the area of wind and solar, two projects have priority in 2024: firstly, complete integration of the three new wind farms in Sweden (Tjörnäs, Skallberget/Utterberget and Rosenskog) into the hydro-log management system and secondly the start-up of what is currently Italy's largest wind farm project (Cerignola). In this context, informa-

tion security and the deployment of the most reliable technologies in each case play a key role. With regard to solar power, the planning and approval procedure for the construction of the large-scale open-site facilities are being driven forward. In the Alpine region, designs are employed that have been especially adapted to the extreme weather conditions, with the aim of maximizing the availability of the facilities and at the same time keeping the impact on the ecosystems to a minimum.

Dismantling the Mühleberg Nuclear Power Plant

The decommissioning work on the Mühleberg nuclear power plant is ongoing. The most important milestone was successfully reached in September 2023: The last fuel rods were taken away, there is no longer any nuclear fuel at the power plant. The decommissioning phase 1 was successfully brought to a conclusion 16 months prior to the date originally scheduled in 2015. With 66 loads transported, a total of 418 spent fuel rods were taken to the interim storage facility at Würenlingen, in the Canton of Aargau. Without nuclear fuel, Mühleberg nuclear power plant no longer constitutes a hazard as there is no longer any fissile nuclear material or any heat-producing waste at the plant. Once the last fuel rods had been transported away, radioactivity at Mühleberg nuclear power plant was reduced more than 99 percent. Nevertheless, safety remains the top priority and the same level of care will be exercised in the dismantling work in the future as to date. Upon completion of the still ongoing decommissioning phase 2 (scheduled for completion by 2030), all radioactive material will have been removed from the plant and the area.

More information at: [bkw.ch/decommissioning](https://www.bkw.ch/decommissioning)

With its activities in the Secure Products action area, BKW pursues the following 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 activities, BKW also makes a contribution to the following SDG:



Secure Data

“We use data responsibly and we protect them.”

Concentrated work
in a server room.



The protection of technology, processes and organizations has a high priority at BKW. In the construction or operation of power plants and grids, when providing services and in the administrative functions, employees process a large quantity of sensitive data on a daily basis. These data have an informative value, influence BKW's strategic and operational processes and are of the utmost importance for day-to-day business. Data are the fuel driving the ability to achieve further digitali-

zation and innovation. For this reason, BKW is exploiting the opportunities of digital transformation to boost the efficiency and quality of its portfolio of services.

At the same time, BKW identifies and analyzes potential and existing risks associated with increasing digitalization. Consequently, the preventing, detecting and averting cyber attacks as well as secure and legally compliant handling of

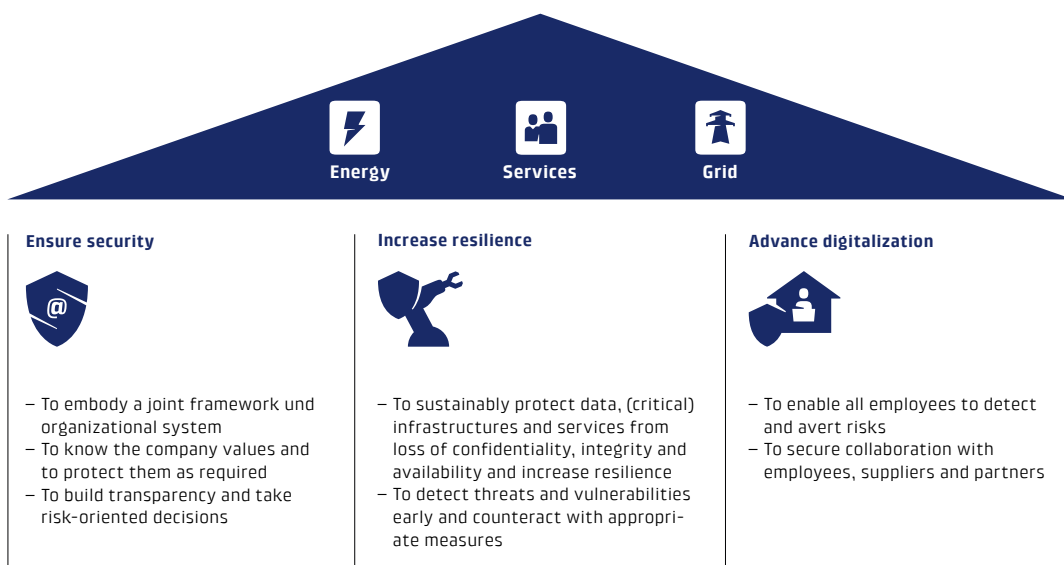
factual and personal data are given high priority. By doing so, BKW protects not only the company itself but also the rights of employees, customers and business partners. To be able to guarantee the confidentiality, integrity and the availability of data, values and objects (assets) at all times and to avert reputational damage, BKW has put in place a corporate security culture built on partnership and fit for the future. Employees are at the center of all security considerations.

In the area of cyber security, BKW has set up a three-pillar strategy that is being implemented with the help of the Information Security Management System (ISMS) (see the following illustration). Taking account of the Group-wide corporate strategy and the current threat level, this strategy specifies the objectives for maintaining availability, confidentiality and integrity in the areas of technology, processes and orga-

nization. The focus here is on preventing, identifying and averting cyber attacks. To cover residual cyber-security risks, BKW has cyber-security insurance in place for an amount of around CHF 20 million.

With regard to data compliance, BKW's activities involving data usage along the entire value chain are at all times in compliance with the applicable legal provisions and it constantly adapts its data management to new business processes and to the current state of the art of technology. Data protection and data security are ensured through new, optimized governance structures and in the future with the help of the Group-wide Privacy Information Management Systems (PIMS). BKW undertakes a commitment towards all individuals whose data are processed by BKW and for which BKW is responsible to ensure sufficient guarantees regarding the protection of their privacy.

The three pillars of the cyber security strategy





Organization and management

The areas of cyber-security and data compliance have been assigned separate tasks, competencies and fields of responsibility and set the course throughout the Group for compliance with internal provisions and statutory requirements on data and information security, cyber security and the protection of privacy. Each area has a central management with local interfaces to the specific management systems, ISMS and PIMS.

Cyber security

The Board of Directors has commissioned the Executive Board with responsibility for the principles of cyber security, which are imposed by the Group Chief Information Security Officer (Group CISO) by means of the cyber-security instructions. The Group CISO reports to the CFO and, on a regular basis, directly to the Executive Board and delegates operating tasks, fields of responsibility and competencies to local security officers in the BKW companies. The Group CISO defines the cyber-security strategy and has personnel and functional responsibility for the Group-wide cyber-security management. The Group CISO specifies the technological, procedural and organizational requirements on information security, the secure operation of IT (Information Technology) and OT (Operational Technology) systems and regularly reviews compliance with the same. All employees at all levels and in all companies are responsible for implementing the cyber-security instruction. The primary measures of this instruction are illustrated below.

At BKW, cyber security is operated according to the internationally recognized security standards NIST CSF⁴⁰ and ISO/IEC 27001/27002:2013, IEC 62443 and the industry standards of the Federation of Swiss Electricity Companies (VS). NIST CSF is applied analyzing and assessing of BKW's security level; regular stress tests, as well as internal and external audits, are carried out in parallel. The information security management system includes interrelated processes for determining the security level, implementing the required



BKW places a special focus on data and information security.

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 cyber-security strategy and is instrumental in formulating security requirements and recommendations in the Swiss energy sector. This applies, for example, to the definition of legally required levels of resilience to meet minimum cyber-security maturity values in the energy sector.

Data compliance

The Executive Board has commissioned the head of Privacy and Data Governance, in their function of Group Data Protection Officer (GDPO), with reviewing compliance with the relevant statutory and regulatory requirements in the area of data compliance. The GDPO is, along with the Data Compliance function (data governance, privacy & data protection), part of Group Compliance. Cor-

40 NIST CSF = National Institute of Standards & Technology, Cyber Security Framework.

The Cyber Security Directive summarized into the eight primary measures



respondingly, the GDPO reports to the head of Group Compliance, who at BKW exercises the function of a Corporate Compliance Officer (CCO) (see also the Corporate Governance section on page 43), to the Executive Board and the Audit and Risk Management Committee (ARMC). In doing so, the GDPO regularly provides information on the status and the activities of the PIMS and identifies any risks and any violations of statutory or regulatory provisions. In addition, the GDPO advises the Executive Board and the offices responsible throughout the Group on the strategic design of data management and the operative implementation of data protection as well as on issues of data governance.

The GDPO is appointed as data protection officer for BKW Group companies in Switzerland. The operative advisory and monitoring tasks are performed in line functions by local privacy officers.



Measures and parameters

In 2023, programs were specified both in the area of cyber security and data compliance and projects and measures contained therein were implemented. The underlying concept for both topic areas is a control system following the Three Lines Model (see also the Corporate Governance section on page 42). In this respect, cyber security and data are deliberately part of the due diligence obligations on the part of BKW suppliers, as cyber security and data compliance must also be ensured at that level. In 2023, the procurement function coordinated with the CISO and GDPO to correspondingly readjust and expand the risk management in the supply chain.

Cyber security

Over the course of 2023, BKW registered a monthly average of more than four billion security events; furthermore, BKW is exposed each month to around 55,000 phishing attempts. Of all security events, around 30 effective security incidents were identified with interventions. To handle incidents, BKW procures external services as an SOCaaS (Security Operation Center as a Service).

The cyber-security program covers a wide range of individual projects. The following central projects were implemented in 2023 (non-exhaustive list):

- Awareness Communication by means of awareness measures, training programs and communication via various channels to various stakeholders
- Expansion of Bug Bounty Program⁴¹
- Group-wide phishing simulation
- Group-wide security benchmarking (surveys and maturity level analyses)
- Taking out cyber-security insurance cover for CHF 20 million in 2024
- Increase in detection and response capabilities through targeted deployment of new technologies
- Operationalization of the management system (ISMS) with the potential for certification pursuant to ISO/IEC 27001:2013
- Increase in application and data security through the deployment of new processes and technologies
- Extensive internal and external audits

Data compliance

The program for the topical area of data compliance likewise comprises numerous individual projects. In 2023, the following central projects were implemented:

- Maturity level assessment at Group level for data compliance
- Appointment of external data protection officer for the Group companies in the EU area
- Safeguarding Group-wide data compliance through central management in Switzerland and local management in other countries. It was in this context that the revised Swiss data protection legislation was implemented.
- Performance of a risk analysis and design of a catalog of measures for risk mitigation

The GDPO trains the local privacy officers as well as individual specialist offices and shared functions on specific data compliance topics in the line functions. As of 2024, the GDPO is implementing an extensive Group-wide awareness and

⁴¹ In a Bug Bounty Program, so-called ethical hackers receive a financial award for detecting and reporting critical weaknesses in corporate IT and OT.

training program. In the reporting year, 16 potential data security incidents were reported to the GDPR. As part of the investigations into these incidents, no reportable breaches of data security or infringements of privacy of data subjects were identified. Likewise, there were no established cases of data theft or data losses.

Outlook

BKW's objective is to operationalize the management systems for cyber security and privacy information throughout the Group by 2026.

With the topic of cyber security, the main issue is to give high priority to continuing to protect data, (critical) infrastructures and services based on the same from misuse and cyber attacks. In this respect, BKW is increasing its resilience in particular with the help of new, disruptive technologies and models such as artificial intelligence or the Internet of Things with the 5G network. Conse-

quently, the organization of security will continue to be refined in 2024, with a special focus on the following three topics:

- Firstly, the security in industrial facilities, in software development and cloud usage will be further increased.
- Secondly, the plans are to further expand what are known as threat intelligence activities with a focus on potential information leaks and brand protection. This means that the identification, analysis and assessment of threats emanating from various parties can be handled even more extensively and systematically.
- Thirdly, cyber attacks and recovery scenarios will be increasingly simulated over the coming year in order to further increase resilience.

The data compliance program will be refined as will the PIMS with a view to further reducing risks specifically relating to protection of privacy.

With its activities in the Secure Data area, BKW pursues the following ambitions:

- We will increase cyber security.
- We will develop and establish data compliance throughout the Group.

Through its activities, BKW also makes a contribution to the following SDG:



CLOSING WORDS

“The sustainability transformation is decisive for BKW’s long-term success. It provides the foundation to be able to create spaces for life also in the future.”

Robert Itschner
CEO

Imprint

Imprint

Editorial team

Sustainability Management,
Group Communications, Bern

Consulting & Texts

Schnabl + Partner
ZURBONSEN C&ESG Management

Concept, design and production

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